

10. APPROVALS AND CONDITIONS (Cont'd)

Bursa Securities had however resolved to reject our waiver application from complying with the aforementioned. KIBB, on our behalf had on 28 March 2011 submitted to Bursa Securities an application for an extension of time of up to 4 months from the date of Listing to comply with the aforesaid requirement, which was approved by Bursa Securities on 7 April 2011 ("EOT Approval").

MClean and KIBB are required to comply with the following:-

Conditions	Status of Compliance
<p>1. Submission of the following information in respect to the moratorium on the shareholdings of promoters to the Bursa Depository:-</p> <p>(i) Name of shareholders;</p> <p>(ii) Number of shares; and</p> <p>(iii) Date of expiry of the moratorium for each block of shares;</p>	<p>Complied vide KIBB's letter dated 8 April 2011 to Bursa Depository on behalf of the Company</p>
<p>2. Approvals from other relevant authorities have been obtained for implementation of the listing proposal;</p>	<p>Complied. The SC had vide its letter dated 1 March 2011 granted its approval-in-principle for the issuance and registration of this Prospectus. There are no other approvals required by authorities for the listing proposal.</p>
<p>3. Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of GN15 of the Listing Requirements;</p>	<p>To be complied</p>
<p>4. Furnish Bursa Securities a copy of the schedule of distribution showing compliance to the share spread requirements based on the entire issued and paid up share capital of MClean on the first day of listing; and</p>	<p>To be complied</p>
<p>5. Confirmation from KIBB that there are at least 100 warrants holders, holding not less than one (1) board lot each.</p>	<p>To be complied</p>
<p>6. Information on the actual size, issue date and expiry date of the Warrants.</p>	<p>Complied vide KIBB's letter dated 8 April 2011 to Bursa Securities on behalf of the Company</p>
<p>7. Letter of compliance in relation to the Deed Poll pursuant to Rule 2.12 of the Listing Requirements together with a copy of the duly executed Deed Poll.</p>	<p>Complied vide KIBB's letter dated 8 April 2011 to Bursa Securities on behalf of the Company</p>

10. APPROVALS AND CONDITIONS (Cont'd)

Conditions	Status of Compliance
8. To announce the profile of Warrants via Bursa link – Instrument Profile prior to the listing and quotation of Warrants. MClean / KIBB must also make an announcement on any subsequent revisions/amendments to the profile of the Warrants (including any revisions arising from adjustments).	To be complied
9. Any directors of the Company that have not attended the Mandatory Accreditation Programme (“MAP”), must do so prior to listing of the Company.	To be complied ⁽¹⁾
10. MClean / KIBB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the admission to the Official List on the ACE Market is completed.	To be complied

In the event the new Shares to be issued pursuant to the exercise of Warrants will be listed and quoted as the existing of the same class, quotation of the new Shares will commence on the next market day after the following:-

- (i) Submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the market day prior to the listing date;
- (ii) Receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective account holders; and
- (iii) An announcement in accordance to Rule 12.2 of GN17 is submitted via Bursa Link before 3 p.m. on the market day prior to the listing date.

In the event the new Shares to be issued pursuant to the exercise of Warrants will be separately quoted from the existing securities i.e. “A” shares, MClean is required to submit an application for quotation of the new securities to Bursa Securities as specified under Part C of Annexure GN17B of the Listing Requirements.

The SC had vide its letter dated 1 March 2011 granted its approval-in-principle for the issuance and registration of this Prospectus. In connection with the above, this Prospectus was subsequently registered with the SC on 19 April 2011 and CCM on 20 April 2011.

In addition to the above, the SC vide its letter dated 30 November 2010, has no objection to KIBB’s notification under the equity requirement for public companies whereby MClean is deemed to have predominantly foreign-based operations pursuant to the SC Equity Guidelines. However, KIBB or MClean is required to notify the SC in the event that MClean would no longer be considered as a company with predominantly foreign-based operations at the time of listing and the standard equity condition will be imposed on MClean pursuant to its listing on the ACE Market.

Save for the above, our IPO is not subject to any other regulatory approvals and / or conditions.

¹ Bursa Securities had on 7 April 2011 granted an extension of time of up to 26 May 2011 for our Directors to comply with this condition. All our Directors have already registered to attend the MAP on 25 to 26 May 2011.

10. APPROVALS AND CONDITIONS (Cont'd)

10.2 MORATORIUM ON THE SALE OF SHARES

In accordance with paragraph 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Promoters as follows:-

- (a) The moratorium applies to the entire shareholdings held by our Promoters for a period of six (6) months from the date of admission to the ACE Market ("**6-Month Moratorium**");
- (b) Upon the expiry of the 6-Month Moratorium, our Promoters shall hold under moratorium at least 45% of the nominal issued and paid-up ordinary share capital of our Company for another period of six (6) months; and
- (c) Thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of the Shares held under moratorium.

Furthermore, pursuant to paragraph 3.19(1)(e) of the Listing Requirements, where the Promoters also own securities which are convertible or exercisable into ordinary shares of our Company, the Promoters' shareholdings to be placed under moratorium (as described above) should amount to 45% of the enlarged issued and paid-up ordinary share capital of our Company assuming full conversion or exercise of such convertible securities owned by the Promoters.

Assuming the full exercise of all the 37,514,970 Warrants held by our Promoters after the IPO, the enlarged issued and paid-up share capital of MClean would be 154,914,970 Shares ("**Moratorium Enlarged Share Capital**"), of which 45% is equivalent to a total of 69,711,737 Shares.

However, based on the collective shareholding of our Promoters immediately after the Listing of only 68,784,941 Shares, it represents only 44.40% of the Moratorium Enlarged Share Capital.

As such, Bursa Securities had, vide its letter dated 10 March 2011, resolved to approve our application for a variation to Rule 3.19(1) of the Listing Requirements, subject to the following conditions:-

- (i) The moratorium requirement under Rule 3.19(1)(a) of Listing Requirements is applicable to the entire Shares and Warrants held by the Promoters for a period of 6 months from the date of listing of MClean;
- (ii) Upon the expiry of the 6-month period stated above, MClean must ensure that the Promoters' aggregate Shares and Warrants held amounting to at least 45% of the enlarged issued and paid-up ordinary share capital of MClean assuming full conversion or exercise of Warrants owned by the Promoters remain under moratorium, for another period of 6 months; and
- (iii) The Promoters to provide Bursa Securities with undertaking letters they will comply with the above moratorium, which was provided on 8 April 2011.

Taking into the account the abovementioned, based on the shareholding of our Promoters upon the Public Issue and assuming none of their Warrants are exercised, the Shares held by our Promoters which are under moratorium based on the enlarged issued and paid-up share capital of MClean after the Public Issue but before exercise of any Warrants are as follows:-

10. APPROVALS AND CONDITIONS (Cont'd)

Promoters	Shares held after Public Issue and during the 6-Month Moratorium		Shares held under moratorium after the 6-Month Moratorium for another period of 6 months	
	No. of Shares	%	No. of Shares	%
JGPL	38,747,942	33.01	38,747,942	33.01
Jason Yeo	21,117,000	17.99	21,117,000	17.99
Bert Chow	8,919,999	7.60	8,919,999	7.60
Total	68,784,941	58.60	68,784,941	58.60

On the other hand, based on the Warrant holdings of our Promoters upon the Public Issue and assuming none of their Warrants are exercised, the Warrants held by our Promoters which are under moratorium based on the Warrants-in-issue after the Public Issue but before exercise of any Warrants are as follows:-

Promoters	Warrants held after Public Issue and during the 6-Month Moratorium		Warrants held under moratorium after the 6-Month Moratorium for another period of 6 months	
	No. of Warrants	%	No. of Warrants	%
JGPL	21,373,971	36.41	926,796	1.58
Jason Yeo	12,181,000	20.75	-	-
Bert Chow	3,959,999	6.75	-	-
Total	37,514,970	63.91	926,796	1.58

The moratorium, which is fully accepted by our Promoters, is specifically endorsed on the share and warrant certificates of MClean representing the holdings of our Promoters, to ensure that our Company's Share Registrars will not register any sale, transfer or assignment not in compliance with the moratorium restrictions. In complying with the restrictions, Bursa Depository will, on our Share Registrars' instructions in the prescribed forms, ensure that trading of these Shares and Warrants are not permitted during the moratorium period.

The endorsement affixed on the share and warrant certificates is as follows:-

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

and

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

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**11.1 EXISTING RELATED-PARTY TRANSACTIONS**

The followings parties are the classes of related parties with which our Group has existing or presently proposed related-party transactions:-

No.	Classes of Related Party	Principal Activities	Nature of relationship with the Related Party
1.	Jason Yeo	N/A	Jason Yeo is a major shareholder, Director and Promoter of MClean.
2.	JCS-Echigo	Manufacture and trading of high precision components for precision washing machines	Jason Yeo is a major shareholder and director of JCS-Echigo.
3.	JCS Tech	Manufacture of electrical/electronic engineering, scientific instruments and precision washing systems	Jason Yeo is a major shareholder and director of JCS Tech.
4.	JCS Auto	Designing, manufacturing and servicing of precision washing systems	Jason Yeo is a major shareholder and director of JCS Auto.
5.	Jianyang JCS Automation Co., Ltd ("Jianyang JCS")	Designing, manufacturing and servicing of precision washing systems	Jianyang JCS is a subsidiary of JCS Auto.
6.	Techsin Technology (Wuxi) Co., Ltd ("TT Wuxi")	Manufacture of electronics components and related products	TT Wuxi is a subsidiary of JCS-Echigo.
7.	SinCo Technologies	Manufacturing of key pads and engineering rubber and general wholesale trade	SinCo Technologies is a major / substantial shareholder of Mclean.

Save as disclosed below, there are no other related-party transactions entered into between our Group and our Directors and/or major shareholders (as defined in the Listing Requirements) and/or persons connected with our Directors or major shareholders that are material for the Financial Years / Period Under Review:-

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(a) Magnetronics****(i) Related party transactions involving Jason Yeo**

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
<p>Personal guarantee by Jason Yeo for banking facility of SGD150,000 provided by United Overseas Bank Limited ("UOB") to Magnetronics on 22 October 2007.</p> <p>The banking facility has been cancelled and all securities released as at the Latest Practicable Date.</p>	-	-	-	-

(ii) Related party transactions involving SinCo Technologies

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
<p>Repayment of short term shareholders' loan of SGD1,000,000 from SinCo Technologies dated 28 July 2006 commencing from August 2006.</p> <p>The shareholders' loan was fully repaid in September 2009.</p>	SGD356,964 / RM814,592	SGD267,723 / RM633,915	-	-

(b) MClean Singapore**(i) Related party transactions involving Jason Yeo**

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
<p>Personal guarantee by Jason Yeo for hire purchase facilities of SGD500,000 provided by UOB to MClean Singapore dated 13 April 2007.</p> <p>The facilities have been fully repaid as at the Latest Practicable Date.</p>	-	-	-	-
<p>Personal guarantee by Jason Yeo for banking facilities of SGD900,000 provided by UOB to MClean Singapore dated 22 October 2007.</p> <p>The facilities are currently subsisting as at the Latest Practicable Date.</p>	-	-	-	-

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

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Personal guarantee by Jason Yeo for hire purchase facilities of SGD456,000 provided by UOB to MClean Singapore dated 3 August 2004.	-	-	-	-
The facilities have been fully repaid as at the Latest Practicable Date.				

(ii) Related party transactions involving JCS-Echigo

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Provision of support services in the form of laboratory tests to JCS-Echigo	-	SGD1,800 / RM4,262	-	-
Provision of support services in the form of seconded staff to Techsin Wuxi, previously a subsidiary of JCS-Echigo for the establishment of its Clean Room operation	-	-	SGD45,610 / RM110,691	-
Purchase of equipment accessories and materials from JCS-Echigo and repair and maintenance of equipment by JCS-Echigo	SGD15,145 / RM34,561	SGD97,594 / RM231,083	SGD116,348 / RM282,365 ⁽¹⁾	SGD5,343 / RM12,602
Purchase of plant and equipment from JCS Echigo	SGD25,000 / RM57,050	-	-	-
Rental of machinery from JCS-Echigo	SGD120,000 / RM273,840	-	-	-
Advances to JCS-Echigo for working capital purposes	-	-	SGD245,990 / RM596,993	-
Repayment by JCS-Echigo of advances made for working capital purposes				SGD245,990 / RM580,192

Note:

- (1) Comprising an amount of SGD100,000 (or approximately RM242,690), representing the non-refundable deposit for purchase of precision cleaning line from JCS-Echigo. MClean Singapore had on 11 March 2011 confirmed the order for the machineries with JCS-Echigo, with the balance of the order amounting to SGD400,000 (or approximately RM959,160) to be funded entirely from the IPO proceeds earmarked for the high capacity washing line amounting to RM960,000, further details of which are set out in Section 3.10(a)(iv) of this Prospectus.

These deposits, although non-refundable, were required to be recognised as inter-company receivables at the time they were paid to JCS-Echigo, but will be recognised as plant and equipment upon the delivery and commissioning of the machineries. Pursuant to the EOT Approval as set out in Section 10.1 of this Prospectus, MClean Singapore has up to 4 months from the date of Listing to take delivery of the said machineries by applying the IPO proceeds as mentioned above, in order to comply with Paragraph 6.4 of GN18 of the Listing Requirements.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(iii) Related party transactions involving JCS Tech**

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Purchase of property, plant and equipment and related services from JCS Tech	SGD28,370 / RM64,740	-	-	SGD50,170 / RM118,331 ⁽¹⁾

Note:

- (1) *Comprising an amount of SGD38,800 (or approximately RM91,514), representing the non-refundable deposit for purchase of CO₂ cleaning machines from JCS Tech. MClean Singapore had on 25 March 2011 confirmed the order for the machineries with JCS Tech, with the balance of the order amounting to SGD58,200 (or approximately RM139,558) to be funded entirely from the IPO proceeds earmarked for, amongst others, the CO₂ cleaning machines amounting to RM960,000, in aggregate further details of which are set out in Section 3.10(a)(iv) of this Prospectus.*

These deposits, although non-refundable, were required to be recognised as inter-company receivables at the time they were paid to JCS Tech, but will be recognised as plant and equipment upon the delivery and commissioning of the machineries. Pursuant to the EOT Approval as set out in Section 10.1 of this Prospectus, MClean Singapore has up to 4 months from the date of Listing to take delivery of the said machineries by applying the IPO proceeds as mentioned above, in order to comply with Paragraph 6.4 of GN18 of the Listing Requirements.

(iv) Related party transactions involving JCS Auto

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FPE 2010
One-off provision of financial and administrative related services to MClean Singapore	SGD3,000 / RM6,846	-	-	-

(v) Related party transactions involving SinCo Technologies

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Repayment of short term shareholders' loan of SGD1,000,000 from SinCo Technologies (via Magnetronics) dated 28 July 2006 commencing from August 2006. The shareholders' loan has been fully repaid in September 2009.	-	SGD89,241 / RM211,305	SGD208,226 / RM505,344	-
Warehouse and logistics support services from MClean Singapore to SinCo Technologies at the 2nd floor of No.2 Woodlands Sector 1 #01-22 Singapore 738068 pursuant to an agreement dated 1 September 2009.	SGD130,080 / RM296,843	SGD130,080 / RM308,003	SGD130,080 / RM315,691	SGD108,400 / RM225,672

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(c) Techsin Wuxi****(i) Related party transactions involving JCS-Echigo**

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Sales of fabrication components to its then holding company, JCS-Echigo The fabrication business under Techsin Wuxi was discontinued during the FYE 2008. The sale of fabrication components amounting to RMB16,219 represents the disposal of leftover stocks of Techsin Wuxi to JCS-Echigo.	RMB3,127,529 / RM1,413,018	RMB1,832,896 / RM884,556	-	RMB16,219 / RM7,723
Purchases of equipment and accessories for its precision cleaning machines from its then holding company, JCS-Echigo.	-	RMB103,825 / RM50,106	-	-
Outward transfer of plastic injection moulding machines to its then holding company, JCS-Echigo, for replacement by the machine vendor ⁽¹⁾ Inward transfer of plastic injection moulding machines from its then holding company, JCS-Echigo, due to replacement by the machine vendor ⁽¹⁾ .	RMB1,843,804 / RM833,031	RMB1,871,548 / RM903,209	-	-
Advances from JCS-Echigo, the former holding company of Techsin Wuxi for working capital purposes	-	-	RMB1,943,057 / RM1,002,034	-
Repayment of shareholders' loan to, JCS-Echigo, the former holding company of Techsin Wuxi	-	-	-	RMB1,943,057 / RM925,284

Note:

- (1) The plastic injection moulding machines were acquired by JCS-Echigo from a third party machine vendor in 2006 which was immediately on-sold to Techsin Wuxi by way of shareholders' contribution and credited as registered capital in the same year while simultaneously Techsin Wuxi's fixed assets account was debited with the same value. After being commissioned, Techsin Wuxi found that the machines did not meet the operational specification and as such the machines were transferred back to JCS-Echigo and ultimately to the machine vendor for replacement based on the original invoiced value in two (2) batches, one batch in November 2007 and another in June 2008 whereby Techsin Wuxi's fixed asset account was credited and an amount owing from JCS-Echigo was debited. The replacement machines were received by Techsin Wuxi from JCS-Echigo in February 2008 and July 2008 based on a new lower replacement invoiced value which was debited in Techsin Wuxi's fixed asset account and credited from amount owing from JCS-Echigo, with the difference being continued to be accounted for as an amount due by JCS-Echigo to Techsin Wuxi for the same financial year.

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11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**(ii) Related party transactions involving Jianyang JCS**

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Loan from Jianyang JCS to Techsin Wuxi for production and business development for a tenure of 3 years interest-free, repayable within 6 months from the expiry of the tenure	-	RMB1,500,000 / RM723,900	-	-
Disposal of fixed assets for Techsin Wuxi's fabrication business to Jianyang JCS, further details of which are set out in Section 11.2 of this Prospectus	-	RMB2,082,628 / RM1,005,076	-	-

(iii) Related party transactions involving TT Wuxi

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FYE 2010
Purchase of plastic injection moulding related materials upon the commencement of Techsin Wuxi's plastic injection moulding business	RMB2,024,411 / RM914,629	-	-	-
Advance from TT Wuxi to Techsin Wuxi for working capital requirements	RMB546,857 / RM247,070	-	-	-
Sub-contract fees charged by TT Wuxi to Techsin Wuxi TT Wuxi has discontinued provision of sub-contract services to Techsin Wuxi since March 2010	-	RMB837,922 / RM404,381	RMB376,598 / RM194,212	RMB63,036 / RM30,018
Provision of support services in the form of labour and electricity to TT Wuxi. Techsin Wuxi has discontinued provision of such support services to TT Wuxi since March 2010.	-	RMB67,219 / RM32,440	RMB40,816 / RM21,049	RMB69,015 / RM32,865
Pursuant to an Equipment Purchase Agreement dated 10 May 2010 Techsin Wuxi had acquire three (3) injection moulding machines and an automatic optical photogrammetric apparatus (collectively, the "Machineries") from TT Wuxi whereby TT Wuxi shall transfer the three (3) injection moulding machines to Techsin Wuxi by 30 May 2010 and the automatic optical photogrammetric apparatus by 31 December 2010.				RMB300,000 / RM142,860

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

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FPE 2010
The acquisition consideration of RMB300,000 takes into consideration the NBV of the Machineries as at 31 May 2010 of RMB1,967,184, representing a discount of approximately 85%, the existing condition of the Machineries, as well as the deferred payment schedule of the RMB300,000 to TT Wuxi by 31 December 2010.				
Debt waiver by TT Wuxi for debts owing by Techsin Wuxi to TT Wuxi amounting to RMB1,865,639.76 in aggregate as at 30 April 2010 The debts are incurred by Techsin Wuxi as a result of TT Wuxi paying on behalf of Techsin Wuxi of certain trade purchases incurred by Techsin Wuxi. The debts are waived in good faith by TT Wuxi for the benefit of Techsin Wuxi as further described in Section 13.1 of this Prospectus.	-	-	-	RMB1,865,640 / RM888,418

(iv) Related party transactions involving MClean Singapore

Nature of transaction	Value of Transaction for the			
	FYE 2007	FYE 2008	FYE 2009	FPE 2010
Provision of precision cleaning services for media cassettes to MClean Singapore In connection with precision cleaning services rendered to Seagate's PRC operations, whereby the POs are issued by Seagate to MClean Singapore. The provision of such services was ultimately undertaken by Techsin Wuxi and effected as inter-company sale to MClean Singapore. Resulting from the Acquisition, Techsin Wuxi and MClean Singapore are currently MClean's subsidiaries and all such transactions shall be eliminated on consolidated basis as from the Acquisition's completion date.	-	-	RMB5,546,930 / RM2,860,552	RMB6,081,649 / RM2,896,081

The above transactions were entered into at arm's length or based on terms not more favourable to the related party than those generally available to other third parties. It should be noted that the various personal guarantees given by Jason Yeo for banking facilities and hire purchase facilities provided to our Group were not at arm's length but based on terms favourable to our Group.

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

Notwithstanding the abovementioned, our Group will endeavour to negotiate with the financial institutions to eliminate such personal guarantees by Jason Yeo upon completion of the Listing to be replaced by corporate guarantees to be provided by MClean as a listed company due to the enhanced stature of the Company as public listed company.

11.2 CESSATION OF FABRICATION BUSINESS

Techsin Wuxi had since March 2007 fabricated components such as rinsing tank modules, door handles, legs and joints for the cleaning machineries manufactured by its then shareholder, JCS-Echigo. The fabricated components were sold by Techsin Wuxi to JCS-Echigo at cost without any profit margin as Techsin Wuxi, being a wholly-owned subsidiary of JCS-Echigo then, was set up as a cost centre to service the machining requirements of JCS-Echigo. The intention for Techsin Wuxi to undertake the component fabrication function for JCS-Echigo is due to the lower cost of production in the PRC, as compared to Singapore if JCS-Echigo were to undertake this function in Singapore. Due to the reduced demand for JCS-Echigo's machines during the downturn in 2008, where capital expenditures by corporations were scaled back significantly, Techsin Wuxi's plants were not operating at the optimal capacities to justify the continued operation of the component fabrication resulting in the decision by JCS-Echigo to scale down and eventually discontinue Techsin Wuxi's fabrication business in December 2008.

Following from the discontinuation of Techsin Wuxi's fabrication business during the FYE 2008, pursuant to an Assets Transfer Agreement dated 25 December 2008 entered into between Techsin Wuxi and Jianyang JCS (建阳佳士自动化科技有限公司), a wholly-owned subsidiary of JCS Auto which is in turn wholly-owned by JCS-Echigo, Techsin Wuxi had in February 2009 disposed off the fixed assets for its fabrication business comprising control bending machines, cutter, control plate shearing machine, milling machine, computers, amongst others to Jianyang JCS at a consideration of RMB2,082,628 (equivalent to approximately RM1,115,872 based on the exchange rate of RMB1.00 : RM0.5358 as at 27 February 2009) (excluding value added tax), representing approximately the NBV of the assets of RMB2,085,697 (equivalent to approximately RM1,117,516).

11.3 INTERNAL REORGANISATION

In addition to those related party transactions as described in Sections 11.1 and 11.2 above, in the interest of forming our Group for the Listing, our Group had entered into certain transaction that are deemed to be related party transactions pursuant to the Listing Requirements at the time when they were entered into. The said related party transactions which were completed prior to the Latest Practicable Date are as follows:-

Techsin Singapore, JCS-Echigo and Jason Yeo in respect of Techsin Singapore's acquisition of the entire registered capital of Techsin Wuxi

- (i) Sale and Purchase Agreement dated 4 January 2010 between JCS-Echigo and Techsin Singapore, as supplemented by the subsequent letters / agreements dated 26 April 2010, 1 June 2010, 30 June 2010 and 3 August 2010 for the acquisition of the entire registered capital of Techsin Wuxi by Techsin Singapore for a purchase consideration of SGD2,900,000 to be satisfied entirely by cash ("Techsin Wuxi Acquisition Agreement");
- (ii) Assumption of Liability Agreement dated 26 April 2010 between JCS-Echigo, Techsin Singapore and Jason Yeo for the assignment of the outstanding purchase consideration of SGD2,400,000 pursuant to the Techsin Wuxi Acquisition Agreement from Techsin Singapore to Jason Yeo ("Assumption of Liability Agreement");

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

- (iii) Debt Assignment Contract dated 20 April 2010 between Techsin Singapore and JCS-Echigo in respect of the assignment of debt owing by Techsin Wuxi to JCS-Echigo amounting to USD532,061.75 to Techsin Singapore in accordance with the terms of the Techsin Wuxi Acquisition Agreement ("Debt Assignment Contract"); and
- (iv) Subscription Agreement dated 26 April 2010 between Techsin Singapore and Jason Yeo for the subscription of 2,400,000 new ordinary shares in Techsin Singapore by Jason Yeo to be satisfied via the offsetting of the obligation of Jason Yeo pursuant to the Assumption of Liability Agreement ("Subscription Agreement").

The Techsin Wuxi Acquisition Agreement, Assumption of Liability Agreement, Debt Assignment Contract and Subscription Agreement were all entered into in relation to the acquisition of Techsin Wuxi by Techsin Singapore from JCS-Echigo.

The acquisition consideration of Techsin Wuxi of SGD2,900,000 (or equivalent to approximately RM7,038,010) was arrived at on a willing buyer-willing seller basis after taking into account the audited NTA of Techsin Wuxi of RM4,098,937 as at 31 December 2009, which represents a PTB of approximately 1.72 times.

The acquisition of the entire registered capital of Techsin Wuxi by Techsin Singapore was subsequently completed on 3 June 2010.

MClean, Jason Yeo, Bert Chow, Yeo Seow Lai and SinCo Technologies in respect of MClean's acquisition of the entire issued and paid-up share capital of Magnetronics and Techsin Singapore

MClean had on 11 October 2010 entered into and completed the following agreements:-

- (i) a Share Sale Agreement with SinCo Technologies for the acquisition of 30% of the issued and paid-up share capital of Magnetronics held by SinCo Technologies for a consideration of RM5,505,599 to be satisfied via the issuance of an aggregate of 18,599,997 Shares and 9,299,999 Warrants to SinCo Technologies, which was completed on 12 October 2010; and
- (ii) a Share Sale Agreement with Jason Yeo, Bert Chow and Yeo Seow Lai for the acquisition of 70% of the issued and paid-up share capital of Magnetronics and with Jason Yeo for the acquisition of the entire issued and paid-up share capital of Techsin Singapore for an aggregate consideration of RM24,686,399 to be satisfied via the issuance of an aggregate of 83,399,995 Shares and 41,700,001 Warrants to the vendors in their respective shareholdings in the companies, which was completed on 12 October 2010.

The aggregate acquisition consideration of Magnetronics amounting to RM18,351,998 represents a PER of approximately 10.30 times based on the audited consolidated PAT of Magnetronics of RM1,781,028 for the FYE 2009, and a PER of approximately 3.46 times based on the annualised consolidated PAT of Magnetronics of RM5,307,090 for the FPE 2010.

The aggregate acquisition consideration of Techsin Singapore amounting to RM5,505,599 represents a PER of approximately 43.43 times based on the proforma consolidated PAT of Techsin Singapore of RM126,770 for the FYE 2009, and a PER of approximately 3.09 times based on the annualised proforma consolidated PAT of Techsin Singapore of RM1,784,131 for the FPE 2010.

11. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**11.4 RECURRENT RELATED-PARTY TRANSACTIONS**

Going forward and as part of our ordinary course of business, we anticipate entering into certain RRPTs of a revenue and trading nature which are necessary for our Group's day-to-day operations. The respective related parties which are expected to be involved in the aforesaid RRPTs and the nature of the RRPT transactions are set out below:-

Name of affected company within the Group	Transacting Related Party	Nature of Transaction	Estimated Aggregate Value from 1 st November 2010 up to the forthcoming Annual General Meeting
MClean Singapore	Jason Yeo	Personal guarantee by Jason Yeo for banking facilities of SGD900,000 provided by UOB to MClean Singapore.	N/A
MClean Singapore	JCS-Echigo	Purchase of equipment accessories, plant and equipment from JCS-Echigo to maintain and/or increase MClean Singapore's precision cleaning machines.	RM960,000
MClean Singapore	JCS Tech	Purchase of equipment accessories, plant and equipment from JCS Tech to maintain and/or increase MClean Singapore's precision cleaning machines.	RM960,000
MClean Singapore	SinCo Technologies	Warehouse and logistics support services from MClean Singapore to SinCo Technologies at the 2 nd floor of No.2 Woodlands Sector 1 #01-22 Singapore 738068 pursuant to an agreement dated 1 September 2009.	RM208,000

As provided for under the Listing Requirements, in order to mitigate any potential conflict of interest arising from the abovementioned RRPTs, our Board may seek the approval from our non-interested shareholders for a shareholders' mandate to continue to enter into such transactions at the next general meeting of our Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such transactions in our ordinary course of business without the need to make announcements and/or convene numerous general meetings (including incurring such associated expenses) to specifically approve such transactions as and when they are entered into.

Bursa Securities had, vide its letter dated 10 March 2011, granted an extension of time from the date of listing to the next general meeting for us to obtain shareholders' ratification and shareholders' mandate for RRPTs entered /to be entered into by our Group, subject to compliance with the disclosure obligations in relation to RRPTs as set out in Rule 10.09(1) of the Listing Requirements.

The nature of the RRPTs as described above are general transactions entered into by our Group relating to the provision of or obtaining from the related parties (as identified above), products and services in the ordinary course of our Group's business and rental receipts. The nature of the RRPTs allow our Group to be more competitive as the related parties have the necessary expertise to provide the products and services which are needed for the operations of our Group.

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

To ensure that the RRPTs are undertaken on terms not more favourable to the related party than those generally available to third parties and are not to the detriment of the minority shareholders and that they are conducted at arm's length and on normal commercial terms consistent with our Group's usual business practices and policies and will not be prejudicial to shareholders, our Key Management will ensure that all such transactions with related parties will only be entered into after taking into consideration the pricing, level and quality of products or services and/or whether it is to the benefit of our Group or not.

The pricing of products or services shall be determined based on the usual commercial terms, business practices and policies or otherwise in accordance with those practised by our Group with third parties including other applicable industry norms/considerations.

As part of this process in determining the pricing of products or services under RRPTs, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/ service, and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same/ substantial similar type of products/services and/or quantities.

Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by us based on those offered to/by other unrelated parties for the same or substantial similar type of transaction to ensure that the RRPT is not detrimental to our Group and the reasons for the inability to obtain such quotation or comparative pricing in the first place shall be minuted by our Key Management for future review.

The review, approval and disclosure policies shall include the following:-

- (i) Records will be maintained to list down all RRPTs entered into;
- (ii) Review by the internal auditors of all significant RRPTs entered into pursuant to those RRPTs identified above and/or those under future shareholders' mandate to ensure that the relevant approvals have been obtained and transactions are undertaken on arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to third parties and are not detrimental to the minority shareholders;
- (iii) Review by the Audit Committee of the management reports to ascertain that the guidelines and procedures established to monitor all significant RRPTs have been complied with and the review shall be done at least every quarter;
- (iv) Review by our Board and our Audit Committee of the procedures for entering into RRPTs as and when necessary. If a member of our Board or Audit Committee has an interest (direct or indirect) in the transaction, he / she shall abstain from deliberation and any decision making by our Board or the Audit Committee in respect of that transaction;
- (v) Disclosures will be made in our Company's Annual Report or in our Company's audited consolidated financial statements including breakdown of the aggregate value, type of transactions and the names of the related party involved in each type of RRPT made and their relationship with the respective companies within our Group during the financial year; and
- (vi) Pursuant to paragraph 2.4 of Guidance Note 8 of the Listing Requirements, if the actual value of the RRPT entered into by any company within our Group exceeds the estimated value of RRPT by 10% or more, our Company would make an immediate announcement to Bursa Securities of such a matter.

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

Ultimately the Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate to ensure that the RRPTs are within the limits described above.

The Audit Committee, save for Yeo Seow Lai, being a person connected to Jason Yeo, has seen and reviewed the RRPT review, approval and disclosure processes (as described above) and is satisfied that our Group has adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The quarterly reviews as described in (iii) above are also sufficient to ensure that the RRPTs will be made at arm's length and in accordance with our Group's normal commercial terms, and on terms which are not more favourable to related parties than those generally available to third parties and hence, will not be detrimental to our Company's minority shareholders.

Save as disclosed above, there are no transactions that may give rise to conflict of interest situations between our Group and any of our Directors, Substantial Shareholders, Key Management and/or persons connected with them.

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

11.5 INTERESTS IN SIMILAR BUSINESSES, INTEREST IN THE BUSINESS OF OUR CUSTOMERS AND SUPPLIERS AND OTHER CONFLICT OF INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of our Directors and/or Substantial Shareholders and/or Key Management have any interest, direct or indirect, in any other businesses and corporations, carrying on a similar trade as that of our Group and/or which are potential customers or suppliers of our Group:-

Name of Interested Person	Name of Company	Principal Activities	Date/Appointed/ (Resigned) as Director	Shareholdings			
				Direct	Indirect	No. of shares held	% held
Jason Yeo	JCS-Echigo	Manufacture and trading of high precision components for washing machine	25 November 1999	1,400,000	-	85.00	-
	JCS Auto	Designing, manufacturing and servicing of precision washing systems	8 June 1990	1,782,040	152,160 ⁽¹⁾	87.52	7.48
	Jianyang JCS	Designing, manufacturing and servicing of precision washing systems	14 October 1999	-	- ⁽²⁾	-	100.00
	JCS Technologies Pte Ltd	Manufacture of electrical/electronic engineering, scientific instruments and precision washing systems	26 July 2000	90,000	-	90.00	-
	JCS Ultrasonic (Thailand) Co., Ltd	Provision of support services and sale of spare parts for the precision cleaning machines	19 January 2000	980,000	-	49.00	-

Notes:

(1)

Deemed interested by virtue of his sibling's, Yeo Seow Lai, shareholdings in JCS Auto pursuant to Section 6A of the Act.

(2)

Deemed interested by virtue of his interest in JCS Auto pursuant to Section 6A of the Act. The registered capital of Jianyang JCS is RMB6,800,000 (equivalent to approximately RM3,135,840).

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

The principal activities of the businesses and corporations identified above are not of a similar trade as that of our Group (being the provision of precision cleaning services and precision plastic injection moulding services) but represents the suppliers of our Group since the nature of their activities are in support of maintaining our Group's precision cleaning machines systems and/or providing our Group with new precision cleaning systems. Please refer to Sections 9.2.5 and 11.4 of this Prospectus for the mitigating factors for Jason Yeo's interests in the abovementioned companies.

11.6 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party to during the Financial Years / Period Under Review and the intervening period up to the Latest Practicable Date.

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

There are no outstanding loans, including guarantees of any kind, made by our Group to or for the benefit of related parties during the Financial Years / Period Under Review and the intervening period up to the Latest Practicable Date.

11.8 PROMOTION OF MATERIAL ASSETS ACQUIRED, DISPOSED OF OR LEASED

Save as disclosed in Sections 11.1 to 11.3 of this Prospectus, none of our Directors or Substantial Shareholders or any persons connected to our Directors or Substantial Shareholders has any interest, directly or indirectly, in the promotion of or in any material assets which have, during the Financial Years / Period Under Review and the intervening period up to the Latest Practicable Date, been acquired or are proposed to be acquired or disposed of or are proposed to be disposed of or leased to or are proposed to be leased to our Group, or in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to our business taken as a whole.

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

11.9 DECLARATION BY EXPERTS

- (i) KIBB confirms that there is no existing or potential conflict of interests in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent to the Company for the Listing.

As set out in Section 3.11(c) of this Prospectus, in consideration of KIBB's services as Placement Agent to Jason Yeo as an Offeror, Jason Yeo shall, after the date of this Prospectus but before the Listing transfer 770,000 Shares and 385,000 Warrants to KIBB as part service consideration for the management in respect of the placement of his portion of the Offer Shares ("**Equity-based Fee**").

KIBB also confirms that the abovementioned will not result in any existing or potential conflict of interests situation in its capacity as the Adviser, Sponsor, Underwriter and Placement Agent by virtue of the following:-

- (a) The Equity-based Fee forms only part of the total consideration, which also includes a portion in cash consideration as set out in Section 3.11(c) of this Prospectus, for the same role provided by KIBB to Jason Yeo;
- (b) Similar to a cash-based fee structure, KIBB's receipt of the Equity-based Fee is pegged to the successful placement of the Offer Shares. Furthermore, the success basis is also similarly applied to the Company and the other Offerors in respect of the Placement Shares under the IPO;
- (c) The shares under the Equity-based Fee is priced at the IPO Price and the Warrants are allocated based on the same ratio as per the IPO, which therefore does not provide any immediate upside or benefit to KIBB upon the IPO over and above the IPO subscribers as KIBB's "entry price" and basis of the Shares and Warrants is exactly the same as per the IPO. KIBB's "entry price" under the Equity-based Fee is therefore the same as for new IPO subscribers and any upside (or downside) for KIBB via the holding of the Shares and Warrants will also equally apply to all shareholders of MClean after the IPO;
- (d) The value of the Equity-based Fee is tied to the movement of the Company's market share price which is also equally aligned to the value of the shareholdings held by the other new IPO subscribers. In connection with this, in ensuring the elimination of any question of KIBB's independence and ability to exercise objective judgment for the Listing, KIBB has ensured at the onset that this Equity-based Fee be fixed at the IPO Price instead of a lower price;
- (e) KIBB's shareholdings and warrant holdings pursuant to the Equity-based Fee represent only approximately 0.64% of the enlarged share capital and warrants-in-issue upon IPO; and
- (f) Furthermore the Listing Requirements allows a sponsor to hold shares in its sponsored company. According to Rule 4.08 (4) of the Listing Requirements, a sponsor must not sponsor an applicant or a listed corporation if it has 5% or more of the enlarged issued and paid-up share capital in the applicant or listed corporation, while KIBB's shareholdings pursuant to the Equity-based Fee is significantly lower as compared to the aforementioned, where a sponsor is allowed to hold shares in a sponsored company provided the holding is not more than 5%.

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

- (ii) SJ Grant Thornton confirms that there is no existing or potential conflict of interests in its capacity as the Auditors and Reporting Accountants to the Company for the Listing;
- (iii) Foo Kon Tan Grant Thornton LLP confirms that there is no existing or potential conflict of interests in its capacity as the Auditors for our Singapore-incorporated Subsidiaries, namely, Magnetronics, MClean Singapore and Techsin Singapore;
- (iv) Abdullah Chan Advocates & Solicitors confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors for the Listing and on Malaysian law;
- (v) Lee & Lee Advocates & Solicitors confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors to our Company on Singapore law;
- (vi) Tian Yuan Law Firm confirms that there is no existing or potential conflict of interests in its capacity as the Solicitors to our Company on PRC law; and
- (vii) Frost & Sullivan Malaysia Sdn Bhd confirms that there is no existing or potential conflict of interests in its capacity as the independent market research consultant to our Company for the Listing.

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12. FINANCIAL INFORMATION

12.1 PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The proforma consolidated statements of comprehensive income of the MClean Group for the Financial Years / Period Under Review, which should be read in conjunction with the accompanying notes and assumptions included in the Proforma Consolidated Financial Information as set out in Section 15 of this Prospectus. Adjustments were made to the proforma consolidated statements of comprehensive income on the basis that our Group had been in place during the Financial Years / Period Under Review.

	FYE			FPE	
	2007	2008	2009	2009 ⁽¹⁾	2010
	RM	RM	RM	RM	RM
Revenue	27,279,063	25,663,790	25,305,373	18,470,286	29,575,798
Gross profit	9,776,878	5,582,260	8,990,091	3,994,458	13,673,749
Other income	436,168	1,168,186	1,194,708	1,012,784	2,051,636
Profit before amortisation, depreciation, interest expenses and taxation	4,746,619	44,167	4,520,212	1,657,086	8,247,213
Depreciation	(2,100,458)	(2,225,143)	(2,191,081)	(1,798,750)	(1,668,266)
Interest expenses	(335,321)	(272,361)	(44,331)	(43,117)	(14,010)
PBT / (LBT) but after amortisation, depreciation and interest expenses	2,310,840	(2,453,337)	2,284,800	(184,781)	6,564,937
Taxation	(662,921)	273,808	(377,002)	(405,288)	(665,597)
PAT / (LAT)	1,647,919	(2,179,529)	1,907,798	(590,069)	5,899,340
Gross profit margin (%)	35.84	21.75	35.53	21.63	46.23
PBT / (LBT) margin (%)	8.47	(9.56)	9.03	(1.00)	22.20
PAT / (LAT) margin (%)	6.04	(8.49)	7.54	(3.19)	19.95
Number of Shares assumed to be issued ⁽²⁾	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000
Gross EPS / (LPS) (sen) ⁽²⁾	2.27	(2.41)	2.24	(0.22) ⁽⁵⁾	7.72 ⁽⁵⁾
Net EPS / (LPS) (sen) ⁽²⁾	1.62	(2.14)	1.87	(0.69) ⁽⁵⁾	6.94 ⁽⁵⁾
Diluted EPS / (LPS) (sen) ⁽³⁾	1.40	N/a ⁽⁶⁾	1.63	N/a ⁽⁶⁾	6.03 ⁽⁵⁾
Diluted EPS / (LPS) upon the full exercise of Warrants (sen) ⁽⁴⁾	0.94	N/a ⁽⁶⁾	1.08	N/a ⁽⁶⁾	4.02 ⁽⁵⁾

Notes:-

- (1) Stated for comparison purpose only based on the unaudited accounts of the proforma MClean Group.
- (2) Based on enlarged share capital of 102,000,000 Shares resulting from the completion of the Acquisitions.
- (3) Based on enlarged share capital of 117,400,000 Shares assuming the completion of the Public Issue.
- (4) Based on enlarged share capital of 176,100,000 Shares assuming the completion of the IPO and the full exercise of the Warrants.
- (5) Annualised for comparison purposes
- (6) Not applicable as, due to the losses, there is an anti-dilutive effect from the assumed completion of the Public Issue and full exercise of the Warrants

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12. FINANCIAL INFORMATION (Cont'd)

The breakdown of the total cost of sales for the Financial Years / Period Under Review is set out as follows:-

	FYE			FPE	
	2007	2008	2009	2009⁽¹⁾	2010
	RM	RM	RM	RM	RM
Cost of sales					
- Material cost	(7,147,561)	(5,946,475)	(6,072,306)	(4,806,375)	(4,638,559)
- Direct labour cost	(4,206,750)	(6,263,705)	(4,064,784)	(3,473,490)	(4,547,654)
- Factory overhead cost	(6,147,874)	(7,871,350)	(6,178,192)	(6,195,963)	(6,715,836)
Total cost of sales	(17,502,185)	(20,081,530)	(16,315,282)	(14,475,828)	(15,902,049)

Note:-

(1) Stated for comparison purpose only based on the unaudited accounts of the proforma MClean Group.

Our Group's audited financial statements for the Financial Years / Period Under Review (save for the FPE 2009 which is unaudited) have not been subjected to any audit qualification.

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12. FINANCIAL INFORMATION (Cont'd)

12.2 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The proforma consolidated statements of financial position of our Company 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 the notes of the Proforma Consolidated Financial Information as set out in Section 15 of this Prospectus on the assumption that our Group had been in place on that date, the completion of the Public Issue and the full exercise of the Warrants.

	As at 31 October 2010 RM	Proforma (I) After the Public Issue RM	Proforma (II) After Proforma and Utilisation of Proceeds from Public Issue RM	Proforma (III) After Proforma and Exercise of Warrants RM
EQUITY AND LIABILITIES				
Share capital	25,500,000	29,350,000	29,350,000	44,025,000
Share premium	-	4,158,000	3,542,743	24,784,443
Currency Fluctuation Reserve	487,068	487,068	487,068	487,068
Merger deficit	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)
Warrant reserve	4,692,000	5,392,700	5,392,700	-
(Accumulated loss) / Unappropriated profit	10,449,631	9,748,931	8,021,188	8,021,188
Total shareholders' equity	18,882,443	26,890,443	24,547,443	55,071,443
NON-CURRENT LIABILITY				
Deferred taxation	797,995	797,995	797,995	797,995
	19,680,438	27,688,438	25,345,438	55,869,438

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12. FINANCIAL INFORMATION (Cont'd)

	As at 31 October 2010 RM	Proforma (I) After the Public Issuance RM	Proforma (II) After Proforma (I) and Utilisation of Proceeds from Public Issuance RM	Proforma (III) After Proforma (II) and Exercise of Warrants RM
Represented by:-				
NON-CURRENT ASSETS				
Property, plant and equipment	11,191,474	11,191,474	13,591,474	13,591,474
Development cost	597,789	597,789	597,789	597,789
Total non-current assets	11,789,263	11,789,263	14,189,263	14,189,263
CURRENT ASSETS				
Inventories	664,913	664,913	664,913	664,913
Trade and other receivables	8,453,323	8,453,323	8,453,323	8,453,323
Amount due from related companies	333,620	333,620	333,620	333,620
Fixed deposits with licensed banks	191,997	191,997	191,997	191,997
Cash and bank balances	3,831,472	11,839,472	7,096,472	37,620,472
Total current assets	13,475,325	21,483,325	16,740,325	47,264,325
CURRENT LIABILITIES				
Trade and other payables	4,562,580	4,562,580	4,562,580	4,562,580
Amount due to a director	280,363	280,363	280,363	280,363
Amount due to corporate shareholder	52,110	52,110	52,110	52,110
Bank overdraft	23,144	23,144	23,144	23,144
Tax payables	665,953	665,953	665,953	665,953
Total current liabilities	5,584,150	5,584,150	5,584,150	5,584,150

12. FINANCIAL INFORMATION (Cont'd)

	As at 31 October 2010 RM	Proforma (I) After the Public Issue RM	Proforma (II) After Proforma I and Utilisation of Proceeds from Public Issue RM	Proforma (III) After Proforma II and Exercise of Warrants RM
Net current assets	7,891,175	15,899,175	11,156,175	41,680,175
	19,680,438	27,688,438	25,345,438	55,869,438
Net assets	18,882,443	26,890,443	24,547,443	55,071,443
Net tangible assets	18,284,654	26,292,654	23,949,654	54,473,654
Number of ordinary shares in issue	102,000,000	117,400,000	117,400,000	176,100,000
Number of warrants in issue	-	58,700,000	58,700,000	-
NET ASSETS PER ORDINARY SHARE (RM)	0.19	0.23	0.21	0.31
NET TANGIBLE ASSETS PER ORDINARY SHARE (RM)	0.18	0.22	0.20	0.31

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12. FINANCIAL INFORMATION (Cont'd)**12.3 PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The proforma consolidated statement of cash flows of our Company for the FPE 2010 have been prepared, solely for illustrative purposes only, based on the Proforma Consolidated Financial Information as set out in Section 15 of this Prospectus.

Description	FPE 2010 (Proforma) RM
CASH FLOW FOR OPERATING ACTIVITIES	
PBT	6,564,937
Adjustments for:-	
Depreciation for property, plant and equipment	1,673,549
Allowance for slow moving inventories	17,322
Unrealised gain on foreign exchange	(12,503)
Interest expenses	14,010
Interest income	(1,755)
Waiver of debts	(888,418)
Operating profit before working capital changes	7,367,142
Changes in working capital:-	
Inventories	(304,518)
Receivables	(722,936)
Payables	(1,997,420)
Cash generated from operations	4,342,268
Interest paid	(14,010)
Tax refund	46,854
Net Cash Generated From Operating Activities	4,375,112
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	
- working capital	(709,725)
- utilisation of listing proceeds	(2,400,000)
Development cost incurred	(610,743)
Fixed deposit subject to restriction	(1,031)
Interest received	1,755
Net Cash Used In Investing Activities	(3,719,744)

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12. FINANCIAL INFORMATION (Cont'd)

Description	FPE 2010 (Proforma) RM
CASH FLOW FROM FINANCING ACTIVITIES	
Repayment of finance creditors	(355,686)
Proceeds from issuance of shares	2
Proceeds from exercise of warrants	30,524,000
Proceeds from listing	8,008,000
Payment of estimated listing expenses	(2,343,000)
Repayment to director	(45,005)
Advances from related company	446,464
Repayment to former holding company of Techsin Wuxi	(917,558)
Net Cash From Financing Activities	35,317,217
CASH AND CASH EQUIVALENTS	
Net changes	35,972,585
Brought forward	1,626,941
Effect of foreign exchange translation differences on cash and cash equivalents	(2,198)
Carried forward	37,597,328
CASH AND CASH EQUIVALENTS COMPRISE OF:-	
Cash and bank balances	37,620,472
Bank overdraft	(23,144)
	37,597,328

The proforma consolidated statement of cash flows for our Company for the FPE 2010 was prepared based on the Proforma Consolidated Financial Information as at 31 October 2010, with the assumption that our Group had been in place since the beginning of the FPE 2010, the completion of the Public Issue and the full exercise of the Warrants.

In the event that none of the Warrants is converted, the net cash from financing activity shall be RM4,793,217, with the cash and cash equivalent as at 31 October 2010 being RM7,073,328.

12.4 EXCHANGE RATE

The financial statements of our Company are prepared in RM while the financial statements of our subsidiaries are prepared in SGD and RMB, as the case may be.

As at the Latest Practicable Date, the exchange rate between (i) SGD and RM was SGD1.00:RM2.3979 and (ii) RMB and RM was RMB1.00:RM0.4657. The table below sets out the high and low exchange rates for SGD/RM and RMB/RM for each month during the 6 months prior to the Latest Practicable Date. The table below indicates the equivalent amount of RM for SGD1.00 and RMB1.00, as the case may be.

12. FINANCIAL INFORMATION (Cont'd)

	RM/SGD		RM/RMB	
	High	Low	High	Low
September 2010	2.3453	2.3133	0.4625	0.4580
October 2010	2.3955	2.3491	0.4688	0.4614
November 2010	2.4120	2.3910	0.4747	0.4621
December 2010	2.4117	2.3802	0.4734	0.4667
January 2011	2.3859	2.3665	0.4649	0.4623
February 2011	2.4000	2.3776	0.4661	0.4608
March 2011*	2.3979	2.3865	0.4657	0.4612

Note (*): For the period from 1 March 2011 to the Latest Practicable Date.

Source: BNM

The following table sets out, for each of the financial years and periods indicated, the average exchange rates between (i) SGD and RM and (ii) RMB and RM which is applied throughout this Prospectus in relation to the financial information for the Financial Years / Period Under Review. The average exchange rate between RMB and RM is calculated using the average of the exchange rates on the last active trading days of each month during each financial year/period.

	RM/SGD	RM/RMB
FYE 2007	2.2820	0.4518
FYE 2008	2.3678	0.4826
FYE 2009	2.4269	0.5157
FPE 2009	2.4219	0.5187
FPE 2010	2.3586	0.4762

Source: www.xe.com as set out in the Proforma Consolidated Financial Information

The exchange rates between (i) SGD and RM and (ii) RMB and RM as outlined above have been presented for information purposes only. The exchange rates should not be construed as a representation that these SGD and RMB amounts could have been or could be converted into RM at any particular rates, the rates above, or at all.

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12. FINANCIAL INFORMATION (Cont'd)**12.5 CAPITALISATION AND INDEBTEDNESS**

The following table shows our proforma cash and cash equivalents, capitalisation and indebtedness as at 31 October 2010 based on our Proforma Consolidated Financial Information, and as adjusted to show the effects of the Listing, the net proceeds arising from the Public Issue and the utilisation of proceeds as set out in Section 3.10 of this Prospectus.

	Proforma as at 31 October 2010 before the Public Issue RM'000	After the Public Issue and Utilisation of Proceeds RM'000
Cash and cash equivalents	3,808	7,073
<u>Indebtedness</u>		
Non-current	-	-
Current	23	23
Total indebtedness	23	23
<u>Capitalisation</u>		
Total shareholder's equity	18,882	24,547
Total capitalisation and indebtedness	18,905	24,570

All of our borrowings are guaranteed and secured.

As set out in Section 13.13 of this Prospectus, as at the Latest Practicable Date, our Group does not have any material contingent liabilities incurred, which upon becoming enforceable may have a material impact on our Group.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS

The following Management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the Proforma Consolidated Financial Information and the related notes thereon for the Financial Years / Period Under Review included in Section 15 of this Prospectus.

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

13.1 REVIEW OF PAST FINANCIAL PERFORMANCE

(a) FYE 2007

Revenue

Our Group's revenue of approximately RM27.28 million represents an increase of approximately 46.12% over the revenue of approximately RM18.67 million recorded for the FYE 2006. This increase is mainly attributable to the addition of new customers, including Minebea Technologies Pte Ltd which contributed approximately RM2.80 million revenue, amongst others, for the Magnetronics Group. Techsin Wuxi had also commenced operations in 2007 and contributed approximately RM5.48 million to the overall revenue of our Group.

Gross Profit

Our Group recorded a gross profit of approximately RM9.78 million, representing an increase of approximately 40.11% in comparison to the gross profit of approximately RM6.98 million recorded for the FYE 2006, in line with the increase in revenue for the FYE 2007. Our Group's gross profit margin was 35.84% in FYE 2007 as compared to 37.37% in FYE 2006. During the FYE 2007, the Magnetronics Group had increased its gross profit margin to 42.46% from 37.37% in the FYE 2006 due to the Magnetronics Group scaling down its operations from both the Ang Mo Kio facility and Woodlands facility to only one facility in Woodlands, thereby reducing across the board the costs of labour and utilities in the course of production by approximately 18% due to increased efficiency. Despite the streamlining of the Magnetronics Group's operations, the increase in gross profit margin is more than offset by the low gross profit margin of 9.45% arising from the newly commenced PRC operations.

PBT

The PBT of approximately RM2.31 million recorded by our Group in the FYE 2007, representing an increase of 33.53% over the PBT of approximately RM1.73 million in the FYE 2006, is in line with the increase in revenue and reduction in the costs of labour and utilities in the Magnetronics Group resulting from the streamlining of the Magnetronics Group operations as described above. As a result of the streamlining of the Magnetronics Group's operations, our Group has also recorded significantly lower overhead expenses. The increase in PBT margin is offset to a certain extent by our newly commenced PRC operations which recorded a LBT of approximately RM0.94 million, resulting in a lower PBT margin of approximately 8.47% for the FYE 2007 for our Group as opposed to the PBT margin of 9.25% for the FYE 2006.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(b) FYE 2008

Revenue

Despite the economic downturn which affected the global economy, including the HDD industry, our Group managed to maintain our revenue of approximately RM25.66 million for the FYE 2008, representing a decrease of only 5.94% from the revenue of approximately RM27.28 million recorded for the FYE 2007. This is due mainly to the introduction of cleaning services for media cassettes in 2008 which contributed approximately RM5.85 million in revenue for the FYE 2008.

Gross Profit

Our Group had recorded a gross profit of approximately RM5.58 million, representing a decrease of 42.94% in comparison to the gross profit of approximately RM9.78 million for the FYE 2007. The gross profit margin of 21.75% for the FYE 2008, which represents a significant decrease in comparison to the gross profit margin of 35.84% for the FYE 2007, is attributable mainly to the increase in revenue from media cassette cleaning services from 16% of total precision cleaning revenue in FYE 2007 to 27% in FYE 2008. The media cassette cleaning services generally fetch a lower margin at 27% as compared to component cleaning services at 37% due to the bulky nature of such media cassettes, which therefore require more electricity and water per unit for each cycle of cleaning process as compared to HDD components. The higher cost of goods sold is also attributable to electricity tariff price hikes by a total of approximately 12.64% in Singapore in the second (2nd) and third (3rd) quarters of 2008 following the rising oil prices then. The impact of the electricity tariff hikes was further exacerbated by the increase in electricity consumption by approximately 58.03% arising from the increase of shifts by our Group to three (3) shifts in anticipation of the increase in sales volume as per the quarterly forecast given by our customers, which however did not materialise following the economic downturn. Our Group had also increased its headcount of its production workers for precision cleaning by approximately 108.11%, thus contributing to the lower gross profit margin of our Group due to the aforementioned anticipation of increased sales volume. Cost-cutting measures such as reduction in manpower and reducing the number of shifts to two (2) from three (3) were only undertaken by our management in November 2008.

LBT

In line with the decrease in gross profit, our Group recorded a LBT of approximately RM2.45 million, representing a reversal of the PBT of approximately RM2.31 million recorded for the FYE 2007, attributed mainly to the losses arising from the fabrication business of Techsin Wuxi of approximately RM1.31 million (further details of which are set out in the following paragraph), the losses arising from the injection and cleaning businesses of Techsin Wuxi of approximately RM1.53 million, and the provision of doubtful debts of approximately RM0.82 million.

Techsin Wuxi had since March 2007 fabricated components for the cleaning machineries manufactured by its then shareholder, JCS-Echigo. As a result of the deteriorated business condition in 2008, JCS-Echigo had decided to scale down and eventually discontinued the fabrication business under Techsin Wuxi in December 2008, as the plants were not operating at the optimal capacities. The fabricated components were sold by Techsin Wuxi to JCS-Echigo at cost. Following from the discontinuation of our fabrication business, Techsin Wuxi had incurred a loss upon cessation of business of approximately RM0.52 million for the FYE 2008. This loss upon cessation of business had also contributed to the LBT recorded by our Group for the FYE 2008.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

(c) FYE 2009

Revenue

Our Group's revenue remained relatively constant for the FYE 2009 at approximately RM25.31 million as compared to approximately RM25.66 million for the FYE 2008.

Gross Profit

On the other hand, our Group's gross profit for the FYE 2009 of approximately RM8.99 million, representing an increase of 61.11% over the gross profit of RM5.58 million recorded for the FYE 2008. Despite the relatively constant revenue, we were able to increase our gross profit margin significantly in line with the recovery of the industry in the second (2nd) half of 2009. The gross profit margin for the precision cleaning services increases from 25.70% for the FYE 2008 to 37.40% for the FYE 2009, while the gross profit margin for the injection moulding services also increases from 18.22% from the FYE 2008 to 22.26% for the FYE 2009. This is attributable to the lower labour costs incurred by our Group for the FYE 2009 due to the cost-cutting measures undertaken by our Group since November 2008 as mentioned above.

PBT

Our Group registered a PBT of approximately RM2.28 million for the FYE 2009, representing a reversal of the LBT of approximately RM2.45 million for the FYE 2008. The improvement is in line with the increased gross profit and also due to lower overhead expenses following the discontinuation of the fabrication business under Techsin Wuxi. Our Group had also begun to experience a recovery in business operations following from the economic downturn in the second half of 2008.

(d) FPE 2010

Revenue

On the back of the global economic recovery in 2010, our Group achieved a revenue of approximately RM29.58 million for the FPE 2010, representing a significant increase of 60.15% as compared to the revenue of RM18.47 million registered in the previous corresponding ten (10)-month FPE 2009. The increase in revenue was broad based, attributing across the board to both precision cleaning (52.98%) and plastic injection moulding businesses (113.18%) during the period. The increase in revenue from precision cleaning was attributable to higher revenue from precision cleaning for media cassettes and HDD components as well as Clean Room assembly services. For the precision cleaning of media cassettes, in FPE 2010 the Group achieved a revenue of RM15.95 million or an increase of 40.16% as compared to the revenue of RM11.38 million in the previous corresponding ten (10)-month FPE 2009. In terms of HDD components and Clean Room assembly services collectively, the Group achieved a revenue of RM11.81 million or 90.18% higher, as compared to the revenue of RM6.21 million in the previous corresponding ten (10)-month FPE 2009.

Similarly, the Group also registered higher revenue from its injection moulding operations, whereby revenue was approximately RM4.69 million or approximately 113.18% higher as compared to the revenue of approximately RM2.20 million in the previous corresponding ten (10)-month FPE 2009.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Gross Profit

Our gross profit also increased to approximately RM13.67 million as compared to approximately RM3.99 million in the previous corresponding period. The significant improvement in gross profit by more than 3 times was mainly due to:-

- (i) the economies of scale arising from the utilisation of fixed factory overheads following the increase in revenue. Depreciation and rental expenses are two (2) of the major components of fixed factory overheads, accounting for an average of approximately RM3.30 million per annum; and
- (ii) an increase in Clean Room assembly services which generally fetch higher gross profit margin of approximately 64% due to the nature of such services, further details of which are set out in Section 6.1.1 of this Prospectus.

PBT

As a result, our Group registered a PBT of approximately RM6.56 million, representing a reversal of the LBT of approximately RM0.18 million in the previous corresponding ten (10)-month FPE 2009.

Furthermore, included in our Group's PBT of approximately RM6.56 million is a one-off gain of approximately RM0.89 million arising from the waiver of debts in good faith from a related party, namely TT Wuxi, which is wholly-owned by JCS-Echigo, a company whereby our Executive Chairman, Jason Yeo is also a major shareholder and director. The debt was originally incurred as a result of TT Wuxi paying on behalf of Techsin Wuxi of certain trade purchases incurred by Techsin Wuxi. Taking into account the exclusion of this waiver of debts, our Group's PBT would be approximately RM5.67 million or approximately 13.57% lower which still represents a reversal of the LBT position in the previous corresponding ten (10)-month FPE 2009 and an increase of approximately 148.68% over the PBT of the entire FYE 2009 of approximately RM2.28 million. The PBT margin of 22.18% would also be lower at 19.17% after taking into account the exclusion of this waiver of debts. This debt waiver has no impact on our Group's gross profit margin.

(e) Other Income

The following sets out the other income earned based on the proforma consolidated results of our Group for the Financial Years / Period Under Review:-

	FYE			FPE	
	2007	2008	2009	2009	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Rental	297	449	499	430	451
Foreign exchange gain	-	-	268	284	-
Government grant	-	231	136	79	32
Gains from debt waiver	-	-	-	-	888
Bad debts recovered	-	-	-	-	475
Others	139	488	292	220	205

Rental income consists of leasing part of our Singapore facilities to parties outside our Group. The increase in rental income is due to the increase in the number of tenants during the Financial Years / Period Under Review.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Income from Government grants earned consist of grants granted for business exploration purposes and job credit scheme.

During the FPE 2010, our Group successfully recovered bad debt written off amounting to approximately RM0.48 million, following from the distribution of proceeds from the liquidation of one of our customers.

Others consist mainly of sale of recycled items, sorting services, gains from sale of assets, amongst others. The higher income earned in FYE 2008 of approximately RM488,000 is mainly due to higher source of income from sorting services.

(f) Effective Tax Rate

The statutory tax rates and the effective tax rates for our Group during the Financial Years / Period Under Review based on our proforma group results are set out as follows:-

	FYE			FPE	
	2007	2008	2009	2009	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT / (LBT)	2,311	(2,453)	2,285	(185)	6,565
Income tax expense	(663)	274	(377)	(405)	(666)
PAT / (LAT)	1,648	(2,179)	1,908	(590)	5,899
Effective tax rate (%)	28.7	(11.2)	16.5	N/a	10.1
Singapore statutory tax rate (%)	18.0	18.0	17.0	17.0	17.0
PRC statutory tax rate (%) [*]	25.0	25.0	25.0	25.0	25.0

Note:

* Please refer to Section 13.2.3 of this Prospectus for the tax benefits to Techsin Wuxi arising from its status as a WFOE company.

The effective tax rate for the FYE 2007 is higher as compared to both the Singapore statutory tax rate and the PRC statutory tax rate, due to the profits of the Magnetronics Group being taxed at 18% in Singapore, and the losses incurred by Techsin Wuxi for the FYE 2007 was included in calculating the effective tax rate when such losses were not used to offset any taxable income since our Group was not formed then.

For the FYE 2008, our Group incurred a LBT of approximately RM2.45 million, resulting in a transfer of deferred tax credit of approximately RM0.12 million to the income tax expense account of our Group. This deferred tax credit was derived from an overprovision of our income tax expenses of approximately RM0.15 million arising from a successful claim for our Group's tax relief relating to the year of assessment of 2005.

Our Group's effective tax rate in 2009 was 16.5%, which is lower than both the Singapore statutory tax rate and the PRC statutory tax rate, due mainly to Techsin Wuxi being tax exempted for the year of assessment of 2009 as part of the tax benefits arising from Techsin Wuxi's status as a WFOE company, further details of which are set out in Section 13.2.3 of this Prospectus.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

During the FPE 2009, despite our LBT of approximately RM0.18 million, our Group incurred an income tax expense of approximately RM0.41 million, attributed primarily to the PBT of approximately RM2.34 million registered by the Magnetronics Group, representing an effective tax rate of 18.1%. The effective tax rate of 18.1% was higher than the Singapore statutory tax rate, due to adjustments made for the slight underprovision in prior year income tax expense. The overall LBT of approximately RM0.18 million takes into account the losses incurred by Techsin Wuxi during the FPE 2009.

Our Group's effective tax rate for the FPE 2010 was 10.14%, which is lower than both the Singapore statutory tax rate and the PRC statutory tax rate, due mainly to Techsin Wuxi having sufficient tax losses carried forward to offset against taxable profit, and the overprovision of taxation under the Magnetronics Group in the prior year of assessment.

On the other hand, the Malaysian statutory tax rate is 25% for FYE 2010 but as our Company is only incorporated on 17 March 2010 and was loss making for the FYE 2010, the effective tax rate is not applicable to the Company.

13.2 FACTORS AND TRENDS AFFECTING OUR RESULTS OF FUTURE OPERATIONS

The main factors that have affected the results of our operations historically are expected to continue to affect the results of our operations going forward. Furthermore, various other external factors which are out of control of Management including the economic and financial conditions in the countries where we operate could also affect our Group's performance.

13.2.1 Sales volume

We typically enter into arrangements with our key customers and provide them with products based on POs executed under such arrangements. As a general industry practice, our customers typically provide quarterly advance estimates as to future product demand, further details of which are set out in Section 4.1(b) of this Prospectus. Such estimates however do not bind the customer to minimum volume purchase requirements. The quantity of our components set forth in the quarterly advance forecast only provides an estimate of our customer's quarterly requirements of certain components, and are subject to adjustment by our customers on a monthly basis. As with most HDD vendors, our key customers use Just-in-Time inventory management processes, which enable them to maintain low inventory levels and require them to work closely with their suppliers to ensure timely delivery of supplies. As we rely in part on these forecasts in determining our sub-component needs and our inventory requirements, we may have inadequate or excess inventory of our cleaned stocks as compared with our key customers' actual requirements, which could have a material adverse effect on our operating results and financial condition.

From time to time, we may receive stagnant or declining orders for our precision cleaning services. However, there has been a net increase in our total unit volumes since the third (3rd) quarter of the FYE 2009 in line with the recovering outlook of the HDD industry as set out in Section 8 of this Prospectus.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.2.2 Efficiency

Our net profit generally increases with higher efficiency from our precision cleaning and injection moulding processes. For precision cleaning, efficient planning of cleaning cycle for the specific stocks to be cleaned is crucial in optimising the resources such as labour, power and DI water used for the cleaning process. Furthermore, the ability to lower the contamination level of the washed stock is dependent on our technical team's ability to develop and/or customise washing methods for the specific objects to be washed. The application of new washing technologies developed by our machine suppliers is also crucial to the efficiency of our cleaning process.

For plastic injection moulding, our profitability is driven by the optimisation of our equipment in our manufacturing facilities to reduce raw material wastage and higher production volume. Specifically, if we are able to optimise our equipment, our fixed operating costs are spread over a large number of units produced, which generally leads to lower costs per unit. As a result, our ability to optimise our equipment can significantly affect our margins.

13.2.3 Income tax expense

Techsin Wuxi, being a WFOE, is exempted from the state enterprise income tax, namely, the Enterprise Income Tax, for a period of two years from its first (1st) profit making year, or, from 1 January 2008 if no profit has been made till such date when the Enterprise Income Tax Law came into effect, and is further subject to the Enterprise Income Tax at a 50.0% reduction (subject to the approval from the relevant PRC tax authorities) for the next three (3) years subsequently. Since Techsin Wuxi has not made any profit before 1 January 2008, Techsin Wuxi is therefore exempted from the Enterprise Income Tax in FYE 2008 and FYE 2009 and will be subject to the Enterprise Income Tax at a preferential rate of 12.5% in FYE 2010, FYE 2011 and FYE 2012. From FYE 2012 onwards, Techsin Wuxi shall be subject to the full taxation at 25.0%.

Following from the above, the expiry of the preferential tax rate for Techsin Wuxi is expected to have material impact to our net profits going forward.

13.2.4 Foreign exchange

Our functional and reporting currency is RM. Our revenues and costs are primarily denominated in USD, SGD and RMB. As a result, we are exposed to foreign currency risk. We manage our exposure to fluctuations in foreign currency rates by entering into foreign exchange forward contracts, and also match, as far as possible, receipts and payments in each individual currency. However, we are exposed to fluctuations in exchange rates between the various currencies.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Our net foreign exchange gain or loss for the Financial Years / Period Under Review is set out as follows:

	FYE 2007-2009			FPE	
	2007	2008	2009	2009	2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange gain / (loss)	(72)	(91)	258	284	(488)

During the FPE 2010, we incurred a foreign exchange loss of approximately RM0.49 million due to the sudden weakening of the USD against the SGD especially in the months of May 2010, August 2010 and October 2010. In view of this and in order to minimise further foreign exchange losses, we have subsequently obtained an increase in our limit on forward foreign exchange contract to SGD1,500,000.

13.2.5 Limited Availability of Labour

The limited availability of production labour in Singapore as well as in Wuxi, the PRC will affect our ability to expand our operations. Specifically, as a result of lower migration of population from rural areas to major cities in the PRC such as Wuxi due to increasing cost of living, we have encountered increasing difficulty in recruiting workers. As we compete with other companies to retain our employees and to employ new employees, we expect salaries to increase and this will impact our profits moving forward. To mitigate the increasing cost of labour, we are in the process of streamlining our production process, such as the increase of automation and improvisation of the design of the cleaning line, so as to optimise the use of manual labour and achieve a higher efficiency per worker. Furthermore, we also engage human resource agencies in the PRC to source for our PRC manpower.

13.2.6 Technological Changes

The product life cycle of the HDD industry is continually shortened due to advancements in technology for media storage. For each change of the product life cycle, the cleanliness specification of components used in making the HDD becomes more stringent. There will come a time whereby the current technology of our cleaning lines would no longer be able to meet the cleanliness requirement of the new products in the market. As such, we need to be able to continue to acquire new cleaning technology and to develop new cleaning methods to keep abreast with the product cleanliness requirements. If we are unable to keep abreast with the technological changes and requirements, it will impact our future operations as our customers may seek other service providers who may be able to cater to such higher cleanliness requirements.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.3 SEGMENTAL ANALYSIS

The following is the segmental analysis of the proforma consolidated results of our Group for the Financial Years / Period Under Review. The proforma consolidated results are provided for illustrative purposes only and on the assumption that our Group has been in place during the Financial Years / Period under review.

For the Financial Years / Period Under Review, at least 95% of our Group's revenue is contributed by the HDD industry, with the balance of up to 5% being contributed by the semiconductor and medical equipment industries. As such, a segmental analysis by industries is not relevant or applicable.

13.3.1 Analysis of revenue and profits by subsidiary companies

	2007		2008		2009		2009 (1)		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue										
Magnetronics Group	21,804	79.93	19,672	76.65	20,213	79.88	15,939	86.30	23,681	80.07
Techsin Wuxi	5,475	20.07	5,992	23.35	7,953	31.43	3,850	20.84	8,849	29.92
Consolidated elimination	-	-	-	-	(2,861)	(11.31)	(1,319)	(7.14)	(2,954)	(9.99)
Total	27,279	100.00	25,664	100.00	25,305	100.00	18,470	100.00	29,576	100.00
Gross Profit / (Loss)										
Magnetronics Group	9,259	94.71	5,975	107.04	6,934	77.13	4,779	119.65	10,569	77.29
Techsin Wuxi	518	5.29	(393)	(7.04)	2,056	22.87	(785)	(19.65)	3,105	22.71
Total	9,777	100.00	5,582	100.00	8,990	100.00	3,994	100.00	13,674	100.00
Gross Profit / (Loss) Margin		%		%		%		%		%
Magnetronics Group	42.46		30.37		34.30		29.98		44.63	
Techsin Wuxi	9.46		(6.56)		25.85		(20.39)		35.09	
Group basis	35.84		21.75		35.53		21.63		46.23	

Note:

(1) Stated for comparison purpose only based on the unaudited accounts of the proforma MClean Group.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Historically, the Magnetronics Group had been the major revenue and profit contributor to our Group, as Techsin Wuxi only commenced operations in 2007 following its incorporation in 2006.

The decrease in gross profit margin for the Magnetronics Group in FYE 2008 from 42.46% in FYE 2007 to 30.37% in FYE 2008 is due to higher revenue contribution from media cassette precision cleaning which generally fetches lower gross margins, while the gross losses for Techsin Wuxi in FYE 2008 is attributed primarily to its loss-making fabrication business.

Going forward, Techsin Wuxi is expected to contribute higher revenue and gross profits to our Group as our PRC operation picks up, taking into account the relocation of Seagate's HDD assembly plant from Ang Mo Kio in Singapore to Suzhou, the PRC. For the FYE 2009, the gross profit of Techsin Wuxi experienced a reversal from a gross loss of approximately RM0.39 million to a gross profit of approximately RM2.06 million. This is mainly attributable to the discontinuation of the loss-making fabrication business and an increase in sales from the precision cleaning business.

For both the Magnetronics Group and Techsin Wuxi, the improvement in gross profit margin in FYE 2009 is in line with the recovery of the industry in the second (2nd) half of 2009. The gross profit margin improved significantly in FPE 2010 compared to the previous corresponding ten (10)-month FPE 2009 due to higher economies of scale achieved arising from the increase in revenue over fixed factory overheads during the financial period.

The Magnetronics Group has a higher gross profit margin as compared to Techsin Wuxi historically. This arises from the business operations of the Magnetronics Group having better economies of scale whereas Techsin Wuxi only commenced business in 2007, and therefore does not benefit from the economies of scale during its gestation period.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.3.2 Analysis of revenue and profits by business operations

	2007 RM'000	%	2008 RM'000	%	2009 RM'000	%	2009(1) RM'000	%	2010 RM'000	%
Revenue										
Precision cleaning	22,598	82.84	22,024	85.82	22,169	87.61	16,271	88.09	24,886	84.14
Injection moulding	3,266	11.97	2,810	10.95	3,136	12.39	2,199	11.91	4,690	15.86
Sub-total	25,864	94.81	24,834	96.77	25,305	100.00	18,470	100.00	29,576	100.00
Fabrication	1,415	5.19	830	3.23	-	-	-	-	-	-
Total	27,279	100.00	25,664	100.00	25,305	100.00	18,470	100.00	29,576	100.00
Gross Profit / (Loss)										
Precision cleaning	8,749	89.48	5,660	101.40	8,292	92.24	3,582	89.68	12,137	88.76
Injection moulding	1,044	10.68	512	9.17	698	7.76	412	10.32	1,537	11.24
Sub-total	9,793	100.16	6,172	110.57	8,990	100.00	3,994	100.00	13,674	100.00
Fabrication	(16)	(0.16)	(590)	(10.57)	-	-	-	-	-	-
Total	9,777	100.00	5,582	100.00	8,990	100.00	3,994	100.00	13,674	100.00
Gross Profit / (Loss) Margin		%		%		%		%		%
Precision cleaning	38.72		25.70		37.40		22.01		48.77	
Injection moulding	31.97		18.22		22.26		18.74		32.77	
Sub-total	37.86		24.85		35.53		21.63		46.23	
Fabrication	(1.13)		(71.08)		-		-		-	
Group basis	35.84		21.75		35.53		21.63		46.23	

Note:

(1) Stated for comparison purpose only based on the unaudited accounts of the proforma MClean Group.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Based on the segmental financial results by business operations, the majority of our revenue and gross profits are derived from the precision cleaning business. The plastic injection moulding business had also contributed positively to our Group's revenue and gross profits. Although the fabrication business had contributed positively to our Group's revenue, the gross profit of our Group was affected by the losses arising from the fabrication business until its discontinuation in December 2008, particularly in FYE 2008 when the fabrication business incurred a gross loss margin of approximately 71.08%.

The decrease in the gross profit margin for precision cleaning in FYE 2008 is due mainly to the lower gross margins from media cassette precision cleaning, increase in electricity tariff as well as an increase in production shift and labour in anticipation of an increase in revenue that did not materialise during the financial year. The decrease in gross profit margin for injection moulding in FYE 2008 is due to decrease in revenue in line with the economic downturn during 2008.

The subsequent increase in gross profit margin in FYE 2009 for both precision cleaning and injection moulding is in line with the recovery of the industry in the second (2nd) half of 2009. The gross profit margin improved significantly in FPE 2010 compared to the previous corresponding ten (10)-month FPE 2009 due to higher economies of scale achieved arising from the increase in revenue over fixed factory overheads.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.3.3 Analysis of revenue and profits by geographical location

	2007	2008	2009	2009	2010
	RM1000	RM1000	RM1000	RM1000	RM1000
	%	%	%	%	%
Revenue					
Singapore	17,996	16,735	15,542	12,514	15,993
PRC	4,086	5,186	7,967	3,850	8,874
Malaysia	3,327	2,391	3,946	2,834	6,410
Others	1,870	1,352	711	591	1,253
Consolidated elimination	-	-	(2,861)	(1,319)	(2,954)
Total	27,279	25,664	25,305	18,470	29,576
	100.00	100.00	100.00	100.00	100.00
Gross Profit / (Loss)					
Singapore	6,938	4,182	5,283	3,730	7,218
PRC	545	203	2,080	(784)	3,055
Malaysia	1,511	766	1,420	877	2,846
Others	783	431	227	171	555
Total	9,777	5,582	8,990	3,994	13,674
	100.00	100.00	100.00	100.00	100.00
Gross Profit / (Loss) Margin					
Singapore	38.55	24.99	33.99	29.81	45.13
PRC	13.34	3.91	25.86	(20.36)	34.43
Malaysia	45.42	32.04	35.99	30.95	44.40
Others	41.87	31.88	31.93	28.93	44.29
Group basis	35.84	21.75	35.53	21.63	46.23

Note:

(1) Stated for comparison purpose only based on the unaudited accounts of the proforma MCI Group.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Historically, the majority of our revenue is derived from Singapore, followed by the PRC, Malaysia and others. Despite the geographical segmentation of our Group as set out above, the services provided to our customers in Malaysia and other countries are delivered through our Woodlands facility in Singapore.

During the Financial Years / Period Under Review, the revenue contribution of the Singapore market has shown a general decrease, while the contribution of the PRC market has shown a general increase. The decrease in Singapore is mainly attributable to the economic downturn which affected the Singapore and Malaysia markets in FYE 2008 up to the first (1st) half of FYE 2009. Meanwhile, the increase in the PRC is in line with our Group's earlier strategy to penetrate the PRC market in 2006 following our success in the Singapore market.

Save for FYE 2008, the revenue contribution of the Malaysia market has shown a general increase, due mainly to the commencement of our working relationship with Seagate International Johor (M) Sdn Bhd ("Seagate JB") in Malaysia in 2008. Despite the contribution from Seagate JB, the relatively low revenue contribution from Malaysia in FYE 2008 is a result of the economic downturn as mentioned above.

In terms of gross profit margins, the relatively high gross profit margin for Malaysia in FYE 2007 is due to the relatively higher profit contribution of HDD component washing from a key customer in Malaysia.

The decrease in the gross profit margin for Singapore and Malaysia in FYE 2008 is due mainly to the lower gross margin for media cassette precision cleaning, increase in electricity tariff as well as an increase in production shift and labour in anticipation of an increase in revenue that did not materialise during the financial year. On the other hand, the decrease in gross profit margin in the PRC in FYE 2008 is due to decrease in revenue in line with the economic downturn during 2008.

The subsequent increase in gross profit margin in FYE 2009 for all geographical locations is in line with the recovery of the industry as a whole during the second (2nd) half of 2009. The gross profit margin improved significantly in FPE 2010 compared to the previous corresponding ten (10)-month FPE 2009 due to higher economies of scale achieved arising from the increase in revenue over fixed factory overheads.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.3.4 Distribution, administrative and other expenses

The segmental analysis above is not extended to the PBT of our Group as our overhead costs, namely the distribution, administrative and other expenses are shared amongst the different segments, and therefore could not be broken down accurately for the different segments.

The following sets out the distribution, administrative and other expenses based on the proforma consolidated results of our Group for the Financial Years / Period Under Review.

	FYE			FPE	
	2007 RM'000	2008 RM'000	2009 RM'000	2009 RM'000	2010 RM'000
Distribution costs	650	1,131	2,185	916	1,390
Administration expenses	6,072	6,199	5,640	4,227	7,238
Other expenses	844	1,599	31	6	518
Finance costs	336	274	44	43	14

Distribution costs consist mainly of freight and handling costs. Distribution costs increased by 49.77% from approximately RM434,000 in FYE 2006 to approximately RM650,000 in FYE 2007, in line with the increase in revenue of 46.12% over the same period. Distribution costs increased significantly by 74.00% from approximately RM650,000 to approximately RM1.13 million in FYE 2008, due mainly to the higher delivery cost for the bulkier media cassettes amounting to approximately RM574,000. Distribution costs increased further by 93.81% to RM2.19 million in the FYE 2009, due mainly to a new service package offered under our precision cleaning business which includes collection of stocks to be washed and shipment of washed stocks as part of the total service package to the customer. For the FPE 2010, the distribution costs of approximately RM1.39 million is 51.75% higher than the distribution costs of approximately RM916,000 in the previous corresponding ten (10)-month FPE 2009, which was in line with the increase in our Group's revenue of 60.15% for the FPE 2010 from the previous corresponding ten (10)-month FPE 2009.

Administrative expenses consist of mainly staff salaries, Central Provident Funds contribution, Social Funds & Housing contributions, other staff-related expenses, professional fees, office rent and related office administrative expenses. Administrative expenses increased by 59.74% from approximately RM3.80 million in FYE 2006 to approximately RM6.07 million in FYE 2007, due mainly to the commencement of Techsin Wuxi's operation in FYE 2007. Administrative expenses remained relatively constant at approximately RM6.20 million for FYE 2008, but decreased by 9.02% in the FYE 2009 to approximately RM5.64 million, due mainly to a reduction in our fixed costs with the discontinuance of our fabrication business such as rental expenses and salaries for our sub-contract workers. For the FPE 2010, the administrative expenses of approximately RM7.24 million is 71.16% higher than the administrative expenses of approximately RM4.23 million in the previous corresponding ten (10)-month FPE 2009, due mainly to higher salaries and professional fees incurred for the purpose of the Listing.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Other expenses consist mainly of provision for doubtful debts and slow moving of inventories, foreign currency exchange differences and fixed assets written off. The other expenses in FYE 2007 comprise mainly write-off of fixed assets and provision of stock obsolescence amounting to approximately RM599,913 and RM108,000, respectively. The high other expenses in FYE 2008 is mainly due to the loss on disposal of fixed assets relating to the discontinuance of the fabrication business of RM520,000 and a provisioning for doubtful debts of RM822,000. During the FPE 2010, the high other expenses is mainly due to the loss arising from the movement of foreign exchanges amounting to approximately RM488,000, as set out in Section 13.2.4 of this Prospectus.

Our Group's finance costs have seen a decline over the Financial Years / Period Under Review, recording approximately RM44,000 for the FYE 2009 and approximately RM14,000 for the FPE 2010. Our Group has generated sufficient internal funds from our operations to service and pare down our existing debt obligations during the Financial Years / Period Under Review.

13.4 IMPACT OF FOREIGN EXCHANGE, INTEREST RATES AND COMMODITY PRICES

Save as disclosed below, there is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the Financial Years / Period Under Review.

13.4.1 Foreign exchange

Our Group is exposed to foreign currency risk as our sales and purchases are denominated in SGD, USD and RMB due to our operations in Singapore and the PRC and that our customers consists substantially of MNCs. Any future significant fluctuation in the exchange rate may have a material impact on our Group's financial performance. Further details of our Group's exposure to foreign exchange risk are set out in Section 4.1(i) of this Prospectus.

13.4.2 Interest rate

Our Group has a low debt-to-equity ratio of 0.12% based on the proforma consolidated statement of financial position as at 31 October 2010, comprising of an outstanding bank overdraft facility of approximately RM23,000. The interest rate for our bank overdraft facility is 1.25% per annum plus the financial institution's Prime Lending Rate ("PLR")⁽¹⁾.

13.4.3 Commodity prices

One of the key raw materials for our plastic injection moulding business is plastic resin, which is a petroleum by-product and is therefore subject to the fluctuation of crude oil price. As the cost of such resin generally accounts for more than 30% of our total production cost for our injection moulding business, any significant fluctuation in the price of such raw materials may have a significant impact on our profitability. As highlighted in Section 6.3(i) of this Prospectus, resins are usually specially formulated by the suppliers specified by our customers and since the resins are unique to our customers, our customers will have long term pricing agreement directly established with such resin suppliers. Therefore, we are not affected by the volatile movements of the resin prices as the prices have been fixed between our suppliers and customers.

¹ As at the Latest Practicable Date, the financial institution's PLR is 5% per annum.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

However, there can be no assurances that significant or major fluctuations in resin prices will not still affect the cost of our raw materials.

13.5 IMPACT OF INFLATION

There has been no material impact of inflation on our historical profits for the Financial Years / Period Under Review.

13.6 EXCEPTIONAL AND EXTRAORDINARY ITEMS

Save for the discontinuation of our fabrication business under Techsin Wuxi in 2008, where we had incurred a loss on cessation of business of approximately RM0.52 million for the FYE 2008, further details of which are set out in Section 13.1 of this Prospectus, there are no exceptional and/or extraordinary items that have affected the business operations of our Group for the Financial Years / Period Under Review.

13.7 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Further details of any risks relating to government, economic, fiscal and monetary policies or factors, which may materially affect our operations, are as set out in Section 4 of this Prospectus.

There are no government, economic, fiscal and monetary policies or factors that have affected the business operations of our Group for the Financial Years / Period Under Review.

13.8 LIQUIDITY AND CAPITAL RESOURCES

13.8.1 Working capital

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external sources of funds mainly comprise mainly shareholders' equity, loans from related parties and to a lesser extent, bank borrowings.

As at 31 October 2010, our Group's material sources of unutilised liquidity comprises of cash and cash equivalents of approximately RM3.83 million. Further details of our borrowings are set out below in Section 13.9 of this Prospectus.

Our Directors are in the opinion that, after taking into account our consolidated cashflow position, banking facilities available and the net proceeds from the Public Issue, our Group will have adequate working capital for the period of twelve (12) months from the date of this Prospectus.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.8.2 Proforma Consolidated Statement of Cash Flows

A summary of our Group's proforma consolidated statement of cash flows for the FPE 2010 based on the proforma consolidated statement of cash flows as set out in Section 15 of this Prospectus (without taking into account the Public Issue, the intended utilisation of the IPO proceeds, payment of the listing expenses and the exercise of all the Warrants) is as follows:-

	(Proforma) FPE 2010 RM'000
Net cash from generated from operating activities	4,375
Net cash used in investing activities	(1,320)
Net cash for financing activities	(872)
Net increase in cash and cash equivalents	2,183
Cash and cash equivalents at the beginning of the financial period	1,627
Effect of exchange translation differences on cash and cash equivalents	(2)
Cash and cash equivalents at the end of the financial period	3,808
Cash and cash equivalents comprise of:-	
Cash and bank balances	3,831
Bank overdraft	(23)
	3,808

To the best of our Director's knowledge and subject to the risk factors as set out in Section 4 of this Prospectus and the applicable policies on foreign investments and repatriation of profits as set out in Section 7 of this Prospectus, there is currently no legal, financial or economic restriction on the ability or requirements to obtain any approvals for our subsidiary companies to transfer funds to us in the form of cash dividends, loans or advances.

Net Cashflow from Operating Activities

The operating activities of our Group generated a net cash inflow of approximately RM4.38 million for the FPE 2010, due mainly to the improved profitability but is offset to a certain extent by an increase in trade and other receivables of approximately RM0.73 million and a decrease in trade and other payables of approximately RM2.00 million.

Net Cashflow for Investing Activities

The net cash outflow of approximately RM1.32 million from investing activities is mainly due to the purchase of property, plant and equipment and development cost during the ten (10)-month FPE 2010.

Net Cashflow for Financing Activities

For the FPE 2010, the cash outflow of approximately RM0.87 million for financing activities is attributable mainly to a net cash outflow for the repayment of advances to a former holding company of Techsin Wuxi, JCS-Echigo amounting to approximately RM0.92 million and repayment to finance creditors of approximately RM0.36 million. This cash outflow for financing activities is somewhat offset to a certain extent by the advances received from a related company, TT Wuxi of approximately RM0.45 million for the acquisition of plant and equipment.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

13.9 BORROWINGS

As at 31 October 2010, the total outstanding borrowings of our proforma Group, comprising outstanding bank overdraft facility, amount to SGD9,629 (or equivalent to approximately RM23,000) at an interest rate of 1.25% per annum plus the financial institution's PLR. The details of our borrowings, all of which are denominated in SGD, are set out as follows:-

Short Term (Due within 12 months)	Amount: SGD
Overdraft	9,629
Total	9,629
 Total interest-bearing borrowings	 9,629
Gearing ratio as at 31 October 2010 (times)	-*
Gearing ratio after IPO (times)	-*

Note:-

* Negligible, less than 0.01 time

Our Group does not have any other borrowings for the period after the Latest Practicable Date up to the date immediately preceding the date of this Prospectus.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the Financial Years / Period Under Review and the intervening period immediately preceding the date of this Prospectus.

As at the Latest Practicable Date, our Company and subsidiary companies are not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan, which can materially affect our financial position and the results or business operations or the investments by holders of securities in our Company.

As set out in Section 11.1 of this Prospectus, our Group's bank overdraft facility is also secured by way of personal guarantee by Jason Yeo. Notwithstanding that our Group will endeavour to negotiate with the financial institutions to eliminate such personal guarantee upon completion of the Listing to be replaced by corporate guarantee from MClean, we are unable to quantify the impact of such replacement in terms of interest rates and/or the terms and conditions of the bank overdraft facility at this juncture. Until such personal guarantee is replaced, this personal guarantee by Jason Yeo will continue to be treated as recurrent related party transaction as set out in Section 11.4 of this Prospectus.

13.10 TREASURY POLICIES AND OBJECTIVES

We have been financing our operations from cash generated internally from our operations and through external sources of funds as described in Section 13.8.1 of this Prospectus.

We have short term and long term borrowing facilities that are available to our Group. Our Group has bank overdraft facilities of SGD700,000, SGD200,000 for issuance of performance guarantees and SGD1,500,000 limit on forward foreign exchange contract as at the Latest Practicable Date. The interest rate for our borrowings is based on the PLR prevailing at the dates of the respective transactions as well the PLR plus a margin agreed upon by our bankers when those respective loans were granted.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

We conduct our operations mainly in denominations of USD, SGD and RMB. As set out in Section 4.1(p) of this Prospectus, our Group is exposed to foreign exchange fluctuation risks. Our Key Management constantly monitors our Group's foreign currency exposure and reviews our Group's hedging needs. We manage our exposure to fluctuations in foreign currency rates by entering into foreign exchange forward contracts, and also match, as far as possible, receipts and payments in each individual currency. As at the Latest Practicable Date, we have an open forward contract amounting to USD1,200,000 (equivalent to approximately RM3,672,600).

13.11 KEY FINANCIAL RATIOS

The table below sets out the key financial ratios of our Group for the Financial Years / Period Under Review which have been prepared for illustrative purposes only based on our proforma financial statements:-

	FYE			FPE
	2007	2008	2009	2010
Trade receivables turnover period (months)	2.4	2.5	2.9	2.6
Trade payables turnover period (months)	3.5	3.7	4.5	3.3
Inventory turnover period (months)	0.9	1.0	0.5	0.4
Gearing ratio (times)	0.30	0.09	0.03	-*
Current ratio (times)	0.93	0.64	1.08	2.41

Notes:-

* Negligible, less than 0.01 time

$$\text{Trade receivables turnover period} = \frac{\text{Average Trade Receivables}}{\text{Sales}} \times 12 \text{ months}$$

$$\text{Trade payables turnover period} = \frac{\text{Average Trade Payables}}{\text{Purchases}} \times 12 \text{ months}$$

$$\text{Inventory turnover period} = \frac{\text{Average Inventory}}{\text{Purchases / Cost of Materials}} \times 12 \text{ months}$$

$$\text{Gearing} = \frac{\text{Total Borrowings}}{\text{Total Shareholders' Funds}}$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Trade receivables turnover period

Our Group generally grants credit terms ranging from 30 to 90 days (or 1 to 3 months) to our customers. Other credit terms are assessed and approved on a case-by-case basis. Our Group's trade receivables turnover has been relatively consistent within the range of between 2.4 to 2.9 months.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Trade payable turnover period

Our Group generally received credit terms ranging from 30 to 120 days (or 1 to 4 months) from our suppliers. Our Group's trade payable turnover has been relatively consistent within the range of 3.3 to 3.7 months, except for the FYE 2009 where the trade payable turnover was slightly higher reflecting slightly slower payment for that year. This is also consistent with our Group's higher trade receivables turnover in FYE 2009 as compared with other financial years. Notwithstanding this, our Group's trade payable turnover improved to earlier levels for FPE 2010.

Inventory turnover period

Due to the nature of our business, we do not maintain a significant level of inventory for our operation. Specifically, our Group's operations mostly comprise our precision cleaning business which does not have any inventory requirements. The inventory requirements in our business are attributable to the plastic injection moulding business of our Group.

Gearing ratio

Our Group has generated sufficient internal funds from our operations to service and pare down our existing debt obligations, resulting in a general decline of our gearing ratio during the Financial Years / Period Under Review.

Current ratio

The relatively lower current ratio of 0.64 times as at 31 December 2008 is attributed mainly to a lower trade receivables of approximately RM4.05 million as at 31 December 2008, as compared to more than RM8.80 million for the other financial year ends / period under review, and an advance from a related party amounting to approximately RM2.88 million for working capital requirements incurred during the FYE 2008. On the other hand, the relatively higher current ratio of 2.41 times as at 31 October 2010 is due to the waiver of debts by a related party, TT Wuxi, amounting to approximately RM0.90 million, further details of which are set out in Section 11.1(c)(iii) of this Prospectus.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Debtors' ageing analysis

An ageing analysis of our trade receivables of our Group as at 31 October 2010 is set out as follows:-

	← Within credit terms →			Exceeding credit terms		Total
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	90-120 days RM'000	> 120 days RM'000	
Trade receivables	3,070	2,506	1,031	418	625	7,650
Less: Provision for doubtful debts	-	-	-	-	351	350
Net trade receivables	3,070	2,506	1,031	418	274	7,299
Subsequent receipts up to the Latest Practicable Date	3,029	2,499	1,031	358	202	7,119
Balance as at the Latest Practicable Date	41	7	-	60	72	180
% of subsequent receipts to net trade receivables	98.66	99.72	100.00	85.65	73.72	97.53

Our Group's normal credit terms given to our trade debtors ranges from 30 days to 90 days (or 1 to 3 months). Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, *inter-alia*, the background and credit-worthiness of the customer, payment history of the customer and our relationship with our customers.

As at 31 October 2010, about 90.56% of our trade receivables amounting to approximately RM6.61 million are within the credit terms given. The remaining balance of approximately RM0.69 million of the trade debts have exceeded the credit terms given. Based on our management records of subsequent receipts up to the Latest Practicable Date, approximately RM7.12 million has been collected. The provision for doubtful debts amounting to approximately RM0.35 million is deemed adequate and our Key Management believes that the remaining amount is collectible after taking into consideration the stable relationship between our Group and our customers.

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13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Creditors' ageing analysis

An ageing analysis of the trade payables of our Group as at 31 October 2010 is set out as follows:-

	Within credit terms				Exceeding credit terms	Total
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	90-120 days RM'000	>120 days RM'000	
Trade payables	1,270	607	265	69	155	2,366
Subsequent payments up to the Latest Practicable Date	1,262	607	265	69	138	2,341
Balance as at the Latest Practicable Date	8	-	-	-	17	25
% of subsequent payments to net trade payables	99.37	100.00	100.00	100.00	89.03	98.94

The normal credit terms granted to us by our trade suppliers range from 30 days to 120 days (or 1 to 4 months).

As at 31 October 2010, 93.25% of our trade payables, amounting to approximately RM2.21 million, were within credit period given. The remaining balances of approximately RM0.16 million, which exceeded our suppliers' credit period, represents an amount under dispute for services provided by a supplier. Based on our management records of subsequent payments up to the Latest Practicable Date, the amounts owing to our suppliers that had exceeded the credit period had been substantially paid.

13.12 TREND INFORMATION

For the FPE 2010, our Group's revenue of RM29.58 million has more than doubled as compared to the revenue of RM18.47 million in the previous corresponding ten (10)-month FPE 2009. In line with the recovering outlook of the HDD industry as set out in Section 6.17 and Section 8 of this Prospectus and our major customers had revised their forecast orders upwards by an average of 10% as compared to the forecast for FYE 2010. As a result, in anticipation of further increase in sales volume, our Group expanded its capacity in the form of the New Plant as detailed in Section 6.6.4 of this Prospectus.

Based on the above, our Board is of the opinion that:-

- (i) Our Group's revenue is expected to remain sustainable with an upward growth trend in line with the recovering outlook of the HDD industry;
- (ii) Our liquidity is expected to improve further subsequent to our Public Issue given the additional funds that will be raised for our Group to carry out our future plans as stated in Section 6.16 of this Prospectus; and

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

- (iii) Our capital resources are expected to be strengthened, taking into account an amount of approximately RM8.01 million from the IPO proceeds to be utilised for capital expenditure, as well as our internally generated funds from our improved financial performance for the FPE 2010. We may consider debt funding for our capital expansion should the need arises.

In addition to the above and barring any unforeseen circumstances, our Board is not aware of any circumstances which would result in a significant decline in our revenue and gross profit margins or known factors that are likely to have a material impact on our liquidity, revenue or profit/loss.

As at the Latest Practicable Date, our Group's conditions and operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those disclosed in this section, Sections 4, 5 and 6 of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in Section 13.13 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have resulted in a material impact on our Group's revenue and/or profits, save for those that have been disclosed in this section, Sections 4, 5 and 6 of this Prospectus;
- (iv) 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 disclosed in this section, Sections 4, 5 and 6 of this Prospectus; and
- (v) 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, 5 and 6 of this Prospectus.

Our Board is optimistic about the future prospects of our Group after taking into account the recovering outlook of the HDD industry which will in turn result in the growth of the precision cleaning industry as set out in Section 8 of this Prospectus, our Group's competitive advantages as set out in Section 6.10 of this Prospectus and our Group's commitment to implement our future plans and strategies as set out in Section 6.16 of this Prospectus.

13.13 MATERIAL LITIGATION, MATERIAL CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENT

Material Litigation

As at the Latest Practicable Date, our Group is not engaged, either as plaintiff or defendant, in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial performance and position of our Group and our Board has no knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially affect the position and business of our Group.

13. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PROFORMA FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS (Cont'd)

Material Contingent Liabilities

There are no material contingent liabilities incurred by us, which upon becoming enforceable may have a material impact on our Group as at the Latest Practicable Date.

Material Capital Commitment

Save as disclosed below, there are no material commitments for capital expenditure incurred or known to be incurred by our Group which may have a substantial impact on the results or the financial position of our Group as at the Latest Practicable Date:-

	As at the Latest Practicable Date
Contracted but not provided for	RM1,098,718
Approved but not contracted for	RM968,454
Total	RM2,067,172

The entire capital commitments of approximately RM2.1 million are proposed to be funded via the IPO proceeds earmarked for capital expenditure of RM2.4 million, further details of which are set out in Section 3.10(a) of this Prospectus.

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14. ACCOUNTANTS' REPORT

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

ACCOUNTANTS' REPORT

**SJ GRANT THORNTON
CHARTERED ACCOUNTANTS
Member of Grant Thornton International**

14. ACCOUNTANTS' REPORT (Cont'd)



(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

Date: 31 March 2011

The Board of Directors
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50250 Kuala Lumpur

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Dear Sirs,

ACCOUNTANTS' REPORT

MCLEAN TECHNOLOGIES BERHAD ("MCLEAN") AND ITS SUBSIDIARY COMPANIES ("MCLEAN GROUP" OR "THE GROUP")

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 MClean on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the five (5) years 2011/2016 warrants ("warrants") of MClean on the Official List of Bursa Securities and should not be relied upon for any other purposes.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

MClean	MClean Technologies Berhad
Magnetronics	Magnetronics Technology Pte Ltd, a subsidiary company of MClean
MClean Singapore	MClean Technologies Pte. Ltd., a subsidiary company of Magnetronics
Techsin Singapore	Techsin Technologies (S) Pte. Ltd., a subsidiary company of MClean
Techsin Wuxi	Techsin Electronics (Wuxi) Co., Ltd., a subsidiary company of Techsin Singapore
Magnetronics Group	Magnetronics and its subsidiary company, namely MClean Singapore
Techsin Singapore Group	Techsin Singapore and its subsidiary company, namely Techsin Wuxi
MClean Group	MClean and its subsidiary companies, namely Magnetronics Group and Techsin Group
TT Wuxi	Techsin Technologies (Wuxi) Co., Ltd.
JCS-Echigo	JCS-Echigo Pte. Ltd.
FYE	Financial year ended 31 December
FPE	Financial period ended 31 December/31 October
RM	Ringgit Malaysia
SGD	Singapore Dollar
USD	United States Dollar
RMB	Renminbi

14. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION

3.1 Background

The Company was incorporated on 17 March 2010 and domiciled in Malaysia under the Companies Act, 1965, as a private limited liability company under the name of MClean Technologies Sdn. Bhd..

Subsequently, it was converted to a public company on 18 October 2010 and assumed its present name as MClean Technologies Berhad.

3.1.1 Flotation exercise

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of MClean, MClean undertook the Flotation Exercise that was approved by the Securities Commission ("SC") and Bursa Securities on 1 March 2011 and 10 March 2011 respectively. The Flotation Exercise involves the following:-

(i) Offer for Sale

The Offerors will implement an offer for sale for 11,050,000 existing ordinary shares in MClean ("Mclean Shares") together with 5,525,000 Free Warrants on the basis of one (1) Free Warrant for every two (2) existing MClean Shares at an offer price of RM0.52 to identified investors, subject to terms and conditions contained in Prospectus.

(ii) Public Issue

Public Issue of 15,400,000 new MClean Shares with 7,700,000 Free Warrants to be allotted on the basis of one (1) Free Warrants for every two (2) New MClean Shares at an issue price of RM0.52 per MClean Share.

The Shares shall be allocated to prospective investors in the followings manner:-

(a) General public

2,700,000 of MClean Shares representing 2.30% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by the General public;

(b) Business associates of the MClean Group

4,100,000 of MClean Shares representing 3.49% of the enlarged issued and paid-up share capital after the Public Issue will be made available to the business associates of the MClean Group; and

(c) Private placement

8,600,000 of MClean Shares representing 7.33% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by way of private placement to identified investors.

14. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.1.1 Flotation exercise (cont'd)**

As an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of MClean, MClean undertook the Flotation Exercise that involves the following (cont'd):-

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

In conjunction with the Flotation Exercise, MClean seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of MClean comprising 117,400,000 MClean Shares on the ACE Market of Bursa Securities and 58,700,000 Warrants on Bursa Securities.

The gross proceeds arising from the Public Issue amounting to RM8,008,000 are expected to be fully utilised for the core business of MClean Group in the following manner:-

	RM
Capital expenditure	2,400,000
Working capital	3,265,000
Estimated listing expenses	<u>2,343,000</u>
	<u>8,008,000</u>

The listing expenses are estimated at RM2,343,000. The listing expenses relating to the flotation exercise of RM615,257 are charged to share premium account. The balance of RM1,727,743 is charged to profit or loss.

14. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (CONT'D)

3.2 Share capital

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

Date of creation	Number of ordinary shares	Par value RM	Cumulative total RM
17 March 2010	100,000	1	100,000
5 April 2010	200,000	0.50	100,000
31 May 2010	400,000	0.25	100,000
31 May 2010	399,600,000	0.25	100,000,000

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

Date of allotment	Number of ordinary shares	Par value RM	Consideration	Cumulative total RM	No. of ordinary shares
17 March 2010	2	1	Subscribers' share	2	2
5 April 2010	-	0.50	Subdivision of RM1.00 par value to RM0.50 par value per share	2	4
31 May 2010	-	0.25	Subdivision of RM0.50 par value to RM0.25 par value per share	2	8
11 October 2010	61,999,992@	0.25	Acquisition of subsidiary company	15,500,000	62,000,000
11 October 2010	40,000,000*	0.25	Acquisition of subsidiary company	25,500,000	102,000,000

@ with issuance of 30,999,996 warrants

* with issuance of 20,000,004 warrants

3.3 Principal activity

The Company's principal activity is investment holding.

The subsidiary companies are as follows:-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Magnetronics Technology Pte Ltd	100%	Investment holding company and to provide washing, assembling and sorting services for electronic components and sales of electronic components	2 June 2001, Republic of Singapore
Subsidiary company of Magnetronics			
MClean Technologies Pte. Ltd.	100%	Provide precision cleaning and cleanroom assembly and sorting services to the hard disk drive and semi-conductor industry	5 December 2003, Republic of Singapore

14. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (CONT'D)

3.3 Principal activity (cont'd)

The subsidiary companies are as follows (cont'd):-

Name of company	Effective ownership	Principal activities	Date and place of incorporation
Techsin Technologies (S) Pte. Ltd.	100%	Investment holding company and to provide precision cleaning services and assembly of hard disk drive products	4 November 2009, Republic of Singapore
Subsidiary company of Techsin Singapore			
Techsin Electronics (Wuxi) Co., Ltd.	100%	Cleanroom injection moulding and provide precision cleaning and cleanroom assembly sorting services to the hard disk drive and semiconductor industries	14 July 2006, The People's Republic of China

3.4 Share capital history of subsidiary companies

(i) Magnetronics

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

Date of creation	Number of ordinary shares	Par value	Cumulative total	
		SGD	SGD	No. of ordinary shares
2 June 2001	300,000	1	300,000	300,000
19 August 2002	9,700,000	1	10,000,000	10,000,000
30 January 2006*	-	-	-	-

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

Date of allotment	Number of ordinary shares	Par value	Consideration	Cumulative total	
		SGD		SGD	No. of ordinary shares
2 June 2001	2	1	Subscribers' share	2	2
19 August 2002	999,998	1	Settlement of debt	1,000,000	1,000,000
30 January 2006*	1,000,000	-	-	1,000,000	1,000,000

14. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Share capital history of subsidiary companies (cont'd)****(i) Magnetronics (cont'd)**

- * With the implementation of the Singapore Companies (Amendment) Act 2005, effective from 30 January 2006, the concept of authorised share capital and par value have been removed.

(ii) MClean Singapore

The changes in the MClean Singapore's authorised share capital since its date of incorporation were as follows:-

Date of creation	Number of ordinary shares	Par value	Cumulative total	
		SGD	← SGD	→ No. of ordinary shares
5 December 2003	1,000,000	1	1,000,000	1,000,000
30 January 2006*	-	-	-	-

The changes in the MClean Singapore's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Par value	Consideration	Cumulative total	
		SGD		← SGD	→ No. of ordinary shares
5 December 2003	2	1	Subscribers' shares	2	2
1 March 2005	999,998	1	Consideration other than cash	1,000,000	1,000,000
30 January 2006*	1,000,000	-	-	1,000,000	1,000,000

- * With the implementation of the Singapore Companies (Amendment) Act 2005, effective from 30 January 2006, the concept of authorised share capital and par value have been removed.

14. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 Share capital history of subsidiary companies (cont'd)****(iii) Tecbsin Singapore**

The changes in the Tecbsin Singapore's issued and paid-up share capital since its date of incorporation were as follows:-

Date of allotment	Number of ordinary shares	Consideration	← Cumulative total →	
			SGD	No. of ordinary shares
4 November 2009	1	Subscribers' share	1	1
29 April 2010	2,400,000	Acquisition of subsidiary	2,400,001	2,400,001

(iv) Teehsin Wuxi

The present registered capital of Teehsin Wuxi is USD2,100,000 and the contributions to its registered capital is USD2,100,000.

The contributions to Teehsin Wuxi's registered capital since its date of incorporation were as follows:-

Date of contribution	Consideration	Value USD	Cumulative total USD
26 July 2006	Cash	100,000	100,000
12 October 2006	Machineries	803,000	903,000
15 January 2007	Cash	95,000	998,000
23 January 2007	Cash	50,000	1,048,000
31 January 2007	Cash	100,000	1,148,000
14 February 2007	Cash	100,000	1,248,000
19 April 2007	Cash	185,000	1,433,000
23 December 2007	Machineries	232,000	1,665,000
5 July 2008	Machineries	435,000	2,100,000

4. FINANCIAL STATEMENTS AND AUDITORS**A. MClean Group**

The financial statements of MClean Group for the financial year/period under review which were audited by us were reported without any audit qualification.

14. ACCOUNTANTS' REPORT (Cont'd)**4. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)****B. Magnetronics, MClean Singapore and Techsin Singapore**

The financial statements of Magnetronics, MClean Singapore and Techsin Singapore for the financial years/period were audited by Foo Kon Tan Grant Thornton, LLP (Grant Thornton Singapore).

All financial statements were reported without any audit qualification.

C. Techsin Wuxi

SJ Grant Thornton (Grant Thornton Malaysia) performed a special audit in accordance with International Standards on Auditing on the Techsin Wuxi's Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity, Statements of Cash Flows, a summary of significant accounting policies and other explanatory notes ("audited financial statements") and these reports were prepared in accordance with the Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB") for FYE 2007, 2008, 2009 and FPE 2010.

All the financial statements were reported without any audit qualification.

The auditors' report of the financial statements of MClean Group, Magnetronics Group, Techsin Singapore and Techsin Wuxi for FYE/FPE 2007, 2008, 2009 and 2010 are disclosed in Appendix I, II, III and IV of this report.

5. CONVERSION RATE

In preparing this report, the Group has converted all figures stated in RMB and SGD into RM base on the following exchange rate, as extracted from www.xe.com:-

	<u>FYE</u> <u>2007</u> RM	<u>FYE</u> <u>2008</u> RM	<u>FYE/FPE</u> <u>2009</u> RM	<u>FPE</u> <u>2010</u> RM
Statement of comprehensive income (average rate)				
- RMB 1	0.4518	0.4826	0.5157	0.4762
- SGD 1	2.2820	2.3678	2.4269	2.3586
Statement of financial position (closing rate)				
- RMB 1	0.4563	0.5081	0.5019	0.4661
- SGD 1	2.3193	2.4124	2.4413	2.4036

The translation from SGD and RMB 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.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS

6.1 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") in Malaysia for FYE 31 December 2007, 2008, 2009 and FPE 2010.

Adoption of Financial Reporting Standards ("FRS")

The Group has adopted FRSs, Amendments and Issues Committee ("IC") Interpretations for the preparation of these financial statements of the Group since 1 January 2007. FRS 1, First-time Adoption of Financial Reporting Standards has been applied in preparing these financial statements. These financial statements are the first set of financial statements prepared in accordance with FRS by the Group.

The following FRSs, Amendments and IC Interpretations (exclude those Amendments, IC Interpretations and FRSs will be effective for accounting periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011) have been adopted by the Group effective for the financial periods beginning on or after 1 January 2007:-

			<u>Effective date</u>
1)	FRS 1	- First-time Adoption of Financial Reporting Standards	1 January 2006
2)	Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards	1 January 2010
3)	Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards	1 January 2010
4)	FRS 2	- Share-based Payment	1 January 2006
5)	Amendments to FRS 2	- Share Based Payment	1 January 2010
6)	FRS 3	- Business Combinations	1 January 2006
7)	FRS 4	- Insurance Contracts	1 January 2010
8)	FRS 5	- Non-current Assets Held for Sale and Discontinued Operations	1 January 2006
9)	Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations	1 January 2010
10)	FRS 6	- Exploration for and Evaluation of Mineral Resources	1 January 2007
11)	FRS 7	- Financial Instruments: Disclosures	1 January 2010
12)	Amendments to FRS 7	- Financial Instruments: Disclosures	1 January 2010
13)	FRS 8	- Operating Segments	1 July 2009
14)	Amendments to FRS 8	- Operating Segments	1 January 2010
15)	FRS 101	- Presentation of Financial Statements	1 January 2006
16)	FRS 101	- Presentation of Financial Statements	1 January 2010
17)	Amendments to FRS 101	- Presentation of Financial Statements	1 January 2010
18)	FRS 102	- Inventories	1 January 2006
19)	FRS 107	- Statement of Cash Flows	1 July 2007

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

Adoption of Financial Reporting Standards ("FRS") (cont'd)

The following FRSs, Amendments and IC Interpretations (exclude those Amendments, IC Interpretations and FRSs will be effective for accounting periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011) have been adopted by the Group effective for the financial periods beginning on or after 1 January 2007 (cont'd):-

		<u>Effective date</u>
20)	Amendment to FRS 107 - Statement of Cash Flows	1 January 2010
21)	FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2006
22)	Amendment to FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
23)	FRS 110 - Events After the Balance Sheet Date	1 January 2006
24)	Amendment to FRS 110 - Events After the Reporting Period	1 January 2010
25)	FRS 111 - Construction Contracts	1 July 2007
26)	FRS 112 - Income Taxes	1 July 2007
27)	FRS 114 ²⁰⁰⁴ - Segment Reporting	1 January 2002
28)	FRS 116 - Property, Plant and Equipment	1 January 2006
29)	Amendment to FRS 116 - Property, Plant and Equipment	1 January 2010
30)	FRS 117 - Leases	1 October 2006
31)	Amendment to FRS 117 - Leases	1 January 2010
32)	FRS 118 - Revenue	1 July 2007
33)	Amendment to FRS 118 - Revenue	1 January 2010
34)	FRS 119 - Employee Benefits	1 January 2003
35)	Amendment to FRS 119 - Employee Benefits	1 January 2010
36)	FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
37)	Amendment to FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance	1 January 2010
38)	FRS 121 - The Effects of Changes in Foreign Exchange Rates	1 January 2006
39)	FRS 123 ²⁰⁰⁴ - Borrowing Costs	1 July 2002
40)	FRS 123 - Borrowing Costs	1 January 2010
41)	Amendments to FRS 123 - Borrowing Costs	1 January 2010
42)	FRS 124 - Related Party Disclosures	1 October 2006
43)	FRS 126 - Accounting and Reporting by Retirement Benefit Plans	1 January 2003
44)	FRS 127 - Consolidated and Separate Financial Statements	1 January 2006

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

Adoption of Financial Reporting Standards ("FRS") (cont'd)

The following FRSs, Amendments and IC Interpretations (exclude those Amendments, IC Interpretations and FRSs will be effective for accounting periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011) have been adopted by the Group effective for the financial periods beginning on or after 1 January 2007 (cont'd):-

			<u>Effective date</u>
45)	Amendments to FRS 127	- Consolidated and Separate Financial Statements	1 January 2010
46)	Amendments to FRS 127	- Consolidated and Separate Financial Statements	1 January 2010
47)	FRS 128	- Investment in Associates	1 January 2006
48)	Amendment to FRS 128	- Investments in Associates	1 January 2010
49)	FRS 129	- Financial Reporting in Hyperinflationary Economies	1 January 2003
50)	Amendments to FRS 129	- Financial Reporting in Hyperinflationary Economies	1 January 2010
51)	FRS 131	- Interest in Joint Ventures	1 January 2006
52)	Amendments to FRS 131	- Interests in Joint Ventures	1 January 2010
53)	FRS 132	- Financial Instruments : Disclosure and Presentation	1 January 2006
54)	Amendments to FRS 132	- Financial Instruments: Presentation	1 January 2010
55)	FRS 133	- Earnings Per Share	1 January 2006
56)	FRS 134	- Interim Financial Reporting	1 July 2007
57)	Amendments to FRS 134	- Interim Financial Reporting	1 January 2010
58)	FRS 136	- Impairment of Assets	1 January 2006
59)	Amendments to FRS 136	- Impairment of Asset	1 January 2010
60)	FRS 137	- Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
61)	FRS 138	- Intangible Assets	1 January 2006
62)	Amendment to FRS 138	- Intangible Assets	1 January 2010
63)	FRS 139	- Financial Instruments: Recognition and Measurement	1 January 2010
64)	Amendment to FRS 139	- Financial Instruments: Recognition and Measurement	1 January 2010
65)	FRS 140	- Investment Property	1 January 2006
66)	Amendment to FRS 140	- Investment Property	1 January 2010
67)	IC Interpretation 107	- Introduction of the Euro	1 January 2006

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

Adoption of Financial Reporting Standards ("FRS") (cont'd)

The following FRSs, Amendments and IC Interpretations (exclude those Amendments, IC Interpretations and FRSs will be effective for accounting periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011) have been adopted by the Group effective for the financial periods beginning on or after 1 January 2007 (cont'd):-

		<u>Effective date</u>
68)	IC Interpretation 110 - Government Assistance – No Specific Relation to Operating Activities	1 January 2006
69)	IC Interpretation 112 - Consolidation – Special Purpose Entities	1 January 2006
70)	IC Interpretation 113 - Jointly Controlled Entities – Non Monetary Contribution by Ventures	1 January 2006
71)	IC Interpretation 115 - Operating Leases – Incentives	1 January 2006
72)	IC Interpretation 121 - Income Taxes – Recovery of Revalued Non-Depreciable Assets	1 January 2006
73)	IC Interpretation 125 - Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	1 January 2006
74)	IC Interpretation 127 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2006
75)	IC Interpretation 129 - Disclosure – Service Concession Arrangements	1 January 2006
76)	IC Interpretation 131 - Revenue – Barter Transactions Involving Advertising Services	1 January 2006
77)	IC Interpretation 132 - Intangible Assets – Web Site Costs	1 January 2006
78)	IC Interpretation 201 - Preliminary and Pre-operating Expenditure	1 January 2006
79)	IC Interpretation 1 - Changes in Existing Decommissioning, Restoration & Similar Liabilities	1 July 2007
80)	IC Interpretation 2 - Members' Shares in Co-operative Entities & Similar Instruments	1 July 2007
81)	IC Interpretation 5 - Rights to Interest arising from Decommissioning, Restoration & Environmental Rehabilitation Funds	1 July 2007
82)	IC Interpretation 6 - Liabilities arising from Participating in Specific Market - Waste Electrical & Electronic Equipment	1 July 2007
83)	IC Interpretation 7 - Applying the Restatement Approach under IAS 29 - Financial Reporting in Hyperinflationary Economics	1 July 2007
84)	IC Interpretation 8 - Scope of FRS 2	1 July 2007

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

Adoption of Financial Reporting Standards ("FRS") (cont'd)

The following FRSs, Amendments and IC Interpretations (exclude those Amendments, IC Interpretations and FRSs will be effective for accounting periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011) have been adopted by the Group effective for the financial periods beginning on or after 1 January 2007 (cont'd):-

		<u>Effective date</u>
85)	IC Interpretation - Reassessment of Embedded Derivatives 9	1 January 2010
86)	IC Interpretation - Interim Financial Reporting and Impairment 10	1 January 2010
87)	IC Interpretation - FRS 2 - Group and Treasury Share 11 Transactions	1 January 2010
88)	IC Interpretation - Customer Loyalty Programmes 13	1 January 2010
89)	IC Interpretation - FRS 119 - The limit on a Defined Benefit 14 Asset, Minimum Funding Requirements and Their Interaction	1 January 2010

All the above IC Interpretations except IC Interpretation 10 and FRS 2, 4, 5, 6, 111, 120, 126, 128, 129, 131 and 140 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 Group except for those disclosed below:-

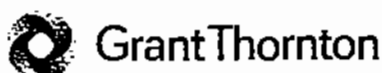
FRS 7 Financial Instruments: Disclosures

FRS 7 and the consequential Amendment to FRS 10I - Presentation of Financial Statements require disclosure of information about the significance of financial instruments for the Group's financial position and performance, nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114₂₀₀₄ Segment Reporting, requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

Adoption of Financial Reporting Standards ("FRS") (cont'd)

Adoption of the above relevant FRSs did not have any effect on the financial performance or position of the Group except for those disclosed below (cont'd):-

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 was adopted retrospectively by the Group.

It introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity and the statement of changes in equity is 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 into one statement.

In addition, the revised FRS 101 requires a statement of financial position at the beginning of the earliest comparative period following a change in accounting policy, correction of an error or reclassification of items in the financial statements.

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

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.

In accordance with FRS 139, the recognition, derecognition, measurement and hedge accounting requirements are applied prospectively from 1 January 2010 and the effects of remeasurement of financial assets and financial liabilities brought forward from previous financial year are adjusted to opening unappropriated profit and other opening reserves as disclosed in the statement of changes in equity.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

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

			<u>Effective date</u>
1)	FRS 1	- First-time Adoption of Financial Reporting Standards	1 July 2010
2)	Amendments to FRS 1	- First-time Adoption of Financial Reporting Standards	1 January 2011
3)	Amendments to FRS 2	- Share Based Payment	1 July 2010
4)	Amendments to FRS 2	- Share Based Payment	1 January 2011
5)	FRS 3	- Business Combinations	1 July 2010
6)	Amendments to FRS 5	- Non-Current Assets Held for Sale and Discontinued Operations	1 July 2010
7)	Amendments to FRS 7	- Financial Instruments: Disclosures	1 January 2011
8)	Amendments to FRS 101	- Presentation of Financial Statements	1 January 2011
9)	Amendments to FRS 121	- The effects of changes in Foreign Exchange Rates	1 January 2011
10)	FRS 124	- Related Party Disclosures	1 January 2012
11)	FRS 127	- Consolidated and Separate Financial Statements	1 July 2010
12)	Amendments to FRS 128	- Investment in Associates	1 January 2011
13)	Amendments to FRS 131	- Interests in Joint Ventures	1 January 2011
14)	Amendments to FRS 132	- Financial Instruments: Presentation	1 March 2010
15)	Amendments to FRS 132	- Financial Instruments: Presentation	1 January 2011
16)	Amendments to FRS 134	- Interim Financial Reporting	1 January 2011
17)	Amendments to FRS 138	- Intangibles Assets	1 July 2010
18)	Amendments to FRS 139	- Financial Instruments: Recognition and Measurement	1 January 2011
19)	IC Interpretation 4	- Determining Whether An Arrangement contains a Lease	1 January 2011
20)	Amendment to IC Interpretation 9	- Reassessment of Embedded Derivatives	1 July 2010
21)	IC Interpretation 12	- Service Concession Arrangements	1 July 2010
22)	IC Interpretation 13	- Customer Loyalty Programmers	1 January 2011

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

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

			<u>Effective date</u>
23)	Amendments to IC Interpretation 14	- Prepayments of a Minimum Funding Requirement	1 July 2011
24)	IC Interpretation 15	- Agreements for the Construction of Real Estate	1 July 2010
25)	Amendment to IC Interpretation 15	- Agreements for the Construction of Real Estate	30 August 2010
26)	IC Interpretation 16	- Hedges of Net Investment in a Foreign Operation	1 July 2010
27)	IC Interpretation 17	- Distribution of Non-Cash Assets to Owners	1 July 2010
28)	IC Interpretation 18	- Transfers of Assets from Customers	*
29)	IC Interpretation 19	- Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

* During the financial year, MASB approved and issued IC Interpretation 18 - Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

The existing FRS 1, FRS 3, FRS 127 as well as FRS2012004 will be withdrawn upon the new requirements that take effect on 1 July 2010.

Other than FRS 3, 7, 101, 121, 124, 127, 132, 138, 139 and IC Interpretation 17, all the above IC Interpretations and FRSs are not applicable to the Group's operation.

The directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group in the period for initial application except for the following:-

FRS 3 Business Combination

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the profit or loss. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.1 Basis of preparation of the Financial Statements (cont'd)

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

The directors anticipate that the adoption of these new/revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group in the period for initial application except for the following (cont'd):-

IC Interpretation 17 Distributions of Non-Cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Group should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Group. On settlement of the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

FRS 124 Related Party Disclosures

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balance in the financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

FRS 127 Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

6.2 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:-

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.2 Financial risk management policies (cont'd)

(a) 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 has no significant concentrations of credit risk. Cash is held with financial institutions of good standing.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group 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 manages its liquidity risk by ensuring the availability of adequate funds to meet all its obligations in a timely and cost-effective manner.

(e) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to movements in market interest rates relates primarily to its fixed deposit held in a financial institution, obligations under hire-purchase contract and the non-trade amount owing to a corporate shareholder.

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its products/ services in Singapore and The People's Republic of China and transacts in foreign currency mainly US Dollar. As a result, the Group is exposed to movement in foreign currency exchange rates. The Group monitors its foreign currency exchange risks closely and where appropriate, enters into currency forward contracts to manage currency exposure.

As at 31 October 2010, the Group is a party to foreign currency forward contracts totaling USD800,000 at exchange rates between 1USD: 1.292SGD and 1USD: 1.353SGD.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.2 Financial risk management policies (cont'd)

(e) Market risk

For key product purchases, the Group establishes floating and fixed price levels that the Group considers acceptable and enters into physical supply agreements, where necessary, to achieve these levels. The Group does not face significant risk arising from changes in prices.

6.3 Capital management

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

6.4 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 the significant accounting policies.

(b) 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. Actual result may differ from these estimates.

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:-

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(b) Significant accounting estimates and judgements (cont'd)Key sources of estimation uncertainty (cont'd)**Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful lives. Management estimated the useful lives of these assets to be within 1 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Impairment of property, plant and equipment

The Group carried out impairment test based on a variety estimation including the value-in-use of Cash Generating Unit ("CGU") 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 the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment for bad and doubtful debts

The Group makes impairment for bad and doubtful debts based on an assessment of the recoverability of trade and other receivables. Impairment is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the financial statements at their fair values. In measuring fair value, management uses estimates about future cash flows and discount rates, however, the results may vary.

Income taxes/Deferred tax liabilities

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining the 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 the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(b) 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 the 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 the likely timing and level of future taxable profits together with future tax planning strategies.

Significant management judgement in applying accounting policies**Deferred tax assets**

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 6.4(g). Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

(c) Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year/period.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(c) Consolidation (cont'd)

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiary acquired or disposed of during the financial year are included in or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively.

The consolidated financial statements of the Group for the financial year/period were prepared in a manner similar to the "pooling of interest" method or merger method under the Flotation Exercise. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established, other than Techsin Wuxi which is accounted for under the acquisition method.

(d) Common control business combination outside the scope of FRS 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The Flotation Exercise as described in Note 3.1.1 resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statement items of the combining entities or business for the reporting year in which the common control combination occurs, and for any comparative years disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination.

The carrying amounts are included as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming the combined entity's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or business, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(d) Common control business combination outside the scope of FRS 3 (cont'd)

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The combined assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Depreciation is computed by utilising the straight-line method to write off the cost of the assets over their estimated useful lives as follows:-

	Estimated useful lives
Computers	3 years
Plant and machinery	10 years
Office equipment, electrical fittings and furniture and fittings	1 – 10 years
Motor vehicles	10 years
Renovation	10 years

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each reporting date. The useful life and depreciation method are reviewed at each financial year-end to ensure that the 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.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing property, plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

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 profit or loss in the financial year in which the asset is derecognised.

(f) Capital work-in-progress

Capital work-in-progress relates to 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.

(g) Development cost

Development cost is expensed in the period in which they are incurred except when the costs incurred on development project are recognised as development assets to the extent that such expenditure is expected to generate future economic benefits.

Development costs initially recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use, on a systematic basis over their expected useful lives, not exceeding 5 years.

The carrying amount of development assets are reviewed annually and written down immediately to their recoverable amount where an indication of impairment exists, in accordance with FRS 136.

(h) Subsidiary

A subsidiary is an entity controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Shares in the subsidiary are stated at cost less allowance for impairment losses, if any, on an individual basis.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(i) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition.

Cost of raw material is determined using the weighted average method and cost of work-in-progress and finished goods include direct materials, labour and an appropriate proportion of manufacturing overheads.

Allowance is made for obsolete, slow moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Financial assets

Financial assets include cash and financial instruments. Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed 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 on their trade date - the date on which the Group commits to purchase or sell the asset. All financial assets that are not classified as at fair value through profit or loss are initially recognised at fair value, plus transaction costs.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(k) Financial assets (cont'd)

The Group does not have any investments and accordingly, there are no investments to be classified at fair value through profit and loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the profit or loss.

Receivables are provided against when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows.

Loans and receivables are included in trade and other receivables, related company and related party balances and deposits held in banks.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, net of bank overdraft.

Bank overdrafts are shown in current liabilities in the statement of financial position.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(m) Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Group grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

(n) Financial liabilities

The Group's financial liabilities include trade and other payables, hire-purchase contracts, amount due to a corporate shareholder and amount due to director.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss, if any. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Hire-purchase contracts are measured at initial value less the capital element of lease repayments (see policy on hire-purchase).

(o) Financial guarantees

Magnetronics has issued corporate guarantee to banks for hire-purchase facilities granted to MClean Singapore. These guarantees are financial guarantee contracts as they require Magnetronics to reimburse the banks if the respective party fails to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if any, are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the respective party's borrowings, unless Magnetronics has incurred an obligation to reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the bank.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(p) Leases**Hire-purchase**

Where assets are financed by hire-purchase contracts that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

Operating leases*Where the Group is the lessee*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentive, if any, is recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Where the Group is lessor

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, if any, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(r) Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:-

- (i) at the tax rates that are enacted to apply when the related deferred income tax is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the income statement, except to the extent that the tax arises from a transaction which is recognised directly in equity.

The Group's sale of goods in the PRC is subjected to value-added tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. 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 statement 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 capitalised 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.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(s) Government grant

Government grant is recognised as income over the periods necessary to match the grant with the related costs which they are intended to compensate. Government grant is not recognised as income until there is a reasonable assurance that the Group will comply with the conditions, if any, attaching to it. Receipt of the grant will not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

(t) Employee benefits**Defined contribution plans**

The Group contributed to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore and participates in the defined contribution national scheme as provided by the laws of PRC. Obligations for contributions to defined contribution plans are recognised as an expense in the profit or loss as incurred.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accruals are made for the unconsumed leave as a result of services rendered by employees up to the reporting date.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Executive Directors are considered key management personnel.

Retirement benefits scheme

Pursuant to the relevant regulations of PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group 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 Group. The only obligation of the Group 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.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(u) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence indicating a financial assets might be impaired.

Trade and other receivables and other financial assets carried at amortised cost

The Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments to determine whether there is objective evidence that an impairment loss has occurred. For certain categories of financial assets, such as trade receivables, assets not 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 with industry group, increase in cases of delayed payments and observable changes in economic conditions.

If such evidence exists, the amount of impairment loss 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 and the 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 trade 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.

If in a subsequent period, the amount of the impairment loss decreases and the decrease 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 the profit or loss.

(v) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(v) Impairment of non-financial assets (cont'd)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

(w) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and VAT and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from the rendering of services is recognised when services are rendered.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(w) Revenue recognition (cont'd)

Revenue from rental is recognised on a monthly basis upon acceptance of tenancy. Rental incentives, if any, are considered as an integral part of total rental cost.

Interest income is recognised on a time-apportioned basis using the effective interest method.

(x) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

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

(y) Functional currency/Presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Group are presented in RM ("the presentation currency").

(z) Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into the functional currency at rates of exchange closely approximating those ruling at reporting date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Financial statements of foreign subsidiary companies are translated at year-end exchange rates with respect to assets and liabilities. All resulting translation differences are included in the exchange fluctuation reserve in shareholders' equity. Operating results are translated to Ringgit Malaysia at average exchange rates during the financial year.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in profit or loss as a component of gain or loss on disposal. All other foreign exchange differences are taken to the profit or loss in the financial year in which they arise.

14. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)

6.4 Significant accounting policies (cont'd)

(aa) Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

(ab) 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 accumulated losses 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.

(ac) Warrant reserve

The fair value of warrants arising from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to share premium account.

(ad) Contingent liabilities/assets

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

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

(ae) Equity instruments

Ordinary shares are classified as equity and 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 share premium are classified as equity.

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.

14. ACCOUNTANTS' REPORT (Cont'd)

**6. ACCOUNTING POLICIES AND STANDARDS (CONT'D)****6.4 Significant accounting policies (cont'd)****(af) Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

(ag) Intersegment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group at an arm's length transactions. These transfers are eliminated on consolidation.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group

7.1.1 Summarised combined statements of comprehensive income

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

Year/ Period ended	Note	31/12/2007	31/12/2008	31/12/2009	@31/10/2009	31/10/2010
		RM	RM	RM	RM	RM
Revenue	7.1.5	21,804,407	19,671,484	20,213,165	15,939,398	23,700,751
Gross profit		9,259,331	5,975,456	6,934,285	4,778,532	10,639,628
Other income		434,646	1,129,985	1,155,525	1,011,521	1,641,126
Profit before amortisation, depreciation, interest and taxation/ ("EBITDA")		4,982,379	1,987,670	3,365,020	3,280,447	6,069,559
Depreciation		(1,418,765)	(1,274,461)	(1,190,987)	(1,003,970)	(900,705)
Interest expenses		(308,102)	(251,077)	(42,699)	(41,475)	(14,010)
Profit before taxation but after amortisation, depreciation, and interest ("PBT")	7.1.6	3,255,512	462,132	2,131,334	2,235,002	5,154,844
Taxation	7.1.7	(662,921)	273,808	(377,002)	(405,288)	(665,597)
Profit after taxation ("PAT")		2,592,591	735,940	1,754,332	1,829,714	4,489,247
Gross profit margin (%)		42.47	30.38	34.31	29.98	44.89
PBT margin (%)		14.93	2.35	10.54	14.02	21.75
PAT margin (%)		11.89	3.74	8.68	11.48	18.94
Effective tax rate (%)		20.36	(59.25)	17.69	18.13	12.91
Weighted average number of ordinary shares issued		1,000,000*	1,000,000*	1,000,001**	1,000,001**	7,046,060
Gross earnings per share ("EPS")		3.26	0.46	2.13	2.68^	0.88^
Net EPS		2.59	0.74	1.75	2.20^	0.76^

Notes:-

- (i) There were no exceptional items in the financial years/period under review.
- (ii) There were no accounting policies which are peculiar to MClean Group due to the nature of business or industry it is involved in and that would affect the determination of MClean Group's income or financial position.

Based on weighted average number of ordinary shares issued during the financial period.

@ The combined statement of comprehensive income for the financial period ended 31 October 2009 is unaudited and is included for comparison purpose only.

* Based on weighted average number of ordinary shares of Magnetronics

** Based on weighted average number of ordinary shares of Magnetronics and Techsin Singapore

^ Annualised to 12 months for comparison purposes.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.2 Summarised combined statements of financial position

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

Year/ Period ended	Note	31/12/2007	31/12/2008	31/12/2009	31/10/2010
		RM	RM	RM	RM
Share capital	7.1.8	2,301,900	2,301,900	2,301,902	25,500,000
Merger deficit	7.1.9	-	-	-	(22,246,256)
Warrant reserve	7.1.10	-	-	-	4,692,000
Currency fluctuation reserve	7.1.11	64,306	327,583	419,881	487,068
Unappropriated profit		4,180,452	4,206,052	5,960,384	10,449,831
Shareholders' equity		6,546,658	6,835,535	8,682,167	18,882,443
Non-current liabilities					
Deferred taxation	7.1.12	577,506	472,830	705,536	797,995
Finance creditors	7.1.13	958,741	338,532	117,961	-
Amount due to a corporate shareholder	7.1.14	619,633	-	-	-
		8,702,538	7,646,897	9,505,664	19,680,438
Non-current assets					
Property, plant and equipment	7.1.15	8,007,527	7,165,048	6,145,001	11,191,474
Development cost	7.1.16	-	-	-	597,789
		8,007,527	7,165,048	6,145,001	11,789,263
Current assets					
Inventories	7.1.17	-	-	70,432	664,913
Trade receivables	7.1.18	5,644,496	3,102,991	5,162,251	7,299,969
Other receivables	7.1.19	26,904	47,343	1,231,416	1,153,354
Amount due from related parties	7.1.20	-	-	844,666	333,620
Fixed deposit with a licensed bank	7.1.21	318,741	189,373	193,942	191,997
Cash and bank balances	7.1.22	1,922,857	1,451,102	1,049,415	3,831,472
		7,912,998	4,790,809	8,552,122	13,475,325
Current liabilities					
Trade payables	7.1.23	2,503,775	2,181,902	3,962,033	2,366,097
Other payables	7.1.24	1,183,184	601,733	879,920	2,196,483
Finance creditors	7.1.13	1,065,162	491,447	250,197	-
Amount due to a corporate shareholder	7.1.14	831,585	547,176	52,927	52,110
Amount due to Director	7.1.25	-	-	2,439	280,363
Bank overdraft	7.1.26	859,312	-	-	23,144
Tax payable		774,969	486,702	43,943	665,953
		7,217,987	4,308,960	5,191,459	5,584,150
Net current assets		695,011	481,849	3,360,663	7,891,175
		8,702,538	7,646,897	9,505,664	19,680,438
Net tangible asset ("NTA")		6,546,658	6,835,535	8,682,167	18,284,654
Number of ordinary shares		1,000,000*	1,000,000*	1,000,001**	102,000,000^
NTA per share		6.55	6.84	8.68	0.18

Notes:-

* Based on issued and paid-up share capital of Magnetronics

** Based on issued and paid-up share capital of Magnetronics and Techsin Singapore

^ Based on enlarged issued and paid up share capital of MClean

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.3 Combined statements of cash flows

The following table sets out the summary of cash flow prepared based on the audited financial statements of MClean Group for the past three (3) FYE 2007 to 2009 and FPE 2010:-

Year/ Period ended	Note	31/12/2007	31/12/2008	31/12/2009	31/10/2010
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		3,255,512	462,132	2,131,334	5,154,844
Adjustments for:-					
Impairment on doubtful receivables		52,666	822,171	20,235	12,869
Depreciation		1,418,765	1,274,461	1,190,987	900,705
Interest expenses		308,102	251,077	42,699	14,010
Interest income		(73)	(17,908)	(2,645)	(378)
Property, plant and equipment written off		599,297	145,279	-	-
Loss/(Gain) on disposal of property, plant and equipment		4,155	11,100	(3,784)	-
Excess of fair value of subsidiary company acquired over the cost of investment		-	-	-	(491,587)
Operating profit before working capital changes		5,638,424	2,948,312	3,378,826	5,590,263
Inventories		-	-	(70,016)	(181,839)
Payables		930,766	(154,604)	2,015,449	(2,735,439)
Receivables		(999,683)	1,875,734	(4,668,943)	(804,899)
Cash from operations		5,569,507	4,669,442	655,314	1,868,086
Tax refund/(paid)		11,914	(165,154)	(597,243)	46,854
Interest paid		(308,102)	(251,077)	(42,699)	(14,010)
Net cash generated from operating activities		5,273,319	4,253,211	15,372	1,900,930
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(509,806)	(383,157)	(96,581)	(53,172)
Acquisition of subsidiary company, net of cash acquired	A	-	-	-	207,344
Proceeds from disposal of property, plant and equipment		2,738	94,712	8,737	-
Interest received		73	17,908	2,645	578
(Increase)/Decrease in fixed deposits subject to restriction		(313,615)	139,534	(2,286)	(1,031)
Advances received from a related party		-	-	1,219,333	-
Net cash (used in)/from investing activities		(820,610)	(131,003)	1,131,850	153,719
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of bank overdraft		(873,246)	(877,282)	-	-
Payment to finance creditors		(394,843)	(1,251,391)	(468,981)	(355,686)
Repayment to a corporate shareholder		(604,735)	(944,506)	(497,849)	-
Payment for related parties		-	-	(596,993)	-
Advances from related parties		-	-	-	1,027,105
Advances from a corporate shareholder		-	-	-	976
Proceeds from issuance of shares		-	-	2	-
Dividend paid		-	(710,340)	-	-
Net cash (used in)/from financing activities		(1,872,824)	(3,787,719)	(1,563,821)	672,395
CASH AND CASH EQUIVALENTS					
Net changes		2,579,885	338,489	(416,599)	2,727,044
Brought forward		(1,546,817)	1,063,545	1,451,102	1,049,415
Effect of exchange translation differences on cash and cash equivalents		30,477	49,068	14,912	31,869
Carried forward	B	1,063,545	1,451,102	1,049,415	3,808,328

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.3 Combined statements of cash flows (cont'd)

NOTES TO COMBINED STATEMENT OF CASH FLOWS

A. ACQUISITION OF SUBSIDIARY COMPANY

The fair value of assets and liabilities assumed of the subsidiary company acquired in financial period were as follows:-

Period ended	31/10/2010
	RM
Property, plant and equipment	6,005,070
Development cost	597,789
Inventories	410,261
Receivables	3,091,376
Cash and bank balances	207,344
Payables	(4,363,567)
Director	(280,363)
Net assets acquired	5,667,910
Excess of fair value of subsidiary company acquired over the cost of investment	(491,597)
Cost of investment	5,176,323
	(5,176,323)
Less : Cash and cash equivalents acquired	(207,344)
Group's cash inflow on acquisition, net of cash and cash equivalents acquired	(207,344)

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following amounts:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Cash and bank balances	1,922,857	1,451,102	1,049,415	3,831,472
Bank overdraft	(859,312)	-	-	(23,144)
	1,063,545	1,451,102	1,049,415	3,808,328

As disclosed in the Note 7.1.22, deposits amounted to approximately RM14,000 and RM115,000 are placed as security deposit for defective products and custom guarantee deposit respectively and hence, are not available for general use.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.4 Combined Statement of changes in equity

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

	Non-distributable				Distributable	
	Share capital RM	Merger deficit RM	Warrant reserve RM	Currency fluctuation reserve RM	Unappropriated profit RM	Total RM
At 1 January 2007	2,301,900	-	-	(7,415)	1,587,861	3,882,346
Profit for the financial year	-	-	-	-	2,592,591	2,592,591
Currency translation	-	-	-	71,721	-	71,721
At 31 December 2007	2,301,900	-	-	64,306	4,180,452	6,546,658
Profit for the financial year	-	-	-	-	735,940	735,940
Tax exempt interim dividends	-	-	-	-	(710,340)	(710,340)
Currency translation	-	-	-	263,277	-	263,277
At 31 December 2008	2,301,900	-	-	327,583	4,206,052	6,835,535
Share capital of Techsin Singapore	2	-	-	-	-	2
Profit for the financial year	-	-	-	-	1,754,332	1,754,332
Currency translation	-	-	-	92,298	-	92,298
At 31 December 2009	2,301,902	-	-	419,881	5,960,384	8,682,167
Deemed distribution to the shareholders pursuant to the Flotation Exercise	(2,301,902)	-	-	-	-	(2,301,902)
At date of incorporation	2	-	-	-	-	2
Issuance of shares to acquire subsidiary companies	25,499,998	-	4,692,000	-	-	30,191,998
Merger deficit arising from flotation exercise	-	(22,246,256)	-	-	-	(22,246,256)
Profit for the financial period	-	-	-	-	4,489,247	4,489,247
Currency translation	-	-	-	67,187	-	67,187
At 31 October 2010	25,500,000	(22,246,256)	4,692,000	487,068	10,449,631	18,882,443

7.1.5 Revenue

Revenue represents net invoiced sales to customers for precision cleaning of plastic and metal components, excluding goods and services tax.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.6 Profit before taxation but after depreciation and interest

Profit before taxation has been arrived at after charging/(crediting):-

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	@31/10/2009	31/10/2010
	RM	RM	RM	RM	RM
Auditors' remuneration	36,512	46,882	145,614	3,117	94,268
Depreciation	1,418,765	1,274,461	1,190,987	1,003,970	900,705
Directors' emoluments	153,864	601,800	996,415	605,572	1,082,410
Directors' fee	164,304	179,953	145,614	111,407	155,668
Key management personnel's remuneration	185,819	213,187	263,906	186,559	248,477
Realised loss on foreign exchange	42,801	12,457	-	-	343,311
Impairment on doubtful receivables	52,666	822,171	20,235	20,194	12,869
Interest expenses	308,102	251,077	42,699	41,475	14,010
Loss/(Gain) on disposal of property, plant and equipment	4,155	11,100	(3,784)	(2,320)	-
Rental expenses	1,571,648	1,598,663	1,773,428	1,459,539	1,519,099
Property, plant and equipment written off	599,297	145,279	-	-	-
Bad debts recovered	-	-	-	(109)	(475,008)
Interest income	(73)	(17,908)	(2,645)	(264)	(578)
Excess of fair value of subsidiary company acquired over the cost of investment	-	-	-	-	(491,587)
Rental income	(296,843)	(449,290)	(499,043)	(430,192)	(450,601)
Realised gain on foreign exchange	(2,973)	-	(266,612)	(290,478)	-

@ The figures for financial period ended 31 October 2009 are unaudited and are included for comparison purpose only.

7.1.7 Taxation

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	@31/10/2009	31/10/2010
	RM	RM	RM	RM	RM
Current taxation	673,190	26,046	43,684	50,860	653,332
Utilisation of group relief	(53,627)	(26,046)	-	-	-
Deferred taxation	98,126	(120,758)	191,725	213,127	101,420
Change in tax rate	(52,486)	-	(43,684)	(43,594)	-
	665,203	(120,758)	191,725	220,393	754,752
(Over)/Under provision in respect of prior years	-	-	-	-	-
-current taxation	-	(148,314)	107,616	107,394	(89,155)
-deferred taxation	(2,282)	(4,736)	77,661	77,501	-
	662,921	(273,808)	377,002	405,288	665,597

The numerical reconciliation between the average effective tax rate and the statutory tax rate are as follows:-

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	@31/10/2009	31/10/2010
	RM	RM	RM	RM	RM
Profit before taxation	3,255,512	462,132	2,131,334	2,235,002	5,154,844
Tax at statutory tax rate 18% (2008: 18%, 2009: 17%, 2010: 25%)	585,333	82,873	361,608	380,278	1,288,711
Tax effect on non-taxable income	-	-	(16,988)	(12,110)	(130,610)
Tax effect on non-deductible expenses	87,857	210,734	12,135	9,689	84,877
Utilisation of group relief	(53,627)	(26,046)	-	-	-
Deferred tax assets not recognised	357,133	-	43,684	-	-
Utilisation of deferred tax assets on temporary differences not recognised in previous year	(196,252)	(359,906)	(121,346)	(60,548)	(38,657)
Change in tax rate	(52,486)	-	(43,684)	(43,594)	-
Different tax rate at overseas subsidiary companies	-	-	-	-	(371,110)
Singapore statutory stepped income exemption	(62,755)	(28,413)	(43,684)	(53,282)	(78,459)
	665,203	(120,758)	191,725	220,393	754,752

@ The tax reconciliation for financial period ended 31 October 2009 is unaudited and is included for comparison purpose only.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.8 Share capital

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	No. of shares	RM	No. of shares	RM	No. of shares	RM	No. of shares	RM
Authorised:-								
Ordinary shares of RM0.25 each								
Created at date of incorporation of RM1.00 each	N/A	N/A	N/A	N/A	N/A	N/A	100,000	100,000
Subdivision of shares to RM0.50 each	N/A	N/A	N/A	N/A	N/A	N/A	200,000	100,000
Subdivision of shares to RM0.25 each	N/A	N/A	N/A	N/A	N/A	N/A	400,000	100,000
Created during the period	N/A	N/A	N/A	N/A	N/A	N/A	399,600,000	99,900,000
Carried forward	N/A	N/A	N/A	N/A	N/A	N/A	400,000,000	100,000,000

There is no comparative information as the Company is incorporated during FPE 2010.

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	No. of shares	RM	No. of shares	RM	No. of shares	RM	No. of shares	RM
Issued and fully paid up:-								
Brought forward								
- Magnetronics	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900
- Techsin Singapore	-	-	-	-	1	2	2,400,001	5,643,842
	1,000,000	2,301,900	1,000,000	2,301,900	1,000,001	2,301,902	3,400,001	7,945,742
Decreed distribution to the shareholders pursuant to the Flotation Exercise	-	-	-	-	-	-	(3,400,001)	(7,945,742)
	1,000,000	2,301,900	1,000,000	2,301,900	1,000,001	2,301,902	-	-
Ordinary shares of RM0.25 each								
Created at date of incorporation of RM1.00 each	-	-	-	-	-	-	2	2
Subdivision of share to RM0.50	-	-	-	-	-	-	4	2
Subdivision of share to RM0.25	-	-	-	-	-	-	8	2
Issuance of shares to acquire subsidiary companies	-	-	-	-	-	-	101,999,992	25,499,998
Carried forward	1,000,000	2,301,900	1,000,000	2,301,900	1,000,001	2,301,902	102,000,000	25,500,000

Notes:-

- Share capital at 31 December 2007 and 31 December 2008 represents the issued and fully paid up share capital of Magnetronics.
- Share capital at 31 December 2009 represents the aggregate issued and fully paid up share capital of Magnetronics and Techsin Singapore.

7.1.9 Merger deficit

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Merger deficit	-	-	-	(22,246,256)

The merger deficit arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation in the Flotation Exercise as described in Note 3.1.1 of this report.

The merger deficit is not distributable.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.10 Warrant reserve

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Warrant reserve	-	-	-	4,692,000

No warrants were exercised during the financial period ended 31 October 2010.

As at reporting date, 51,000,000 warrants remain unexercised.

The fair value of the warrants is estimated using the Trinomial American Model. The fair value of the warrants measured at issuance date and the assumptions are as follows:-

Valuation model	: Trinomial
Volatility based on	: Trading and services sector listed on ACE Market
Tenure	: 5 years
Conversion price	: RM0.52
Volatility rate	: 1.06%
Risk free rate	: 3.84%
Cut-off date	: 29 September 2010
Period of volatility assessment	: Volatility of trading and services sector listed on ACE Market for the past 5 years
Fair value per warrant (RM)	: 0.092
Number of warrants	: 51,000,000
Warrant reserve (RM)	: 4,692,000

The warrant reserve is not distributable.

7.1.11 Currency fluctuation reserve

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Currency fluctuation reserve	64,306	327,583	419,881	487,068

The currency fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The currency fluctuation reserve is not distributable.

7.1.12 Deferred taxation

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Brought forward	529,437	577,506	472,830	705,536
Change in tax rate of 26/1%	(52,486)	-	(43,684)	-
Transfer from income statement	98,126	(120,758)	191,725	101,420
	575,077	456,748	620,871	806,956
(Over)/Under provision in respect of prior year	(2,282)	(4,736)	77,661	-
Currency translation differences	4,711	20,818	7,004	(8,961)
	577,506	472,830	705,536	797,995

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.12 Deferred taxation (cont'd)

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Excess of net carrying amount over tax written down value of qualifying property, plant and equipment	589,102	653,760	695,771	788,381
Others	(11,596)	(180,930)	9,763	9,614
	577,506	472,830	705,536	797,995

7.1.13 Finance creditors

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Minimum lease payables				
- Due not later than one year	1,199,929	512,946	284,514	-
- Due later than one year and not later than five years	1,071,575	383,586	121,691	-
	2,271,504	896,532	406,205	-
Finance interest	(247,601)	(66,553)	(38,047)	-
	2,023,903	829,979	368,158	-
Present value of minimum lease payments				
- Due not later than one year	1,065,162	491,447	250,197	-
- Due not later than one year and not later than five years	958,741	338,532	117,961	-
	2,023,903	829,979	368,158	-

The hire purchase obligations of the MClean Group include a sum of RM1,850,994, RM794,008 and RM368,158 as at FYE 2007, 2008 and 2009 respectively which is pledged by a fixed deposit and secured by:-

- certain plant and machinery and office equipment
- a corporate guarantee given by Magnetronics
- a personal guarantee given by a Director of Magnetronics

7.1.14 Amount due to a corporate shareholder

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Loan (unsecured)	1,400,936	494,875	-	-
Deposit payable	50,282	52,301	52,927	52,110
	1,451,218	547,176	52,927	52,110
Repayment:-				
- within 1 year	831,585	547,176	52,927	52,110
- more than 1 year	619,633	-	-	-
	1,451,218	547,176	52,927	52,110

The unsecured loan owing to a corporate shareholder which bears interest rate of 4.5% per annum and repayable on demand. During the FYE 2009, the loan was fully paid.

The deposit payable is for rental of premises.

The entire amount due to a corporate shareholder is denominated in SGD.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.15 Property, plant and equipment

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Net carrying amount				
Plant and machinery	4,514,552	3,687,902	2,899,680	7,120,265
Office equipment, electrical fitting, furniture and fittings	2,970,209	3,098,390	2,908,704	2,796,302
Computers	38,419	21,372	12,826	20,243
Renovations	354,986	326,030	286,233	803,642
Motor vehicles	129,361	31,134	37,542	31,332
Capital work-in-progress	-	-	-	419,490
	8,007,527	7,165,048	6,145,001	11,191,474
Under finance creditors	3,268,872	2,763,356	845,910	-

7.1.16 Development cost

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
At cost/Carrying amount	-	-	-	597,789

Development cost relates to the development of new cleaning techniques to penetrate new customers.

7.1.17 Inventories

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Raw materials	-	-	-	371,443
Finished goods	-	-	70,432	141,753
Work-in-progress	-	-	-	22,033
Good-in-transit	-	-	-	254,032
	-	-	70,432	789,261
Less: Allowance for slow moving inventories	-	-	-	(124,348)
	-	-	70,432	664,913

7.1.18 Trade receivables

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Trade receivables				
- Third parties	5,598,547	3,895,971	5,590,567	7,594,747
- Related parties	99,477	100,353	436,099	55,756
Total trade receivables	5,698,024	3,996,324	6,026,666	7,650,503
Less: Impairment on doubtful receivables				
Brought forward	-	(53,528)	(893,333)	(864,415)
Addition	(52,666)	(822,171)	(20,235)	(12,869)
No longer required	-	-	-	475,008
Written off	-	-	59,622	29,023
Translation differences	(862)	(17,634)	(10,469)	22,719
	(53,528)	(893,333)	(864,415)	(350,534)
	5,644,496	3,102,991	5,162,251	7,299,969

Trade receivables generally have credit terms ranging 30 to 90 days.

14. ACCOUNTANTS' REPORT (Cont'd)**7. HISTORICAL FINANCIAL INFORMATION (CONT'D)****7.1 MClean Group (cont'd)****7.1.18 Trade receivables (cont'd)**

Trade receivables are denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
RMB	-	-	-	1,054,601
SGD	4,803,397	1,477,650	1,167,364	1,815,283
USD	841,099	1,625,341	3,994,887	4,430,085
	5,644,496	3,102,991	5,162,251	7,299,969

7.1.19 Other receivables

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Non-trade receivables	-	-	-	708,583
Prepayment	-	-	-	4,259
Prepayment of listing expenses	-	-	-	18,115
Deposits	26,904	47,343	1,231,416	288,621
Amount due from Directors	-	-	-	26,632
Amount due from a company in which a Director has interest	-	-	-	12,713
Advances to supplier	-	-	-	94,431
	26,904	47,343	1,231,416	1,153,354

The amount due from a company in which a Director has interest is unsecured, bears no interest and repayment upon demand.

The amount due from Directors relates to advances for business purposes.

In FYE 2009, included in deposits was a deposit placed for acquisition of Techsin Wuxi, which amounted to approximately RM1,220,650.

Other receivables are denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
RMB	-	-	-	968,075
SGD	26,904	47,343	1,231,416	185,279
	26,904	47,343	1,231,416	1,153,354

7.1.20 Amount due from related parties

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Advances	-	-	600,536	-
Deposit for purchase of machinery	-	-	244,130	333,620
	-	-	844,666	333,620

The advances are unsecured and interest-free. They have no repayment terms and are repayable only when the cash flows of the borrowers permit.

The entire amount owing by related parties are denominated in SGD.

14. ACCOUNTANTS' REPORT (Cont'd)**7. HISTORICAL FINANCIAL INFORMATION (CONT'D)****7.1 MClean Group (cont'd)****7.1.21 Fixed deposit with a licensed bank**

The fixed deposit earns interest at an effective interest rate of 1.2% (2009: 1.2%, 2008: 1.2% and 2007: 1.23%) per annum. The fixed deposit is pledged to a financial institution for providing bank overdraft facilities in FYE2007 and hire-purchase facilities from FYE2007 to FPE2010 and is denominated in SGD.

7.1.22 Cash and bank balances

Cash and bank balances are denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
SGD	1,131,967	1,325,204	841,257	2,992,789
USD	790,890	125,898	208,158	633,389
RMB	-	-	-	205,282
RM	-	-	-	2
	1,922,857	1,451,102	1,049,415	3,831,472

Notes:-

FPE 2010

- (a) Included in the cash and bank balances, there is an amount of approximately RM14,000 which serve as security deposit for defective products.
- (b) Included in the cash and bank balance, there is an amount of approximately RM115,000 which serve as custom guarantee deposit.

7.1.23 Trade payables

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Trade payables				
- Related parties	27,558	-	1,825,297	2,750
- Third parties	2,476,217	2,181,902	2,136,716	2,363,347
Total	2,503,775	2,181,902	3,962,033	2,366,097

The ageing of trade payables approximates 118 days, 62 days, 119 days and 38 days as at FYE 2007, 2008, 2009 and FPE 2010 respectively.

The related parties refer to companies in which there are common directors.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.23 Trade payables (cont'd)

Trade payables are denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
SGD	2,503,775	2,181,902	1,918,711	1,051,966
USD	-	-	1,987,848	211,801
RMB	-	-	-	1,102,330
RM	-	-	55,474	-
	2,503,775	2,181,902	3,962,033	2,366,097

7.1.24 Other payables

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Accruals	822,774	166,707	642,281	1,128,534
GST and value-added tax payables	181,402	89,609	97,320	125,451
Advance received	38,435	86,750	89,254	91,583
Amount due to a company in which a Director has interest	-	-	-	699,150
Non-trade payables	140,573	214,730	45,811	151,763
Salary payable	-	43,937	5,254	-
	1,183,184	601,733	879,920	2,196,483

Amount due to companies which a Director has interest is unsecured, bears no interest and repayable upon demand.

Other payables are denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
SGD	1,183,184	601,733	879,920	862,783
USD	-	-	-	8,619
RMB	-	-	-	1,315,070
RM	-	-	-	10,011
	1,183,184	601,733	879,920	2,196,483

7.1.25 Amount due to Director

Amount due to Director is unsecured, bears no interest and repayable upon demand.

Amount due to Director is denominated in the following currencies:-

Year/ Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
SGD	-	-	2,439	-
RMB	-	-	-	280,363
	-	-	2,439	280,363

7.1.26 Bank overdraft

Bank overdraft in FYE 2007 is secured by a pledge of a fixed deposit placed with a financial institution and a personal guarantec given by a director of Magnetronic Group.

The entire bank overdraft is denominated in SGD.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.1 MClean Group (cont'd)

7.1.26 Bank overdraft (cont'd)

In FYE 2007, the bank overdraft bears interest at a rate of 6.5% per annum.

7.1.27 Commitment

Operating lease commitments (non-cancellable)

When the MClean Group is a lessee

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Not later than one year	1,219,850	1,459,420	1,868,974	1,591,193
Later than one year and not later than five years	839,044	754,297	2,418,498	1,155,086
	<u>2,058,894</u>	<u>2,213,717</u>	<u>4,287,472</u>	<u>2,746,279</u>

When the MClean Group the lessor

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Not later than one year	-	191,931	511,794	392,340
Later than one year and not later than five years	-	239,913	577,831	260,550
	<u>-</u>	<u>431,844</u>	<u>1,089,625</u>	<u>652,890</u>

Capital commitment

Year/Period ended	31/12/2007	31/12/2008	31/12/2009	31/10/2010
	RM	RM	RM	RM
Capital expenditure contracted but not provided in the financial statements	-	-	-	139,890

7.1.28 Dividend records

The following table set out the summary of dividend records prepared based on the audited financial statements of MClean Group for the past three (3) FYE 2007 to 2009 and FPE 2010:-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Dividend paid	-	-	300,000	710,340	-	-	-	-

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronie Group

7.2.1 Summarised consolidated statements of comprehensive income

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

Year/Period ended	Note	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
		SGD	RM	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Revenue	7.2.5	9,554,955	21,804,407	8,307,916	19,671,484	8,328,800	20,213,165	6,581,361	15,939,398	10,040,125	23,680,639
Gross profit		4,057,551	9,259,331	2,523,632	5,975,456	2,857,260	6,934,285	1,973,051	4,778,532	4,481,020	10,568,934
Other income		190,467	434,646	477,230	1,129,985	476,132	1,155,525	417,656	1,011,521	487,382	1,149,539
Profit before amortisation, depreciation, interest and taxation ("EBITDA")		2,183,339	4,982,379	839,459	1,987,670	1,397,550	3,391,716	1,354,493	3,280,447	2,545,106	6,002,887
Depreciation		(621,720)	(1,418,765)	(538,247)	(1,274,461)	(490,744)	(1,190,987)	(414,538)	(1,003,970)	(381,881)	(900,705)
Interest expenses		(135,014)	(308,102)	(106,038)	(251,077)	(17,594)	(42,699)	(12,125)	(41,475)	(5,940)	(14,010)
Profit before taxation but after amortisation, depreciation, and interest ("PBT")	7.2.6	1,426,605	3,255,512	195,174	462,132	889,212	2,158,030	922,830	2,235,002	2,157,285	5,088,172
Taxation	7.2.7	(290,500)	(662,921)	115,638	273,808	(155,343)	(377,002)	(167,343)	(405,288)	(282,200)	(665,597)
Profit after taxation ("PAT")		1,136,105	2,592,591	310,812	735,940	733,869	1,781,028	755,487	1,829,714	1,875,085	4,422,575
Gross profit margin (%)		42.47	42.47	30.38	30.38	34.31	34.31	29.98	29.98	44.63	44.63
PBT margin (%)		14.93	14.93	2.35	2.35	10.68	10.68	14.02	14.02	21.49	21.49
PAT margin (%)		11.89	11.89	3.74	3.74	8.81	8.81	11.48	11.48	18.68	18.68
Effective tax rate (%)		20.36	20.36	(59.25)	(59.25)	17.47	17.47	18.13	18.13	13.08	13.08
Weighted average number of ordinary shares issued		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gross earnings per share ("EPS")		1.43	3.26	0.20	0.46	0.89	2.16	1.11^	2.68^	2.59^	6.11^
Net EPS		1.14	2.59	0.31	0.74	0.73	1.78	0.91^	2.20^	2.25^	5.31^

Notes:-

- (i) There were no exceptional items in the financial years/period under review.
 - (ii) There were no accounting policies which are peculiar to Magnetronics Group due to the nature of business or industry it is involved in and that would affect the determination of Magnetronics Group's income or financial position.
- @ The statement of comprehensive income for financial period ended 31 October 2009 is unaudited and is included for comparison purpose only.
- ^ Annualised to 12 months for comparison purposes.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.2 Summarised consolidated statements of financial position

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

Year/Period ended	Note	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
		SGD	RM	SGD	RM	SGD	RM	SGD	RM
Share capital	7.2.8	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900
Reserve	7.2.9	-	64,306	-	327,583	-	420,039	-	369,927
Unappropriated profit		1,822,688	4,180,452	1,833,500	4,206,052	2,567,369	5,987,080	4,442,454	10,409,655
Shareholders' equity		2,822,688	6,546,658	2,833,500	6,835,535	3,567,369	8,709,019	5,442,454	13,081,482
Non-current liabilities									
Deferred taxation	7.2.10	249,000	577,506	196,000	472,830	289,000	705,536	332,000	797,995
Finance creditors	7.2.11	413,375	958,741	140,330	338,532	48,319	117,961	-	-
Amount due to a corporate shareholder of holding company	7.2.12	267,164	619,633	-	-	-	-	-	-
		3,752,227	8,702,538	3,169,830	7,646,897	3,904,688	9,532,516	5,774,454	13,879,477
Non-current asset									
Property, plant and equipment	7.2.13	3,452,562	8,007,527	2,970,091	7,165,048	2,517,102	6,145,001	2,157,765	5,186,404
Current assets									
Inventories	7.2.14	-	-	-	-	28,850	70,432	105,946	254,652
Trade receivables	7.2.15	2,433,707	5,644,496	1,286,267	3,102,991	2,616,973	6,388,821	2,934,971	7,054,496
Other receivables	7.2.16	11,600	26,904	19,625	47,343	4,410	10,766	77,084	185,279
Amount owing by related parties	7.2.17	-	-	-	-	345,990	844,666	266,374	640,257
Fixed deposit with a licensed bank	7.2.18	137,430	318,741	78,500	189,373	79,442	193,942	79,879	191,997
Cash and bank balances	7.2.19	829,068	1,922,857	601,518	1,451,102	427,434	1,043,495	1,484,295	3,567,651
		3,411,805	7,912,998	1,985,910	4,790,809	3,503,101	8,552,122	4,948,549	11,894,332
Current liabilities									
Trade payables	7.2.20	1,079,539	2,503,775	904,453	2,181,902	1,622,919	3,962,033	690,310	1,659,229
Other payables	7.2.21	510,147	1,183,184	249,433	601,733	350,431	855,507	342,805	823,967
Amount due to a corporate shareholder of holding company	7.2.12	358,550	831,585	226,818	547,176	21,680	52,927	21,680	52,110
Finance creditors	7.2.11	459,260	1,065,162	203,717	491,447	102,485	250,197	-	-
Bank overdraft	7.2.22	370,505	859,312	-	-	-	-	-	-
Tax payable		334,139	774,969	201,750	486,702	18,000	43,943	277,065	665,953
		3,112,140	7,217,987	1,786,171	4,308,960	2,115,515	5,164,607	1,331,860	3,201,259
Net current assets		299,665	695,011	199,739	481,849	1,387,586	3,387,515	3,616,689	8,693,073
		3,752,227	8,702,538	3,169,830	7,646,897	3,904,688	9,532,516	5,774,454	13,879,477
Net tangible asset ("NTA")		2,822,688	6,546,658	2,833,500	6,835,535	3,567,369	8,709,019	5,442,454	13,081,482
Number of ordinary shares		1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
NTA per share		2.82	6.55	2.83	6.84	3.57	8.71	5.44	13.08

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.3 Consolidated statements of cash flows

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

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
CASH FLOWS FROM OPERATING ACTIVITIES								
Profit before taxation	1,426,605	3,255,512	195,174	462,132	889,212	2,158,030	2,157,285	5,088,172
Adjustments for:-								
Impairment on doubtful receivables	23,079	52,666	347,230	822,171	8,338	20,235	5,456	12,869
Depreciation	621,720	1,418,765	538,247	1,274,461	490,764	1,190,987	381,881	900,705
Interest expenses	135,014	308,102	106,038	251,077	17,594	42,699	5,940	14,010
Interest income	(32)	(73)	(7,563)	(17,908)	(1,090)	(2,645)	(745)	(578)
Property, plant and equipment written off	262,619	599,297	61,356	145,279	-	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	1,821	4,135	4,688	11,100	(1,539)	(3,784)	-	-
Operating profit before working capital changes	2,470,826	5,638,424	1,245,170	2,948,312	1,403,239	3,405,522	2,550,317	6,015,178
Inventories	-	-	-	-	(28,850)	(70,016)	(77,096)	(181,839)
Payables	407,873	930,766	(65,296)	(154,604)	819,464	1,988,755	(940,235)	(2,217,640)
Receivables	(438,074)	(999,683)	792,185	1,875,734	(1,423,831)	(3,455,495)	(316,510)	(746,520)
Cash generated from operations	2,440,625	5,569,507	1,972,059	4,669,442	770,022	1,868,766	1,216,476	2,869,179
Tax refund/(paid)	5,221	11,914	(69,750)	(165,154)	(246,093)	(597,243)	(5,940)	(14,010)
Interest paid	(135,014)	(308,102)	(106,038)	(251,077)	(17,594)	(42,699)	19,865	46,854
Net cash generated from operating activities	2,310,832	5,273,319	1,796,271	4,253,211	506,335	1,228,824	1,230,401	2,902,023
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of property, plant and equipment	(223,403)	(509,806)	(161,820)	(383,157)	(39,796)	(96,581)	(22,544)	(53,172)
Proceeds from disposal of property, plant and equipment	1,200	2,738	40,000	94,712	3,600	8,717	-	-
Interest received	32	73	7,563	17,908	1,090	2,645	245	578
(Increase)/Decrease in fixed deposits subject to restriction	(137,430)	(313,615)	58,930	139,534	(942)	(2,286)	(437)	(1,031)
Net cash used in investing activities	(359,601)	(820,610)	(55,327)	(131,003)	(36,048)	(87,485)	(22,736)	(53,625)
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of bank overdraft	(282,667)	(873,246)	(370,505)	(877,282)	-	-	-	-
Payment to finance creditors	(173,025)	(394,843)	(528,588)	(1,251,591)	(193,243)	(468,981)	(150,804)	(355,686)
Repayment to corporate shareholders	(265,002)	(604,735)	(398,896)	(944,506)	(203,138)	(497,849)	-	-
Repayment for related companies	-	-	-	-	(245,990)	(596,993)	-	-
Dividend paid	-	-	(300,000)	(710,340)	-	-	-	-
Net cash used in financing activities	(820,694)	(1,872,824)	(1,597,989)	(3,783,719)	(644,371)	(1,563,823)	(150,804)	(355,686)
CASH AND CASH EQUIVALENTS								
Net changes	1,130,537	2,579,885	142,955	338,489	(174,084)	(422,484)	1,056,861	2,492,712
Brought forward	(671,974)	(1,548,817)	458,563	1,063,545	601,518	1,451,102	427,434	1,043,495
Effect of exchange translation differences on cash and cash equivalents	-	30,477	-	49,068	-	14,877	-	31,444
Carried forward	458,563	1,063,545	601,518	1,451,102	427,434	1,043,495	1,484,295	3,567,651

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7. Magnetronics Group (cont'd)

7.2.3 Consolidated statements of cash flows (cont'd)

NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statements of cash flows comprise the following amounts:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Cash and bank balances	829,068	1,922,857	601,518	1,451,102	427,434	1,043,495	1,484,295	3,567,651
Bank overdraft	(370,505)	(859,312)	-	-	-	-	-	-
	458,563	1,063,545	601,518	1,451,102	427,434	1,043,495	1,484,295	3,567,651

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.4 Consolidated Statements of changes in equity

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

	Non-distributable				Distributable			
	Share capital		Currency fluctuation reserve		Unappropriated profit		Total	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
At 1 January 2007	1,000,000	2,301,900	-	(7,415)	686,583	1,587,861	1,686,583	3,882,346
Profit for the financial year	-	-	-	-	1,136,105	2,592,591	1,136,105	2,592,591
Currency translation	-	-	-	71,721	-	-	-	71,721
At 31 December 2007	1,000,000	2,301,900	-	64,306	1,822,688	4,180,452	2,822,688	6,546,658
Profit for the financial year	-	-	-	-	310,812	735,940	310,812	735,940
Tax exempt interim dividends	-	-	-	-	(300,000)	(710,340)	(300,000)	(710,340)
Currency translation	-	-	-	263,277	-	-	-	263,277
At 31 December 2008	1,000,000	2,301,900	-	327,583	1,833,500	4,206,052	2,833,500	6,835,535
Profit for the financial year	-	-	-	-	733,869	1,781,028	733,869	1,781,028
Currency translation	-	-	-	92,456	-	-	-	92,456
At 31 December 2009	1,000,000	2,301,900	-	420,039	2,567,369	5,987,080	3,567,369	8,709,019
Profit for the financial period	-	-	-	-	1,875,085	4,422,575	1,875,085	4,422,575
Currency translation	-	-	-	(50,112)	-	-	-	(50,112)
At 31 October 2010	1,000,000	2,301,900	-	369,927	4,442,454	10,409,655	5,442,454	13,081,482

7.2.5 Revenue

Revenue represents net invoiced sales to customers for precision cleaning of plastic and metal components, excluding goods and services tax.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.6 Profit before taxation but after depreciation and interest

Profit before taxation has been arrived at after charging/(crediting):-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Depreciation	621,720	1,418,765	538,247	1,274,461	490,744	1,190,987	414,538	1,003,970	381,881	900,705
Directors' emoluments	67,425	153,864	254,160	601,800	410,571	996,415	250,040	605,572	410,571	968,373
Directors' fee	72,000	164,304	76,000	179,933	60,000	145,614	46,000	111,407	66,000	155,668
Key management personnel's remuneration	81,428	185,819	90,036	213,187	108,742	263,906	77,033	186,559	176,426	416,118
Realised loss on foreign exchange	18,756	42,801	5,261	12,457	-	-	-	-	143,357	343,311
Impairment on doubtful receivables	23,079	52,666	347,230	822,171	8,338	20,235	8,338	20,194	5,456	12,869
Interest expenses	135,014	308,102	106,038	251,077	17,594	42,699	17,125	41,475	5,940	14,010
Loss/(Gain) on disposals of property, plant and equipment	1,821	4,155	4,688	11,100	(1,559)	(3,784)	(958)	(2,320)	-	-
Rental expenses	688,715	1,571,648	675,168	1,598,663	730,738	1,773,428	602,642	1,459,539	544,068	1,519,099
Property, plant and equipment written off	262,619	599,297	61,356	145,279	-	-	-	-	-	-
Bad debts recovered	-	-	-	-	-	-	(45)	(109)	(201,394)	(475,008)
Interest income	(32)	(73)	(7,563)	(17,908)	(1,090)	(2,645)	(109)	(264)	(245)	(578)
Rental income	(130,080)	(296,843)	(189,750)	(449,290)	(205,630)	(499,043)	(177,626)	(430,192)	(191,046)	(450,601)
Realised gain on foreign exchange	(1,303)	(2,973)	-	-	(109,857)	(266,612)	(119,938)	(290,478)	-	-

@ The figures for financial period ended 31 October 2009 are unaudited and are included for comparison purpose only.

7.2.7 Taxation

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Current taxation	295,000	673,190	11,000	25,046	18,000	43,684	21,000	50,860	277,000	653,332
Utilisation of group relief	(23,500)	(53,627)	(11,000)	(26,046)	-	-	-	-	-	-
Deferred taxation	43,000	98,126	(51,000)	(120,758)	79,000	191,725	88,000	213,127	43,000	101,420
Change in tax rate	(23,000)	(52,486)	-	-	(18,000)	(43,684)	(18,000)	(43,594)	-	-
	291,500	665,203	(51,000)	(120,758)	79,000	191,725	91,000	220,393	320,000	754,752
(Over)/Under provision in respect of prior years	-	-	(62,638)	(148,314)	44,343	107,616	44,343	107,394	(37,800)	(89,155)
-current taxation	-	-	-	-	-	-	-	-	-	-
-deferred taxation	(1,000)	(2,282)	(2,000)	(4,736)	32,000	77,661	32,000	77,501	-	-
	290,500	662,921	(115,638)	(273,808)	155,343	377,002	167,343	405,288	282,200	665,597

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.7 Taxation (cont'd)

The tax expenses/(credit) on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Magnetronics Group's results as a result of the following:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM	RM	RM
Profit before taxation	1,426,605	3,255,512	195,174	462,132	889,212	2,158,030	922,830	2,235,002	2,157,285	5,088,172
Tax at statutory tax rate 18% (2008: 18%, 2009: 17%, 2010: 17%)	256,500	585,333	35,000	82,873	151,000	366,462	157,000	380,238	368,000	867,965
Tax effect on non-taxable income	-	-	-	-	(7,000)	(16,988)	(5,000)	(12,110)	(3,270)	(7,713)
Tax effect on non-deductible expenses	38,500	87,857	89,000	210,734	5,000	12,135	4,000	9,689	4,925	11,616
Utilisation of group relief	(23,500)	(53,627)	(11,000)	(26,046)	-	-	-	-	-	-
Deferred tax assets not recognised	156,500	357,133	-	-	16,000	38,830	-	-	-	-
Utilisation of deferred tax assets on temporary differences not recognised in previous year	(86,000)	(196,252)	(152,000)	(359,906)	(50,000)	(121,346)	(25,000)	(60,548)	(16,390)	(38,657)
Change in tax rate	(23,000)	(52,486)	-	-	(18,000)	(43,684)	(18,000)	(43,594)	-	-
Singapore statutory stepped income exemption	(27,500)	(62,155)	(12,000)	(28,413)	(18,000)	(43,684)	(22,000)	(53,282)	(33,265)	(78,459)
	291,500	665,203	(51,000)	(120,758)	79,000	191,725	91,000	220,393	320,000	754,752

@ The tax reconciliation for financial period ended 31 October 2009 is unaudited and is included for comparison purpose only.

7.2.8 Share capital

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	No. of shares	Value	No. of shares	Value	No. of shares	Value	No. of shares	Value
Issued and fully paid up share capital								
-SGD	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
-RM	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900	1,000,000	2,301,900

7.2.9 Reserve

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Currency fluctuation reserve	-	64,306	-	327,583	-	420,039	-	369,927

The currency fluctuation reserve is not distributable.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.10 Deferred taxation

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Brought forward	230,000	529,437	249,000	577,506	196,000	472,830	289,000	705,536
Change in tax rate of 23%/1%	(23,000)	(52,486)	-	-	(18,000)	(43,684)	-	-
Transfer from income statement	43,000	98,126	(51,000)	(120,758)	79,000	191,725	43,000	101,420
	250,000	575,077	198,000	456,748	257,000	620,871	332,000	806,956
(Over)/Under provision in respect of prior year	(1,000)	(2,282)	(2,000)	(4,736)	32,000	77,661	-	-
Translation differences	-	4,711	-	20,818	-	7,004	-	(8,961)
	249,000	577,506	196,000	472,830	289,000	705,536	332,000	797,995
Excess of net carrying amount over tax written down value of qualifying property, plant and equipment	254,000	589,102	271,000	653,760	285,000	695,771	328,000	788,381
Others	(5,000)	(11,596)	(75,000)	(180,930)	4,000	9,765	4,000	9,614
	249,000	577,506	196,000	472,830	289,000	705,536	332,000	797,995

7.2.11 Finance creditors

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Minimum lease payables								
- Due not later than one year	517,367	1,199,929	212,629	512,946	116,542	284,514	-	-
- Due later than one year and not later than five years	462,025	1,071,575	159,006	383,586	49,847	121,691	-	-
	979,392	2,271,504	371,635	896,532	166,389	406,205	-	-
Finance interest	(106,757)	(247,601)	(27,588)	(66,553)	(15,585)	(38,047)	-	-
	872,635	2,023,903	344,047	829,979	150,804	368,158	-	-
Present value of minimum lease payments								
- Due not later than one year	459,260	1,065,162	203,717	491,447	102,485	250,197	-	-
- Due not later than one year and not later than five years	413,375	958,741	140,330	338,532	48,319	117,961	-	-
	872,635	2,023,903	344,047	829,979	150,804	368,158	-	-

The hire purchase obligations of the Magnetronics Group include a sum of SGD798,083 (RM1,850,994), SGD329,136 (RM794,008) and SGD150,804 (RM368,158) as at FYE 2007, 2008 and 2009 respectively which is pledged by a fixed deposit and secured by:-

- certain plant and machinery and office equipment
- a corporate guarantee given by Magnetronics
- a personal guarantee given by a Director of Magnetronics

7.2.12 Amount due to a corporate shareholder of holding company

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Loan (unsecured)	604,034	1,400,936	205,138	494,875	-	-	-	-
Deposit payable	21,680	50,282	21,680	52,301	21,680	52,927	21,680	52,110
	625,714	1,451,218	226,818	547,176	21,680	52,927	21,680	52,110
Repayment:-								
- within 1 year	358,550	831,585	226,818	547,176	21,680	52,927	21,680	52,110
- more than 1 year	267,164	619,633	-	-	-	-	-	-
	625,714	1,451,218	226,818	547,176	21,680	52,927	21,680	52,110

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.12 Amount due to a corporate shareholder of holding company (cont'd)

The unsecured loan owing to a corporate shareholder of holding company which bears interest rate of 4.5% per annum and repayable on demand. During the FYE 2009, the loan was fully paid.

The deposit payable is for rental of premises.

The entire amount due to a corporate shareholder of holding company is denominated in SGD.

7.2.13 Property, plant and equipment

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Net carrying amount								
Plant and machinery	1,946,515	4,514,552	1,528,727	3,687,901	1,187,761	2,899,681	906,480	2,178,815
Office equipment, electrical fitting, furniture and fittings	1,280,649	2,970,209	1,284,360	3,098,390	1,191,457	2,908,704	1,140,525	2,741,366
Computers	16,565	38,419	8,942	21,572	5,251	12,819	8,422	20,243
Renovations	153,057	354,986	135,156	326,051	117,255	286,255	102,338	245,980
Motor vehicles	55,776	129,361	12,906	31,134	15,378	37,542	-	-
	<u>3,452,562</u>	<u>8,007,527</u>	<u>2,970,091</u>	<u>7,165,048</u>	<u>2,517,102</u>	<u>6,145,001</u>	<u>2,157,765</u>	<u>5,186,404</u>
Under finance creditors	1,409,422	3,268,872	1,145,480	2,763,356	346,500	845,910	-	-

7.2.14 Inventories

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Finished goods	-	-	-	-	28,850	70,432	258	620
Good-in-transit	-	-	-	-	-	-	105,688	254,032
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,850</u>	<u>70,432</u>	<u>105,946</u>	<u>254,652</u>

7.2.15 Trade receivables

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Trade receivables								
- Third parties	2,413,895	5,598,547	1,614,977	3,895,971	2,289,996	5,590,567	2,493,468	5,993,300
- Related parties	42,891	99,477	41,599	100,353	681,059	1,662,669	587,340	1,411,730
Total trade receivables	<u>2,456,786</u>	<u>5,698,024</u>	<u>1,656,576</u>	<u>3,996,324</u>	<u>2,971,055</u>	<u>7,253,236</u>	<u>3,080,808</u>	<u>7,405,030</u>
Less: Impairment on doubtful receivables								
Brought forward	-	-	(23,079)	(53,528)	(370,309)	(893,333)	(354,080)	(864,415)
Addition	(23,079)	(52,666)	(347,230)	(822,171)	(8,338)	(20,235)	(5,456)	(12,869)
No longer required	-	-	-	-	-	-	201,394	475,008
Written off	-	-	-	-	24,567	59,622	12,305	29,823
Translation differences	-	(862)	-	(17,634)	-	(10,469)	-	22,719
	<u>(23,079)</u>	<u>(53,528)</u>	<u>(370,309)</u>	<u>(893,333)</u>	<u>(354,080)</u>	<u>(864,415)</u>	<u>(145,837)</u>	<u>(350,534)</u>
	<u>2,433,707</u>	<u>5,644,496</u>	<u>1,286,267</u>	<u>3,102,991</u>	<u>2,616,975</u>	<u>6,388,821</u>	<u>2,934,971</u>	<u>7,054,496</u>

Trade receivables generally have credit terms ranging 30 to 90 days.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.15 Trade receivables (cont'd)

Trade receivables are denominated in the following currencies:-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
SGD	2,071,055	4,803,397	612,523	1,477,650	980,598	2,393,934	1,319,378	3,171,257
USD	362,652	841,099	673,744	1,625,341	1,636,377	3,994,887	1,615,593	3,883,239
	2,433,707	5,644,496	1,286,267	3,102,991	2,616,975	6,388,821	2,934,971	7,054,496

7.2.16 Other receivables

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Amount due from directors	-	-	-	-	-	-	11,080	26,632
Prepayment	-	-	-	-	-	-	1,772	4,239
Deposits	11,600	26,904	19,625	47,343	4,410	10,766	64,232	154,388
	11,600	26,904	19,625	47,343	4,410	10,766	77,084	185,279

The amount due from Directors relates to advances for business purposes.

The entire other receivables are denominated in SGD.

7.2.17 Amount owing by related parties

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Advances	-	-	-	-	245,990	600,536	127,574	306,637
Deposit for purchase of machinery	-	-	-	-	100,000	244,130	138,800	333,620
	-	-	-	-	345,990	844,666	266,374	640,257

Amount owing by related parties represent advances and deposit for purchase of machinery. The advances are unsecured and interest-free. There have no repayment terms and are repayable only when the cash flows of the borrowers permit.

The entire amount owing by related parties is denominated in SGD.

7.2.18 Fixed deposit with a licensed bank

The fixed deposit earns interest at an effective interest rate of 1.2% (2009: 1.2%, 2008: 1.2% and 2007: 1.23%) per annum. The fixed deposit is pledged to a financial institution for providing bank overdraft facilities in FYE2007 and hire-purchase facilities from FYE2007 to FPE2010 and is denominated in SGD.

7.2.19 Cash and bank balances

Cash and bank balances are denominated in the following currencies:-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
SGD	488,064	1,131,967	549,330	1,325,204	342,169	835,337	1,245,128	2,992,790
USD	341,004	790,890	52,188	125,898	85,265	208,158	239,167	574,861
	829,068	1,922,857	601,518	1,451,102	427,434	1,043,495	1,484,295	3,567,651

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.20 Trade payables

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Trade payables								
- Related parties	11,882	27,558	-	-	747,674	1,825,297	226,083	543,413
- Third parties	1,067,657	2,476,217	904,453	2,181,902	875,245	2,136,736	464,227	1,115,816
Total	1,079,539	2,503,775	904,453	2,181,902	1,622,919	3,962,033	690,310	1,659,229

The ageing of trade payables approximates 118 days, 62 days, 119 days and 38 days as at FYE 2007, 2008, 2009 and FPE 2010 respectively.

The related parties refer to companies in which there are common directors.

Trade payables are denominated in the following currencies:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
SGD	1,079,539	2,503,775	904,453	2,181,902	785,938	1,918,711	437,663	1,051,967
USD	-	-	-	-	814,258	1,987,848	252,647	607,262
RM	-	-	-	-	22,723	55,474	-	-
	1,079,539	2,503,775	904,453	2,181,902	1,622,919	3,962,033	690,310	1,659,229

7.2.21 Other payables

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Accruals	354,751	622,774	69,104	166,707	253,090	617,868	271,430	652,410
GST payables	78,214	181,402	37,145	89,609	39,864	97,320	34,683	83,364
Advance received	16,572	38,435	35,960	86,750	36,560	89,254	28,664	68,897
Non-trade payables	60,610	140,573	89,011	214,730	18,765	45,811	8,028	19,296
Salary payable	-	-	18,213	43,937	2,152	5,254	-	-
	510,147	1,183,184	249,433	601,733	350,431	855,507	342,805	823,967

The entire other payables balances are denominated in SGD.

7.2.22 Bank overdraft

The above facilities in FYE 2007 are secured by a pledge of a fixed deposit placed with a financial institution and a personal guarantee given by a director of Magnetronics Group.

The entire bank overdraft is denominated in SGD.

In FYE 2007, the bank overdraft bears interest at rate of 6.5% per annum.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.2 Magnetronics Group (cont'd)

7.2.23 Commitment

Operating lease commitments (non-cancellable)

When Magnetronics Group is a lessee

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Not later than one year	525,956	1,219,850	604,966	1,459,420	765,565	1,868,974	662,004	1,591,193
Later than one year and not later than five years	361,766	839,044	312,675	754,297	990,660	2,418,498	480,565	1,155,086
	887,722	2,058,894	917,641	2,213,717	1,756,225	4,287,472	1,142,569	2,746,279

When Magnetronics Group is the lessor

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Not later than one year	-	-	79,560	191,931	209,640	511,794	163,230	392,340
Later than one year and not later than five years	-	-	99,450	239,913	236,690	577,831	108,400	260,550
	-	-	179,010	431,844	446,330	1,089,625	271,630	652,890

Capital commitment

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Capital expenditure contracted but not provided in the financial statements	-	-	-	-	-	-	58,200	139,890

7.2.24 Contingent liability (unsecured)

Magnetronics has provided a corporate guarantee to a financial institution for hire-purchase facilities granted to MClean Singapore which is not provided for in the financial statements.

There is no effect on the financial guarantees as to the interest cost as the variable interest rate debt obligations are at prevailing market interest rate.

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
A corporate guarantee to financial institution	773,530	1,794,048	329,136	794,008	150,801	368,150	-	-

7.2.25 Dividend records

The following table set out the summary of dividend records prepared based on the audited financial statements of Magnetronics Group for the past three (3) FYE 2007 to 2009 and FPE 2010:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
Dividend paid	-	-	300,000	710,340	-	-	-	-

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore

7.3.1 Summarised statements of comprehensive income

The following table sets out the summary of the financial results prepared based on the audited financial statements of Techsin Singapore for the period from 4 November 2009 (date of incorporation) to 31 December 2009 and FPE 31 October 2010:-

Period ended	Note	31/12/2009		31/10/2010	
		SGD	RM	SGD	RM
Revenue	7.3.5	-	-	32,973	77,770
Gross profit		-	-	29,973	70,694
Other income		-	-	-	-
Loss before amortisation, depreciation, interest and taxation ("LBITDA")		(11,000)	(26,696)	(175,911)	(414,904)
Interest expenses		-	-	-	-
Loss before taxation but after amortisation, depreciation and interest ("LBT")	7.3.6	(11,000)	(26,696)	(175,911)	(414,904)
Taxation	7.3.7	-	-	-	-
Loss after taxation ("LAT")		(11,000)	(26,696)	(175,911)	(414,904)
Gross profit margin (%)		-	-	90.90	90.90
LBT margin (%)		-	-	(533.50) ^	(533.50) ^
LAT margin (%)		-	-	(533.50) ^	(533.50) ^
Effective tax rate (%)		-	-	-	-
Weighted average number of ordinary shares issued		0.16	0.16	1,405,264.16	1,405,264.16
Gross loss per share ("LPS") #		(412,500) ^	(1,001,100) ^	(0.15) ^	(0.35) ^
Net LPS #		(412,500) ^	(1,001,100) ^	(0.15) ^	(0.35) ^

Notes:-

- (i) There were no exceptional items in the financial periods under review.
- (ii) There were no accounting policies which are peculiar to Techsin Singapore due to the nature of business or industry it is involved in and that would affect the determination of Techsin Singapore's income or financial position.

Based on weighted average number of ordinary shares issued during the financial period.

^ Annualised to 12 months for comparison purposes.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore (cont'd)

7.3.2 Summarised statements of financial position

The following table sets out the summary of the statements of financial position prepared based on the audited financial statements of Techsin Singapore for the FPE 2009 and 2010:-

Period ended	Note	31/12/2009		31/10/2010	
		SGD	RM-	SGD	RM
Share capital	7.3.8	1	2	2,400,001	5,643,842
Reserve	7.3.9	-	(158)	-	117,141
Accumulated loss		(11,000)	(26,696)	(186,911)	(441,600)
Shareholders' equity		(10,999)	(26,852)	2,213,090	5,319,383
<u>Non-current asset</u>					
Investment in subsidiary	7.3.10	-	-	2,153,571	5,176,323
<u>Current assets</u>					
Deposit	7.3.11	500,000	1,220,650	-	-
Amount owing by subsidiary	7.3.12	-	-	744,444	1,789,346
Amount owing by a fellow subsidiary		-	-	9,074	21,810
Cash and bank balances	7.3.13	2,425	5,920	23,496	56,475
		502,425	1,226,570	777,014	1,867,631
<u>Current liabilities</u>					
Accruals expenses	7.3.14	10,000	24,413	16,149	38,816
Amount owing to a director		999	2,439	-	-
Amount owing to a fellow subsidiary	7.3.15	502,425	1,226,570	691,717	1,662,611
Bank overdraft	7.3.16	-	-	9,629	23,144
		513,424	1,253,422	717,495	1,724,571
Net current (liabilities)/assets		(10,999)	(26,852)	59,519	143,060
		(10,999)	(26,852)	2,213,090	5,319,383
Net tangible (liabilities)/asset ["(NTL)/NTA"]		(10,999)	(26,852)	2,213,090	5,319,383
Number of ordinary shares		1	1	2,400,001	2,400,001
(NTL)/NTA per share		(10,999)	(26,852)	0.92	2.22

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore (cont'd)

7.3.3 Statements of cash flows

The following table sets out the summary of cash flows prepared based on the audited financial statements of Techsin Singapore for the FPE 2009 and 2010:-

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation/Operating loss before working capital	(11,000)	(26,696)	(175,911)	(414,904)
Receivables	-	-	(7,088)	(16,721)
Payables	10,999	26,694	5,149	12,147
Cash from operations/Net cash used in operating activities	(1)	(2)	(177,850)	(419,478)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances received from a fellow subsidiary	502,425	1,219,335	-	-
Deposit paid to a related party	(500,000)	(1,213,450)	-	-
Net cash generated from investing activities	2,425	5,885	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of new shares	1	2	-	-
Advances received from a fellow subsidiary	-	-	189,292	446,464
Net cash generated from financing activities	1	2	189,292	446,464
CASH AND CASH EQUIVALENTS				
Net changes	2,425	5,885	11,442	26,986
Brought forward	-	-	2,425	5,920
Effect of exchange translation differences on cash and cash equivalents	-	35	-	425
Carried forward	2,425	5,920	13,867	33,331

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore (cont'd)

7.3.3 Statements of cash flows (cont'd)

NOTE TO THE STATEMENTS OF CASH FLOWS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
Cash and bank balances	2,425	5,920	23,496	56,475
Bank overdraft	-	-	(9,629)	(23,144)
	2,425	5,920	13,867	33,331

7.3.4 Statements of changes in equity

The following table sets out the summary of changes in equity prepared based on the audited financial statements of Techsin Singapore for the FPE 2009 and 2010:-

	Share capital		Currency fluctuation reserve		Accumulated loss		Total	
	SGD	RM	SGD	RM	SGD	RM	SGD	RM
At date of incorporation	1	2	-	-	-	-	1	2
Currency translation	-	-	-	(158)	-	-	-	(158)
Loss for the financial period	-	-	-	-	(11,000)	(26,696)	(11,000)	(26,696)
At 31 December 2009	1	2	-	(158)	(11,000)	(26,696)	(10,999)	(26,852)
Issuance of share capital	2,400,000	5,643,840	-	-	-	-	2,400,000	5,643,840
Currency translation	-	-	-	117,299	-	-	-	117,299
Loss for the financial period	-	-	-	-	(175,911)	(414,904)	(175,911)	(414,904)
At 31 October 2010	2,400,001	5,643,842	-	117,141	(186,911)	(441,600)	2,213,090	5,319,383

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore (cont'd)

7.3.5 Revenue

Revenue represents net invoiced sales to customers for precision cleaning of plastic and metal components, excluding goods and service tax.

7.3.6 Loss before taxation but after depreciation and interest

Loss before taxation has been arrived at after charging:-

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
Key management personnel's remuneration	-	-	57,000	134,440

7.3.7 Taxation

The tax credit on the results of the financial period varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on Techsin Singapore's loss as a result of the following:-

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
Loss before taxation	(11,000)	(26,696)	(175,911)	(414,904)
Tax at statutory tax rate 17%	(2,000)	(4,854)	(30,000)	(70,758)
Deferred tax assets not recognised	2,000	4,854	-	-
Non-deductible expenses	-	-	30,000	70,758
	-	-	-	-

7.3.8 Share capital

Period ended	31/12/2009		31/10/2010	
	No. of shares	Value	No. of shares	Value
Issued and fully paid up share capital				
- SGD	1	1	2,400,001	2,400,001
- RM	1	2	2,400,001	5,643,842

7.3.9 Reserve

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
Currency fluctuation reserve	-	(158)	-	117,141

The currency fluctuation reserve is not distributable.

14. ACCOUNTANTS' REPORT (Cont'd)**7. HISTORICAL FINANCIAL INFORMATION (CONT'D)****7.3 Techsin Singapore (cont'd)****7.3.10 Investment in subsidiary company**

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
Net carrying amount	-	-	2,153,571	5,176,323

During FPE 2010, Techsin Singapore has entered into a Sale and Purchase Agreement with a related party, JCS-Echigo to acquire the entire interests in Techsin Wuxi at a purchase consideration of SGD2,900,000 net of transfer of debt of SGD746,429 (USD532,062) owing by JCS-Echigo to Techsin Singapore in pursuant to a deed of assignment entered between Techsin Singapore and JCS-Echigo dated 20 April 2010.

7.3.11 Deposit

In FPE 2009, Techsin Singapore placed a deposit to a related party for the acquisition of Techsin Wuxi.

The entire deposit amount is denominated in SGD.

7.3.12 Amount owing by subsidiary

The non-trade amount owing by subsidiary represents advances which are unsecured and interest-free. They have no repayment terms and are repayable only when the cash flows of the borrower permits.

The non-trade amount owing by subsidiary is denominated in USD.

7.3.13 Cash and bank balances

Cash and bank balances are denominated in the following currencies:-

Period ended	31/12/2009		31/10/2010	
	SGD	RM	SGD	RM
SGD	2,425	5,920	-	-
USD	-	-	23,496	56,475
	2,425	5,920	23,496	56,475

7.3.14 Accruals expenses

The entire amount accruals expenses are denominated in SGD.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.3 Techsin Singapore (cont'd)

7.3.15 Amount owing to a fellow subsidiary

The non-trade amount owing to a fellow subsidiary, MClean Singapore, represents advances which are unsecured and interest-free. They have no repayment terms and are repayable only when the cash flows of the company permits.

7.3.16 Dividend records

Techsin Singapore did not pay or declare any dividends during the FPE 2009 and 2010.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Teehsin Wuxi

7.4.1 Summarised statements of comprehensive income

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

Year/ Period ended	Note	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
		RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Revenue	7.4.5	12,117,432	5,474,656	12,416,713	5,992,306	15,421,292	7,952,760	7,423,084	3,850,354	18,419,000	8,771,128
Gross profit/(loss)		1,145,522	517,547	(814,745)	(393,196)	3,986,439	2,055,806	(1,511,614)	(784,074)	6,371,526	3,034,121
Other income		3,368	1,522	79,156	38,201	75,981	39,183	2,434	1,263	1,894,366	902,097
(Loss)/Profit before amortisation, depreciation, interest and taxation ["(LBITDA)/EBITDA"]		(521,824)	(235,760)	(4,027,151)	(1,943,503)	2,240,048	1,155,192	(3,129,674)	(1,623,361)	5,605,292	2,669,241
Depreciation		(1,508,839)	(681,693)	(1,969,917)	(950,682)	(1,939,294)	(1,000,094)	(1,532,254)	(794,780)	(1,611,845)	(767,561)
Interest expenses		(60,246)	(27,219)	(44,103)	(21,284)	(3,165)	(1,632)	(3,165)	(1,642)	-	-
(Loss)/Profit before taxation but after amortisation, depreciation and interest ["(LBT)/PBT"]	7.4.6	(2,090,909)	(944,672)	(6,041,171)	(2,915,469)	297,589	153,466	(4,665,093)	(2,419,783)	3,993,447	1,901,680
Taxation	7.4.7	-	-	-	-	-	-	-	-	-	-
(Loss)/Profit after taxation ["(LAT)/PAT"]		(2,090,909)	(944,672)	(6,041,171)	(2,915,469)	297,589	153,466	(4,665,093)	(2,419,783)	3,993,447	1,901,680
Gross profit/(loss) margin (%)		9.45	9.45	(6.56)	(6.56)	25.85	25.85	(20.36)	(20.36)	34.59	34.59
(LBT)/PBT margin (%)		(17.26)	(17.26)	(48.65)	(48.65)	1.93	1.93	(62.85)	(62.85)	21.68	21.68
(LAT)/PAT margin (%)		(17.26)	(17.26)	(48.65)	(48.65)	1.93	1.93	(62.85)	(62.85)	21.68	21.68
Effective tax rate (%)		-	-	-	-	-	-	-	-	-	-
Gross (loss)/earnings per share ["(LPS)/EPS"] #		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net (LPS)/EPS #		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:-

- (i) There were no exceptional items in all the financial years/period under review.
 - (ii) There were no accounting policies which are peculiar to Teehsin Wuxi due to the nature of business or industry it is involved in and that would affect the determination of Teehsin Wuxi's income or financial position.
- # Not applicable as Teehsin Wuxi was incorporated in PRC as a limited liability company and did not have any shares.
- @ The statement of comprehensive income for the FPE 31 October 2009 is unaudited and is included for comparison purposes only.

N/A Not applicable

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.2 Summarised statements of financial position

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

Year/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	7.4.8	11,308,818	5,160,214	15,965,045	7,526,043	15,965,045	7,526,043	15,965,045	7,526,043
Reserves	7.4.9	-	(9,411)	36,287	332,464	36,287	279,569	36,287	(53,138)
Accumulated loss		(2,090,909)	(944,672)	(8,132,080)	(3,860,141)	(7,834,491)	(3,706,675)	(3,841,044)	(1,804,995)
Shareholders' equity		9,217,909	4,206,131	7,869,252	3,998,366	8,166,841	4,098,937	12,160,288	5,667,910
Non-current liability									
Term loan	7.4.10	137,000	62,513	-	-	-	-	-	-
		9,354,909	4,268,644	7,869,252	3,998,366	8,166,841	4,098,937	12,160,288	5,667,910
Non-current assets									
Property, plant and equipment	7.4.11	12,591,048	5,745,295	16,384,905	8,325,170	13,127,858	6,588,872	12,883,652	6,005,070
Development cost	7.4.12	-	-	-	-	-	-	1,282,534	597,789
		12,591,048	5,745,295	16,384,905	8,325,170	13,127,858	6,588,872	14,166,186	6,602,859
Current assets									
Inventories	7.4.13	1,199,045	547,124	767,630	390,033	631,931	317,166	880,200	410,261
Trade receivables	7.4.14	2,569,096	1,172,279	1,862,475	946,324	3,178,806	1,595,443	3,435,846	1,601,447
Other receivables	7.4.15	590,849	269,604	484,305	246,075	553,004	277,553	2,076,968	968,075
Amount due from related company	7.4.16	-	-	-	-	3,644,350	1,829,099	1,119,618	521,854
Cash and bank balances	7.4.17	363,515	165,872	915,885	465,361	1,150,680	577,526	444,849	207,344
		4,722,505	2,154,879	4,030,295	2,047,793	9,158,771	4,596,787	7,957,481	3,708,981
Current liabilities									
Trade payables	7.4.18	2,761,503	1,260,074	2,644,517	1,343,679	3,687,644	1,850,829	2,676,531	1,247,531
Other payables	7.4.19	3,209,135	1,464,329	3,614,989	1,836,776	4,161,083	2,088,447	2,809,177	1,309,357
Amount due to director	7.4.20	432,284	197,251	392,351	199,354	711,309	357,006	616,800	287,490
Amount due to former holding company	7.4.21	1,009,722	460,736	5,666,091	2,878,941	5,559,752	2,790,440	-	-
Amount due to holding company	7.4.22	-	-	-	-	-	-	3,860,871	1,799,552
Term loan	7.4.10	546,000	249,140	228,000	115,847	-	-	-	-
		7,958,644	3,631,530	12,545,948	6,374,597	14,119,788	7,086,722	9,963,379	4,643,930
Net current liabilities		(3,236,139)	(1,476,651)	(8,515,653)	(4,326,804)	(4,961,017)	(2,489,935)	(2,005,898)	(934,949)
		9,354,909	4,268,644	7,869,252	3,998,366	8,166,841	4,098,937	12,160,288	5,667,910
Net tangible assets ("NTA")		9,217,909	4,206,131	7,869,252	3,998,366	8,166,841	4,098,937	10,177,754	5,070,921
Number of ordinary shares #		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
NTA per share #		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Not applicable as the Techsin Wuxi was incorporated in the PRC as a limited liability company and did not have any shares.

N/A Not applicable

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.3 Statements of cash flows

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

Year/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								
(Loss)/Profit before taxation	(2,090,909)	(944,672)	(6,041,171)	(2,915,469)	297,589	153,466	3,993,447	1,901,680
Adjustments for:-								
Allowance for slow moving inventories	239,081	108,017	18,350	8,856	-	-	9,352	4,453
Property, plant and equipment written off	-	-	1,078,500	520,484	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-	3,069	1,583	-	-
Depreciation	1,508,839	681,693	1,969,917	950,682	1,939,294	1,000,094	1,622,939	772,844
Interest expenses	60,246	27,219	44,103	21,284	3,165	1,632	-	-
Unrealised loss/(gain) on foreign exchange	35,884	16,212	94,023	45,375	(1,715)	(884)	(26,255)	(12,503)
Waiver of debts	-	-	-	-	-	-	(1,865,640)	(888,418)
Interest income	(3,368)	(1,522)	(4,107)	(1,982)	(2,738)	(1,412)	(2,471)	(1,177)
Operating (loss)/profit before working capital changes	(250,227)	(113,053)	(2,840,385)	(1,370,770)	2,228,664	1,154,479	3,731,372	1,776,879
Changes in working capital:-								
Inventories	(1,438,126)	(649,746)	413,065	199,345	135,699	69,980	(257,621)	(122,679)
Payables	4,504,796	2,035,267	298,649	144,128	1,487,131	766,913	(2,336,764)	(1,112,766)
Receivables	(5,070,383)	(2,290,799)	668,585	322,659	(1,240,449)	(639,700)	84,636	40,305
Cash (used in)/from operations	(2,253,940)	(1,018,331)	(1,460,086)	(704,638)	2,621,045	1,351,672	1,221,623	581,739
Interest paid	(60,246)	(27,219)	(44,103)	(21,284)	(3,165)	(1,632)	-	-
Net cash (used in)/from operating activities	(2,314,186)	(1,045,550)	(1,504,189)	(725,922)	2,617,880	1,350,040	1,221,623	581,739
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchase of property, plant and equipment	(7,733,026)	(3,493,781)	(983,124)	(474,456)	(767,945)	(396,030)	(1,378,733)	(656,553)
Interest received	3,368	1,522	4,107	1,982	2,738	1,412	2,471	1,177
Proceed from disposal of property, plant and equipment	-	-	-	-	2,082,629	1,074,012	-	-
Development cost	-	-	-	-	-	-	(1,282,534)	(610,743)
Net cash (used in)/from investing activities	(7,729,658)	(3,492,259)	(979,017)	(472,474)	1,317,422	679,394	(2,658,796)	(1,266,119)

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.3 Statements of cash flows (cont'd)

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

Year/ 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 FINANCING ACTIVITIES								
Proceed from issuance of share capital	4,148,723	1,874,393	-	-	-	-	-	-
Advances/(Repayment) from/(to) director	432,284	195,306	(39,933)	(19,271)	318,958	164,487	(94,509)	(45,005)
Advances from holding company	-	-	-	-	-	-	227,953	108,551
Advances/(Repayment) from/(to) former holding company	5,130,764	2,318,079	3,530,509	1,703,824	(147,115)	(75,867)	(1,926,834)	(917,538)
Advances/(Repayment) from/(to) related companies	-	-	-	-	(3,644,350)	(1,879,391)	2,524,732	1,202,277
Drawdown of term loan	1,092,000	493,366	-	-	-	-	-	-
Repayment of term loan	(409,000)	(184,786)	(455,000)	(219,583)	(228,000)	(117,580)	-	-
Net cash from/(used in) financing activities	10,394,771	4,696,358	3,035,576	1,464,970	(3,700,507)	(1,908,351)	731,342	348,265
CASH AND CASH EQUIVALENTS								
Net changes	350,927	158,549	552,370	266,574	234,795	121,083	(705,831)	(336,115)
Brought forward	12,588	5,691	363,515	165,872	915,885	465,361	1,150,680	577,526
Effect of exchange translation differences on cash and cash equivalents	-	1,632	-	32,915	-	(8,918)	-	(34,067)
Carried forward	363,515	165,872	915,885	465,361	1,150,680	577,526	444,849	207,344

As disclosed in the Note 7.4.17, deposits amounted to approximately RMB30,000; RM13,983 (2007: Nil, 2008: RMB30,000; RM15,243 and 2009: RMB30,000; RM15,057) are placed as security deposit for defective products and RMB247,000; RM115,127 (2007 to 2009 : Nil) are placed as custom guarantee deposit and hence, are not available for general use.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.4 Statements of changes in equity

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

	Share capital		Capital reserve		Currency fluctuation reserve		Accumulated loss		Total	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
At 1 January 2007	7,160,095	3,267,151	-	-	-	-	-	-	7,160,095	3,267,151
Issuance of share capital	4,148,723	1,893,063	-	-	-	-	-	-	4,148,723	1,893,063
Less for the financial year	-	-	-	-	-	-	(2,090,909)	(944,672)	(2,090,909)	(944,672)
Translation difference	-	-	-	-	-	(9,411)	-	-	-	(9,411)
At 31 December 2007	11,308,818	5,160,214	-	-	-	(9,411)	(2,090,909)	(944,672)	9,217,909	4,206,131
Issuance of share capital	4,656,227	2,365,829	36,287	18,437	-	-	-	-	4,692,514	2,384,266
Less for the financial year	-	-	-	-	-	-	(6,041,171)	(2,915,469)	(6,041,171)	(2,915,469)
Translation difference	-	-	-	-	-	323,438	-	-	-	323,438
At 31 December 2008	15,965,045	7,526,043	36,287	18,437	-	314,027	(8,132,080)	(3,860,141)	7,869,252	3,998,366
Profit for the financial year	-	-	-	-	-	-	297,589	153,466	297,589	153,466
Translation difference	-	-	-	-	-	(52,895)	-	-	-	(52,895)
At 31 December 2009	15,965,045	7,526,043	36,287	18,437	-	261,132	(7,834,491)	(3,706,675)	8,166,841	4,098,937
Profit for the financial period	-	-	-	-	-	-	3,993,447	1,901,680	3,993,447	1,901,680
Translation difference	-	-	-	-	-	(332,707)	-	-	-	(332,707)
At 31 October 2010	15,965,045	7,526,043	36,287	18,437	-	(71,575)	(3,841,044)	(1,804,995)	12,160,288	5,667,910

7.4.5 Revenue

Revenue represents the net invoiced value of goods delivered and services provided, after allowance for trade discounts, sales rebates and VAT.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.6 (Loss)/Profit before taxation but after depreciation and interest

(Loss)/Profit before taxation has been arrived at after charging/(crediting):-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		@31/10/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Audit fee	-	-	15,000	7,239	48,967	25,252	30,367	15,751	36,700	17,477
Allowance for slow moving inventories	239,081	108,017	18,350	8,856	-	-	-	-	9,352	4,453
Depreciation *	1,508,849	681,693	1,969,917	950,682	1,939,294	1,000,094	1,532,254	794,780	1,611,845	767,561
Director's emoluments	-	-	-	-	-	-	-	-	100,000	47,620
Interest expenses	60,246	27,219	44,103	21,284	3,165	1,632	3,165	1,642	-	-
Loss on disposal of property, plant and equipment	-	-	-	-	3,069	1,583	3,069	1,592	-	-
Property, plant and equipment written off	-	-	1,078,500	520,484	-	-	-	-	-	-
Rental expenses *	1,370,066	618,996	1,560,146	752,926	446,250	230,131	381,033	197,642	1,074,539	511,695
Unrealised (gain)/loss on foreign exchange	35,884	16,212	94,023	45,375	(1,715)	(884)	-	-	(26,255)	(12,503)
Realised loss on foreign exchange	35,090	15,854	68,484	33,050	16,790	8,659	11,416	5,921	40,905	19,479
Waiver of debts	-	-	-	-	-	-	-	-	(1,865,640)	(888,418)
Interest income	(3,368)	(1,322)	(4,107)	(1,982)	(2,738)	(1,412)	(2,434)	(1,263)	(2,471)	(1,177)

@ The figures for the FPE 31 October 2009 are unaudited and are included for comparison purposes only.

* Certain portion of depreciation and rental expenses for FPE 2010 are included under development cost as disclosed in Note 7.4.12.

7.4.7 Taxation

There is no provision for taxation. A reconciliation of the statutory income tax rate to the effective income tax rate of Techsin Wuxi has not been presented for FYE2007 to 2009 and FPE 2010 as Techsin Wuxi has no chargeable income.

7.4.8 Share capital

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Registered capital	15,965,045	7,526,043	15,965,045	7,526,043	15,965,045	7,526,043	15,965,045	7,526,043
Paid up capital:-								
Brought forward	7,160,095	3,267,151	11,308,818	5,160,214	15,965,045	7,526,043	15,965,045	7,526,043
Issued during the financial year	4,148,723	1,893,063	4,656,227	2,365,829	-	-	-	-
Carried forward	11,308,818	5,160,214	15,965,045	7,526,043	15,965,045	7,526,043	15,965,045	7,526,043

7.4.9 Reserves

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Capital reserve	-	-	36,287	18,437	36,287	18,437	36,287	18,437
Currency fluctuation reserve	-	(9,411)	-	314,027	-	261,132	-	(71,575)
	-	(9,411)	36,287	332,464	36,287	279,569	36,287	(53,138)

Capital reserve represents the premium arising from the contribution to registered capital.

The above reserves are not distributable.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.10 Term loan

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Unsecured:-								
Non-current	137,000	62,513	-	-	-	-	-	-
Current	546,000	249,140	228,000	115,847	-	-	-	-
	683,000	311,653	228,000	115,847	-	-	-	-

The term loan bears interest at rates ranging from 6.56% to 7.78% per annum as at FYE 2007 and 2008. The term loan repayment is on monthly basis.

The entire term loan is denominated in RMB.

7.4.11 Property, plant and equipment

Year/ 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								
Capital work-in-progress	-	-	169,533	86,140	-	-	900,000	419,490
Electronic equipment	85,346	38,943	105,029	53,365	51,592	25,894	46,476	21,662
Motor vehicles	8,350	3,810	6,550	3,328	81,150	40,729	67,650	31,532
Plant and machinery	9,388,425	4,283,938	14,646,646	7,441,961	11,317,127	5,680,066	10,601,694	4,941,450
Renovation	3,022,663	1,379,241	1,353,004	687,461	1,587,973	797,004	1,196,442	557,661
Other equipment	86,264	39,363	104,143	52,915	90,016	45,179	71,390	33,275
	12,591,048	5,745,295	16,384,905	8,325,170	13,127,858	6,588,872	12,883,652	6,005,070

7.4.12 Development cost

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
At cost/Carrying amount	-	-	-	-	-	-	1,282,534	597,789

Included in development cost is the following expenses incurred during the financial year/period:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Depreciation	-	-	-	-	-	-	11,094	5,283
Rental expenses	-	-	-	-	-	-	545,982	259,997

Development cost relates to the development of new cleaning techniques to penetrate new customers.

7.4.13 Inventories

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Raw materials	648,436	295,881	684,454	347,771	204,062	102,419	796,918	371,443
Finished goods	665,805	303,807	335,051	170,239	47,071	23,625	302,795	141,133
Work-in-progress	123,885	56,529	5,556	2,823	638,229	320,327	47,270	22,033
	1,438,126	656,217	1,025,061	520,833	889,362	446,371	1,146,983	534,609

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.13 Inventories (cont'd)

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Less: Allowance for slow-moving inventories	-	-	(239,081)	(109,093)	(257,431)	(130,800)	(257,431)	(129,205)
Brought forward	(239,081)	(108,017)	(18,350)	(8,856)	-	-	(9,352)	(4,453)
Addition	-	(1,076)	-	(12,851)	-	1,595	-	9,310
Translation differences	(239,081)	(109,093)	(257,431)	(130,800)	(257,431)	(129,205)	(266,783)	(124,348)
Net inventories	1,199,045	547,124	767,630	390,033	631,931	317,166	880,200	410,261

7.4.14 Trade receivables

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

Trade receivables are denominated in the following currencies:-

Year/Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
RMB	1,321,943	603,203	1,136,090	577,248	1,165,132	584,780	2,262,607	1,054,601
USD	1,247,153	569,076	726,385	369,076	2,013,764	1,010,663	1,173,239	546,846
	2,569,096	1,172,279	1,862,475	946,324	3,178,896	1,595,443	3,435,846	1,601,447

7.4.15 Other receivables

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 receivables	154,732	70,604	344,731	175,158	537,004	269,523	1,520,238	708,583
Amount due from a company in which a Director has interest	-	-	-	-	-	-	27,275	12,713
Deposits	281,473	128,436	35,108	17,838	16,000	8,030	287,991	134,233
Prepayments for listing expenses	91,824	41,899	91,824	46,656	-	-	38,866	18,115
Advance to suppliers	62,820	28,665	12,642	6,423	-	-	202,598	94,431
	590,849	269,604	484,305	246,075	553,004	277,553	2,076,968	968,075

The entire other receivables balances are denominated in RMB.

The amount due from a company in which a Director has interest are unsecured, bears no interest and repayable upon demand.

7.4.16 Amount due from related company

Amount due from related company are unsecured, bears no interest and repayable upon demand.

The entire amount due from related company balances are denominated in USD.

7.4.17 Cash and bank balances

There is an amount of RMB30,000; RM13,983 (2007: Nil, 2008: RMB30,000; RM15,243 and 2009: RMB30,000; RM15,057) are placed as security deposit for defective product and RMB247,000; RM115,127 (2007 to 2009 : Nil) are placed as custom guarantee deposits.

14. ACCOUNTANTS' REPORT (Cont'd)



7. HISTORICAL FINANCIAL INFORMATION (CONT'D)

7.4 Techsin Wuxi (cont'd)

7.4.17 Cash and bank balances (cont'd)

Cash and bank balances are denominated in the following currencies:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
RMB	363,038	165,654	510,760	239,517	331,054	166,156	440,424	205,282
USD	477	218	405,123	205,844	819,626	411,370	4,425	2,062
	363,515	165,872	915,883	465,361	1,150,680	577,526	444,849	207,344

7.4.18 Trade payables

The normal credit terms granted by the suppliers ranging from 30 to 120 days.

Trade payables are denominated in the following currencies:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
RMB	2,214,554	1,010,501	2,401,707	1,220,307	3,486,103	1,749,676	2,365,007	1,102,330
USD	546,949	249,573	242,810	123,372	201,541	101,153	311,524	145,201
	2,761,503	1,260,074	2,644,517	1,343,679	3,687,644	1,850,829	2,676,531	1,247,531

7.4.19 Other payables

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Accruals of expenses	188,294	85,919	249,793	126,920	419,372	210,483	1,000,027	466,113
Non-trade payables	291,555	133,037	354,287	180,013	437,300	219,481	170,181	79,321
Amount due to companies in which Directors have interest	2,571,298	1,173,283	2,940,038	1,493,833	3,123,302	1,567,585	1,500,000	699,150
Advances received from customers	-	-	-	-	68,570	34,415	48,673	22,686
Value-added tax payable	157,988	72,090	70,871	36,010	112,539	56,483	90,296	42,087
	3,209,135	1,464,329	3,614,989	1,836,776	4,161,083	2,088,447	2,809,177	1,309,357

Amount due to companies in which Directors have interest is unsecured, bear no interest and repayable upon demand.

Other payables are denominated in the following currencies:-

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
RMB	3,209,135	1,464,329	3,614,989	1,836,776	4,161,083	2,088,447	2,792,004	1,300,738
USD	-	-	-	-	-	-	12,173	8,619
	3,209,135	1,464,329	3,614,989	1,836,776	4,161,083	2,088,447	2,809,177	1,309,357

7.4.20 Amount due to Director

Amount due to Director is unsecured, bears no interest and repayable upon demand.

Amount due to Director is denominated in RMB.

14. ACCOUNTANTS' REPORT (Cont'd)**7. HISTORICAL FINANCIAL INFORMATION (CONT'D)****7.4 Techsin Wuxi (cont'd)****7.4.21 Amount due to former holding company**

Amount due to former holding company is unsecured, bears no interest and repayable upon demand.

The entire amount due to former holding company balances is denominated in USD.

7.4.22 Amount due to holding company

Amount due to holding company are unsecured, bears no interest and repayable upon demand.

The entire amount due to holding company is denominated in USD.

7.4.23 Capital commitment

Year/ Period ended	31/12/2007		31/12/2008		31/12/2009		31/10/2010	
	RMB	RM	RMB	RM	RMB	RM	RMB	RM
Contracted for:- Office building, factory and machineries	-	-	-	-	900,000	451,710	-	-

7.4.24 Dividend records

Techsin Wuxi did not pay or declare any dividends during the FYE 2007 to 2009 and FPE 2010.

7.4.25 Significant event during FPE2010

On 31 May 2010, JCS-Echigo, former holding company has assigned their debts which amounted to RM1,751,430 (RMB3,632,918) to Techsin Singapore which has become the holding company of Techsin Wuxi on the same date.

8. SIGNIFICANT EVENTS SUBSEQUENT TO THE FPE2010

There were no significant events subsequent to the reporting date other than the Flotation Exercise as mentioned in Note 3.1.1.

14. ACCOUNTANTS' REPORT (Cont'd)



9. 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. R. Jasani", written over a horizontal line.

DATO' N. R. JASANI

Approval Number: 708/03/12 (J/PH)

Partner of the Firm

14. ACCOUNTANTS' REPORT (Cont'd)



Appendix I (1/2)

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
MCLEAN TECHNOLOGIES BERHAD**
(Incorporated in Malaysia)
Company No: 893631 T

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

Report on the Financial Statements

We have audited the financial statements of MClean Technologies Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 October 2010, 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 56.

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 and for such internal control as the Director 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 about 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.

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix I (2/2)



Company No: 893631 T

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 so as to give a true and fair view of the financial position of the Group and of the Company as of 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
8 March 2011

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (1/8)

4

Independent auditor's report to the members of Magnetronics Technology Pte Ltd

We have audited the accompanying financial statements of Magnetronics Technology Pte Ltd, ("the Company") and its subsidiary ("the Group") which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

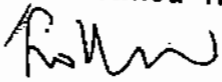
- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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FOO KON TAN GRANT TSE

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (2/8)

5

Independent auditor's report to the members of Magnetronics Technology Pte Ltd (cont'd)

Opinion

In our opinion:

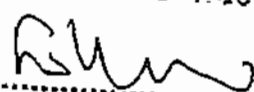
- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the company and by the subsidiary incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Singapore, 01 JUL 2008

Certified True Copy


FOO KON TAN GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX II (3/8)

4

**Independent auditor's report to the members of
Magnetronics Technology Pte Ltd**

We have audited the accompanying financial statements of Magnetronics Technology Pte Ltd, ("the Company") and its subsidiary ("the Group") which comprise the balance sheets of the Company and of the Group as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the “Act”) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (4/8)

5

Independent auditor's report to the members of Magnetronics Technology Pte Ltd (cont'd)

Opinion

In our opinion:

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Foo Kon Tan Grant Thornton
Public Accountants and
Certified Public Accountants

Singapore, 08 JUN 2009

GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (5/8)

4

Independent auditor's report to the members of Magnetronics Technology Pte Ltd

We have audited the accompanying financial statements of Magnetronics Technology Pte Ltd, ("the Company") and its subsidiary ("the Group") which comprise the statements of financial position of the Company and of the Group as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

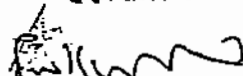
Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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FOO KON TAN GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)


Appendix II (6/8)
5

Independent auditor's report to the members of Magnetronics Technology Pte Ltd (cont'd)

Opinion

In our opinion:

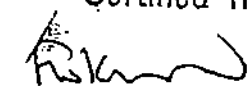
- (a) the statement of financial position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in the Republic of Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 17 MAY 2010

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FOO KON TAN GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (7/8)

2

Independent auditor's report to the members of Magnetronics Technology Pte Ltd

We have audited the accompanying interim financial statements of Magnetronics Technology Pte Ltd ("the Company") and its subsidiary ("the Group") which comprise the interim statements of financial position of the Company and of the Group as at 31 October 2010, the interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows of the Group for the interim ten-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the interim financial statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

These interim financial statements have been prepared solely for the purpose to provide information required for the preparation of the pro forma interim financial statements of Mclean Technologies Berhad (formerly known as Mclean Technologies Sdn. Bhd.).

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

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

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (8/8)

3

Independent auditor's report to the members of Magnetronics Technology Pte Ltd (cont'd)

Opinion

In our opinion, on the basis of preparation set out in Note 2(a) to the interim consolidated financial statements, the interim consolidated financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 October 2010 and the results, changes in equity and cash flows of the Group for the ten-month period ended on that date, for the purpose of providing information required for the preparation of the proforma interim financial statements of Mclean Technologies Berhad (formerly known as Mclean Technologies Sdn. Bhd.).

The comparative figures for the ten-month period ended 31 October 2010 were based on unaudited management accounts.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 03 NOV 2011

14. ACCOUNTANTS' REPORT (Cont'd)

4

Appendix III (1/4)

Independent auditor's report to the shareholder of Techsin Technologies (S) Pte. Ltd.

We have audited the accompanying financial statements of Techsin Technologies (S) Pte. Ltd., which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 4 November 2009 (the date of incorporation) to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.


Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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FOO KON TAN GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)

5

Appendix III (2/4)

Independent auditor's report to the shareholder of Techsin Technologies (S) Pte. Ltd. (cont'd)

Opinion

In our opinion:

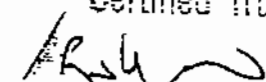
- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2009 and the results, changes in equity and cash flows of the company for the financial period from 4 November 2009 (the date of incorporation) to 31 December 2009; and
- (b) the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 17 MAY 2010

Certified True Copy



FOO KON TAN GRANT THORNTON LLP

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix III (3/4)

2

Independent auditor's report to the shareholder of Techsin Technologies (S) Pte. Ltd.

We have audited the accompanying interim financial statements of Techsin Technologies (S) Pte. Ltd., which comprise the interim statement of financial position as at 31 October 2010, the interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the interim ten-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the interim financial statements

Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

These interim financial statements have been prepared solely for the purpose to provide information required for the preparation of the pro forma interim financial statements of Mclean Technologies Berhad (formerly known as Mclean Technologies Sdn. Bhd.).

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the interim 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements.

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

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix III (4/4)

3

Independent auditor's report to the shareholder of Techsin Technologies (S) Pte. Ltd. (cont'd)

Opinion

In our opinion, on the basis of preparation set out in Note 2(a) to the interim financial statements, the interim financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 October 2010 and the results, changes in equity and cash flows of the company for the ten-month period ended on that date, for the purpose of providing information required for the preparation of the proforma interim financial statements of Mclean Technologies Berhad (formerly known as Mclean Technologies Sdn. Bhd.).



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Singapore, 08 MAR 2011

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix IV (1/4)



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
TECHSIN ELECTRONICS (WUXI) CO., LTD.**

(Incorporated in The People's Republic of China)

Company No: 320200400027197

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 Techsin Electronics (Wuxi) Co., Ltd., 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 36.

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 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.

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix IV (2/4)



Company No: 320200400027197

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 Directors of the Company, as a body. We do not assume responsibility to any other person for the content of this report.



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

Kuala Lumpur
17 May 2010

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix IV (3/4)



**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF
TECHSIN ELECTRONICS (WUXI) CO., LTD.**
(Incorporated in The People's Republic of China)
Company No: 320200400027197

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

Report on the Financial Statements

We have audited the financial statements of Techsin Electronics (Wuxi) Co., Ltd., 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 39.

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 about 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 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 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.

14. ACCOUNTANTS' REPORT (Cont'd)

Appendix IV (4/4)



Company No: 320200400027197

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
8 March 2011

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON

MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

SJ GRANT THORNTON
CHARTERED ACCOUNTANTS
Member of Grant Thornton International

**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED
FINANCIAL INFORMATION**

(Prepared for inclusion in this Prospectus)

Date: 31 March 2011

The Board of Directors
MClean Technologies Berhad
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

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,

**MCLEAN TECHNOLOGIES BERHAD AND ITS SUBSIDIARY COMPANIES
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the Proforma Consolidated Financial Information of MClean Technologies Berhad ("MClean") and its subsidiary companies, (collectively known as "MClean Group") for the financial years ended 31 December 2007 to 2009 and financial period ended 31 October 2010 together with the notes and assumptions thereto as set out in the 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 MClean on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the five (5) years 2011/2016 warrants ("Warrants") of MClean on the Official List of Bursa Securities. The Proforma Consolidated Financial Information have been prepared for illustrative purposes only on the basis of assumptions as set out below and after making certain adjustments to show that:-

- i) the financial results of MClean Group for the financial years ended 31 December 2007 to 2009 and financial period ended 31 October 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years/period being reported on;
- ii) the financial position of MClean Group as at 31 October 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Offer for Sale, Public Issue, Utilisation of Proceeds and Exercise of Warrants; and
- iii) the cash flows of MClean Group for the financial period ended 31 October 2010 would have been if the group structure as at the date of the Prospectus had been in place since the beginning of the financial period ended 31 October 2010.

**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**



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

It is the sole responsibility of the Directors of MClean Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines-Equity and Debt 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 do we 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 comparing 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 MClean 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 MClean 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 Financial Reporting Standards as defined in the Financial Reporting Act 1997 and in manner consistent with both the format of the financial statements and the accounting policies of the MClean Group.

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)




This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,



SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS



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

**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**1. INTRODUCTION**

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of MClean Technologies Berhad and its subsidiary companies for the financial years ended 31 December 2007 to 2009 and financial period ended 31 October 2010 using the bases, the format and the accounting principles consistent with those adopted in the audited consolidated financial statements of MClean Group, after giving effect to the proforma adjustments which are considered appropriate.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

MClean	MClean Technologies Berhad
Magnetronics	Magnetronics Technology Pte Ltd, a subsidiary company of MClean
MClean Singapore	MClean Technologies Pte. Ltd., a subsidiary company of Magnetronics
Techsin Singapore	Techsin Technologies (S) Pte. Ltd., a subsidiary company of MClean
Techsin Wuxi	Techsin Electronics (Wuxi) Co., Ltd., a subsidiary company of Techsin Singapore
Magnetronics Group	Magnetronics and its subsidiary company, namely MClean Singapore
Techsin Singapore Group	Techsin Singapore and its subsidiary company, namely Techsin Wuxi
MClean Group	MClean and its subsidiary companies, namely Magnetronics Group and Techsin Group
TT Wuxi	Techsin Technologies (Wuxi) Co., Ltd.
JCS-Echigo	JCS-Echigo Pte. Ltd.
FYE	Financial year ended 31 December
FPE	Financial period ended 31 December/31 October
RM	Ringgit Malaysia
SGD	Singapore Dollar
USD	United States Dollar
RMB	Renminbi

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15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. FUNCTIONAL CURRENCY AND CONVERSION RATE

The functional currency of MClean Group is as follows:-

<u>Company</u>	<u>Functional currency</u>
MClean	Ringgit Malaysia
Magnetronics Group	Singapore Dollar
Techsin Singapore	Singapore Dollar
Techsin Wuxi	Renminbi

In preparing this report, the Group has converted all figures stated in RMB and SGD into RM base on the following exchange rate, as extracted from www.xe.com:-

	<u>FYE</u> <u>2007</u> RM	<u>FYE</u> <u>2008</u> RM	<u>FYE/FPE</u> <u>2009</u> RM	<u>FPE</u> <u>2010</u> RM
Statement of comprehensive income (average rate)				
- RMB 1	0.4518	0.4826	0.5157	0.4762
- SGD 1	2.2820	2.3678	2.4269	2.3586
Statement of financial position (closing rate)				
- RMB 1	0.4563	0.5081	0.5019	0.4661
- SGD 1	2.3193	2.4124	2.4413	2.4036

The translation from SGD and RMB 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.

4. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

4.1 The Proforma Consolidated Financial Information has been prepared to illustrate that:-

- a) the financial results of MClean Group for the financial years/period ended 31 December 2007 to 2009 and financial period ended 31 October 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years/period being reported on;

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(CONT'D)**

**4. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL
INFORMATION (CONT'D)**

- 4.1 The Proforma Consolidated Financial Information has been prepared to illustrate that (cont'd):-
- b) the financial position of MClean Group as at 31 October 2010 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the Offer for Sale, Public Issue, Utilisation of Proceeds and Exercise of Warrants; and
 - c) the cash flows of MClean Group for the financial period ended 31 October 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the financial period ended 31 October 2010.
- 4.2 For illustrative purposes, it was assumed that the acquisitions of Magnetronics Group and Teehsin Singapore Group by MClean which were completed during the financial period ended 31 October 2010 took place prior to 1 January 2007 in arriving at the proforma consolidated financial results for the financial years/period ended 31 December 2007 to 2009 and financial period ended 31 October 2010.
- 4.3 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 results, financial position and cash flows of MClean Group.
- 4.4 The audited financial statements of MClean and its subsidiary companies for the financial years/period ended 31 December 2007 to 2009 and financial period ended 31 October 2010 were prepared in accordance with Financial Reporting Standards as defined in the Financial Reporting Act 1997.
- 4.5 The auditors' reports on the respective financial statements included in this report, where applicable, were not subject to any qualifications or modifications.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Proforma Consolidated Statements of Comprehensive Income of MClean Group for the past three (3) financial years/period ended 31 December 2007 to 31 December 2009 and financial period ended 31 October 2010 are provided for illustrative purposes based on the audited financial statements of MClean Group assuming that MClean Group has been in existence throughout the financial years/period under review. Adjustments were made to the Proforma Statements of Comprehensive Income to account for retrospective effects of the acquisitions of Magnetronics Group and Techsin Singapore Group which were completed during the financial period ended 31 October 2010.

Year/Period ended	31/12/2007 RM	31/12/2008 RM	31/12/2009 RM	@31/10/2009 RM	31/10/2010 RM
Revenue	27,279,063	25,663,790	25,305,373	18,470,286	29,575,798
Gross profit	9,776,878	5,582,260	8,990,091	3,994,458	13,673,749
Other income	436,168	1,168,186	1,194,708	1,012,784	2,051,636
Profit before amortisation, depreciation, interest expenses and taxation	4,746,619	44,167	4,520,212	1,657,086	8,247,213
Amortisation	-	-	-	-	-
Depreciation	(2,100,458)	(2,225,143)	(2,191,081)	(1,798,750)	(1,668,266)
Interest expenses	(335,321)	(272,361)	(44,331)	(43,117)	(14,010)
Profit/(Loss) before taxation but after amortisation, depreciation and interest expenses	2,310,840	(2,453,337)	2,284,800	(184,781)	6,564,937
Taxation	(662,921)	273,808	(377,002)	(405,288)	(665,597)
Profit/(Loss) after taxation	1,647,919	(2,179,529)	1,907,798	(590,069)	5,899,340
Gross profit margin (%)	35.84	21.75	35.53	21.63	46.23
Pre-tax profit/(loss) margin (%)	8.47	(9.56)	9.03	(1.00)	22.20
Profit/(Loss) after tax margin (%)	6.04	(8.49)	7.54	(3.19)	19.95
Number of ordinary shares of RM0.25 each assumed to be issued#	102,000,000	102,000,000	102,000,000	102,000,000	102,000,000
Gross earnings/(loss) per share ["EPS"/ ("LPS")] (sen)	2.27	(2.41)	2.24	(0.22)^	7.72^
Net EPS/ (LPS) (sen)	1.62	(2.14)	1.87	(0.69)^	6.94^

Based on enlarged share capital of 102,000,000 ordinary shares.

@ The Consolidated Statement of Comprehensive Income for the FPE 2009 is unaudited and is included for comparison purposes only.

^ Annualised to 12 months for comparison purposes.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(i) PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(CONT'D)**

1. The Proforma Consolidated Statement of Comprehensive Income have been prepared based on the audited financial statements of MClean, Magnetronics Group, Techsin Singapore and Teehsin Wuxi for the past three (3) financial years/period ended 31 December 2007 to 2009 and financial period ended 31 October 2010.
2. There were no exceptional items in all the financial years/period under review.
3. MClean Group's results have been restated through appropriate consolidation adjustments to eliminate the inter-company transactions under the existing group structure.

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15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of MClean 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 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 October 2010.

	Note	At 31 October 2010 RM	Proforma I RM	Proforma II RM	Proforma III RM
SHARE CAPITAL	7	25,500,000	29,350,000	29,350,000	44,025,000
SHARE PREMIUM	8	-	4,158,000	3,542,743	24,784,443
CURRENCY FLUCTUATION RESERVE	9	487,068	487,068	487,068	487,068
MERGER DEFICIT	10	(22,246,256)	(22,246,256)	(22,246,256)	(22,246,256)
WARRANT RESERVE	11	4,692,000	5,392,700	5,392,700	-
UNAPPROPRIATED PROFIT	12	10,449,631	9,748,931	8,021,188	8,021,188
Total shareholders' equity		18,882,443	26,890,443	24,547,443	55,071,443
NON-CURRENT LIABILITY					
Deferred taxation	13	797,995	797,995	797,995	797,995
		19,680,438	27,688,438	25,345,438	55,869,438
Represented by:-					
NON-CURRENT ASSETS					
Property, plant and equipment	14	11,191,474	11,191,474	13,591,474	13,591,474
Development cost	15	597,789	597,789	597,789	597,789
		11,789,263	11,789,263	14,189,263	14,189,263
Total non-current assets	9				

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

Stamped for the purpose of identification on:

31 MAR 2011

SJ Grant Thornton

(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The Proforma Consolidated Statements of Financial Position of MClean 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 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 October 2010 (cont'd).

	Note	At 31 October 2010 RM	Proforma I RM	Proforma II RM	Proforma III RM
CURRENT ASSETS					
Inventories	16	664,913	664,913	664,913	664,913
Receivables	17	8,453,323	8,453,323	8,453,323	8,453,323
Amount due from a related party	18	333,620	333,620	333,620	333,620
Fixed deposits with a licensed bank	19	191,997	191,997	191,997	191,997
Cash and bank balances	20	3,831,472	11,839,472	7,096,472	37,620,472
Total current assets		13,475,325	21,483,325	16,740,325	47,264,325
CURRENT LIABILITIES					
Payables	21	4,562,580	4,562,580	4,562,580	4,562,580
Amount due to a director	22	280,363	280,363	280,363	280,363
Amount due to a corporate shareholder	23	52,110	52,110	52,110	52,110
Bank overdraft	24	23,144	23,144	23,144	23,144
Tax payables	25	665,953	665,953	665,953	665,953
Total current liabilities		5,584,150	5,584,150	5,584,150	5,584,150
NET CURRENT ASSETS		7,891,175	15,899,175	11,156,175	41,680,175
		19,680,438	27,688,438	25,345,438	55,869,438
	10				
	413				

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
 (Company No: 893631-T)
 (Incorporated in Malaysia)
 AND ITS SUBSIDIARY COMPANIES

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31 MAR 2011

SJ Grant Thornton

(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

The Proforma Consolidated Statements of Financial Position of MClean 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 2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 October 2010 (cont'd).

	Note	At 31 October 2010	Proforma I	Proforma II	Proforma III
Number of ordinary shares in issue	7	102,000,000	117,400,000	117,400,000	176,100,000
Number of warrant in issue	11	-	58,700,000	58,700,000	-
NET ASSETS PER ORDINARY SHARE OF: - RM0.25 each (RM)	26	0.19	0.23	0.21	0.31
NET TANGIBLE ASSETS PER ORDINARY SHARE OF: - RM0.25 each (RM)	26	0.18	0.22	0.20	0.31

**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION**

1. INTRODUCTION

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited statement of financial position of MClean Group as at 31 October 2010. The consolidated financial statements MClean Group were prepared in a manner similar to the "pooling of interest" method under the Flotation Exercise. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidary relationships were not established, other than Techsin Wuxi is accounted for under the acquisition method.

**2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

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

(i) Offer for Sale

The offerors will implement an offer for sale of 11,050,000 existing MClean Shares together with 5,525,000 Free Warrants on the basis of one (1) Free Warrant for every two (2) existing MClean Shares at an offer price of RM0.52 to identified investors, subject to terms and conditions contained in Prospectus.

Offer for Sale would not have impact on the proforma.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

**2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (CONT'D)**

(ii) Proforma I : Public Issue

Assumed Public Issue of 15,400,000 new MClean Shares with 7,700,000 Free Warrants to be allotted on the basis of one (1) Free Warrants for every two (2) New MClean Shares at an issue price of RM0.52 per MClean Share.

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

(a) General public

2,700,000 of MClean Shares representing 2.30% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by the General public;

(b) Business associates of the MClean Group

4,100,000 of MClean Shares representing 3.49% of the enlarged issued and paid-up share capital after the Public Issue will be made available to the businesses associates of the MClean Group; and

(c) Private placement

8,600,000 of MClean Shares representing 7.33% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by way of private placement to identified investors.

(iii) Proforma II : Utilisation of Proceeds from Public Issue

After Proforma I and assumed MClean seeks a listing and quotation for the entire enlarged issued and paid-up share capital of MClean comprising 117,400,000 MClean Shares on the ACE Market of Bursa Securities and 58,700,000 Warrants on Bursa Securities.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

**2. EFFECTS ON THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (CONT'D)**

(iii) Proforma II : Utilisation of Proceeds from Public Issue (cont'd)

The gross proceeds arising from the Public Issue amounting to RM8,008,000 are expected to be fully utilised for the core business of MClean Group in the following manner:-

	RM
Capital expenditure	2,400,000
Working capital	3,265,000
Estimated listing expenses	2,343,000
	<hr/>
	8,008,000
	<hr/>

The listing expenses are estimated at RM2,343,000. The listing expenses relating to the Flotation Exercise of RM615,257 are charged to share premium account. The balance of RM1,727,743 is charged to profit or loss. For the purpose of this proforma, these expenses are assumed to be settled using the proceeds from the Public Issue.

(iv) Proforma III : Exercise of Warrants

Proforma III incorporates the effect in Proforma II and the effects of the full exercise of the Warrants at an exercise price of RM0.52.

Stamped for the purpose of identification on:

31 MAR 2011

SJ Grant Thornton

**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

**3. BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**

The Proforma Statements of Financial Position have been prepared based on the audited statement of financial position of MClean, Magnetronics Group, Techsin Singapore and Techsin Wuxi as at 31 October 2010. The Proforma Consolidated Statements of Financial Position are prepared for illustrative purposes only, to show the effects of all the transactions stated in Note 2 to the Proforma Consolidated Statements of Financial Position.

4. FINANCIAL RISK MANAGEMENT POLICIES

Kindly refer to Section 6.2 of the Accountants' Report.

5. SIGNIFICANT ACCOUNTING POLICIES

The Proforma Consolidated Statements of Financial Position have been prepared using the bases and the accounting principles consistent with those adopted on the audited financial statements as stated in Section 6.4 of the Accountants' Report.

6. SCHEME

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

(i) Offer for Sale

The Offerors will implement an offer for sale for 11,050,000 existing MClean Shares together with 5,525,000 Free Warrants on the basis of one (1) Free Warrant for every two (2) existing MClean Shares at an offer price of RM0.52 to identified investors, subject to terms and conditions contained in Prospectus.

(ii) Public Issue

Public Issue of 15,400,000 new MClean Shares with 7,700,000 Free Warrants to be allotted on the basis of one (1) Free Warrants for every two (2) New MClean Shares at an issue price of RM0.52 per MClean Share.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
(Company No: 893631-T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES**

**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

6. SCHEME (CONT'D)

(ii) Public Issue (cont'd)

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

(a) General public

2,700,000 of MClean Shares representing 2.30% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by the General public;

(b) Business associates of the MClean Group

4,100,000 of MClean Shares representing 3.49% of the enlarged issued and paid-up share capital after the Public Issue will be made available to the business associates of the MClean Group; and

(c) Private placement

8,600,000 of MClean Shares representing 7.33% of the enlarged issued and paid-up share capital after the Public Issue will be made available for application by way of private placement to identified investors.

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

In conjunction with the Flotation Exercise, MClean seeks the listing of and quotation for the entire enlarged issued and paid-up share capital of MClean comprising 117,400,000 MClean Shares on the ACE Market of Bursa Securities and 58,700,000 Warrants on Bursa Securities.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**
**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**
6. SCHEME (CONT'D)
(iii) Listing and Quotation on the ACE Market of Bursa Securities

The gross proceeds arising from the Public Issue amounting to RM8,008,000 are expected to be fully utilised for the core business of MClean Group in the following manner:-

	RM
Capital expenditure	2,400,000
Working capital	3,265,000
Estimated listing expenses	<u>2,343,000</u>
	<u>8,008,000</u>

The listing expenses are estimated at RM2,343,000. The listing expenses relating to the Flotation Exercise of RM615,257 are charged to share premium account. The balance of RM1,727,743 is charged to profit or loss.

7. SHARE CAPITAL

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

	Number of ordinary shares	RM
At 31 October 2010	102,000,000	25,500,000
Public Issue	<u>15,400,000</u>	<u>3,850,000</u>
As per Proforma I to II	117,400,000	29,350,000
Exercise of Warrants	<u>58,700,000</u>	<u>14,675,000</u>
Proforma III	<u>176,100,000</u>	<u>44,025,000</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
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**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

8. SHARE PREMIUM

The movement of share premium account is as follows:-

	RM
At 31 October 2010	-
Public Issue	<u>4,158,000</u>
Proforma I	4,158,000
Estimated listing expenses	<u>(615,257)</u>
Proforma II	3,542,743
Exercise of Warrants	15,849,000
Transfer from warrant reserve account	<u>5,392,700</u>
Proforma III	<u>24,784,443</u>

This is non-distributable reserve.

9. CURRENCY FLUCTUATION RESERVE

The movement of currency fluctuation reserve account is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>487,068</u>

This is non-distributable reserve.

10. MERGER DEFICIT

The movement of merger deficit account is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>(22,246,256)</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**
**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**
11. WARRANT RESERVE

Fair value of the warrant, RM0.091 during public issue is derive based on the following assumptions:-

Valuation model	Trinomial
Volatility based on	Trading and services sector listed on ACE Market
Tenure	5 years
Conversion price	RM0.52
Volatility rate	0.97%
Risk free rate	3.84%
Cut-off date	15 March 2011
Period of volatility assessment	Volatility of trading and services sector listed on ACE Market for the past 5 years
Fair value per warrant (RM)	0.091
Number of Warrants	58,700,000
Warrant Reserve (RM)	5,392,700

The actual quantum of warrant reserve will only be determined upon issuance of the Warrants. As such, the actual quantum may differ from the amount computed above.

The movement of warrant reserve is as follows:-

	Number of warrants	RM
At 31 October 2010	51,000,000	4,692,000
Public issue	7,700,000	700,700
Proforma I to II	58,700,000	5,392,700
Exercise of Warrants - transfer to share premium account	(58,700,000)	(5,392,700)
Proforma III	-	-

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

12. UNAPPROPRIATED PROFIT

The movement of the unappropriated profit is as follows:-

	RM
At 31 October 2010	10,449,631
Public issue – fair value of warrants	<u>(700,700)</u>
Proforma I	9,748,931
Estimated listing expenses	<u>(1,727,743)</u>
Proforma II to III	<u>8,021,188</u>

13. DEFERRED TAXATION

The movement of deferred taxation account is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>797,995</u>
The balance represents tax on the following temporary differences:-	
Excess of net carrying amount over tax written down value of qualifying property, plant and equipment	788,381
Others	<u>9,614</u>
Proforma I to III	<u>797,995</u>

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15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

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

Proforma Group	Computer RM	Plant, equipment and cassettes RM	Office equipment, electric fitting, furniture and fitting RM	Work-in- progress RM	Motor vehicle RM	Renovation RM	Electric equipment RM	Total RM
Cost								
At 31 October 2010/ Proforma I	151,816	14,064,396	4,037,841	419,490	41,949	2,029,971	41,538	20,787,001
Utilisation of listing proceeds	-	2,400,000	-	-	-	-	-	2,400,000
Proforma II to III	151,816	16,464,396	4,037,841	419,490	41,949	2,029,971	41,538	23,187,001

15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

MCLEAN TECHNOLOGIES BERHAD
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(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The movement of property, plant and equipment is as follows (cont'd):-

	Computer RM	Plant, equipment and cassettes RM	Office equipment, electric fitting, furniture and fitting RM	Work-in- progress RM	Motor vehicle RM	Renovation RM	Electric equipment RM	Total RM
At 31 October 2010/ Proforma I to III	131,573	6,944,131	1,263,202	-	10,417	1,226,329	19,875	9,595,527
Net carrying amount At 31 October 2010/ Proforma I	20,243	7,120,265	2,774,639	419,490	31,532	803,642	21,663	11,191,474
Utilisation of listing proceeds	-	2,400,000	-	-	-	-	-	2,400,000
Proforma II to III	20,243	9,520,265	2,774,639	419,490	31,532	803,642	21,663	13,591,474

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
ACCOUNTANTS' LETTER THEREON (Cont'd)**

**MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

15. DEVELOPMENT COST

The movement of development cost is as follows:-

RM

At costs:-

At 31 October 2010/Proforma I to III

597,789

Development cost relates to the development of new cleaning techniques to penetrate new customers.

16. INVENTORIES

The movement of inventories is as follows:-

RM

At costs:-

Finished goods

141,753

Raw material

371,443

Good-in-transit

254,032

Work-in-progress

22,033

789,261

Less: Allowance for slow moving inventories

(124,348)

At 31 October 2010/Proforma I to III

664,913

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

17. RECEIVABLES

The movement of receivables is as follows:-

	RM
At 31 October 2010/ Proforma I to III	<u>8,453,323</u>
<u>Details:-</u>	
Trade receivables	<u>7,650,503</u>
Less: Impairment on doubtful receivables	
Brought forward	864,415
Additions	12,869
Written off	(29,023)
No longer required	(475,008)
Currency translation differences	<u>(22,719)</u>
Carried forward	<u>350,534</u>
Total trade receivables	<u>7,299,969</u>
Non-trade receivables	708,583
Deposits	288,621
Amount due from a company in which a Director has interest	12,713
Amount due from Directors	26,632
Prepayment	4,259
Prepayment of listing expenses	18,115
Advance to suppliers	<u>94,431</u>
Total other receivables	<u>1,153,354</u>
Total receivables	<u>8,453,323</u>

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

Included in trade receivables is an amount of RM55,756 due from a related party.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

17. RECEIVABLES (CONT'D)

The amount due from a Company in which a Director has interest is unsecured, bears no interest and repayment upon demand. Amount due from Directors relates to advances for business purposes.

Receivables are denominated in the following currencies:-

	RM
SGD	4,068,518
USD	2,362,129
RMB	<u>2,022,676</u>
Total	<u>8,453,323</u>

18. AMOUNT DUE FROM A RELATED PARTY

The movement of amount due from a related party is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>333,620</u>

The amount due from a related party being deposit paid for purchase of machinery.

The entire amount due from related parties is denominated in SGD.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

19. FIXED DEPOSITS WITH A LICENSED BANK

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

	RM
At 31 October 2010/Proforma I to III	<u>191,997</u>

The fixed deposits are pledged to a financial institution for providing hire purchase facilities.

The entire fixed deposits with a licensed bank are denominated in SGD.

20. CASH AND BANK BALANCES

The movement of cash and bank balances is as follows:-

	RM
At 31 October 2010	3,831,472
Public issue	<u>8,008,000</u>
Proforma I	11,839,472
Utilisation of Proceeds	
-Capital expenditure	(2,400,000)
-Estimated listing expenses	<u>(2,343,000)</u>
Proforma II	7,096,472
Exercise of Warrants	<u>30,524,000</u>
Proforma III	<u>37,620,472</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**MCLEAN TECHNOLOGIES BERHAD
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

20. CASH AND BANK BALANCES (CONT'D)

Cash and bank balances are denominated in the following currencies:-

	RM
SGD	2,992,789
USD	633,399
RMB	205,282
RM (assumed net proceeds received from Public Issue and Exercise of Warrants)	<u>33,789,002</u>
Total	<u>37,620,472</u>

21. PAYABLES

The movement of payables is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>4,562,580</u>
<u>Details:-</u>	
Trade payables	2,366,097
Advance received	91,583
Non-trade payables	151,765
Accruals of expenses	1,128,534
GST and value-added tax payables	125,451
Amount due to a company in which directors have interest	<u>699,150</u>
	<u>4,562,580</u>

The normal trade credit terms granted by the trade payables ranging from 30 days to 120 days.

Included in trade payables is an amount of RM2,750 due to related parties.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

21. PAYABLES (CONT'D)

The amount due to a company in which certain directors have interest is unsecured, bears no interest and repayable upon demand.

Payables are denominated in the following currencies:-

	RM
SGD	1,914,749
USD	220,420
RMB	2,417,400
RM	10,011
	<hr/>
Total	4,562,580
	<hr/>

22. AMOUNT DUE TO A DIRECTOR

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

	RM
At 31 October 2010/Proforma I to III	280,363
	<hr/>

The amount due to a director is unsecured, bears no interest and repayable upon demand.

The entire amount due to a director is denominated in RMB.

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

23. AMOUNT DUE TO A CORPORATE SHAREHOLDER

The movement of amount due to a corporate shareholder is as follows:-

	RM
At 31 October 2010/ Proforma I to III	<u>52,110</u>

The amount owing to a corporate shareholder relates to deposit payable for rental premises.

The entire amount due to a corporate shareholder is denominated in SGD.

24. BANK OVERDRAFT

The movement of bank overdraft is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>23,144</u>

The entire bank overdraft is denominated in SGD.

25. TAX PAYABLES

The movement of tax payables is as follows:-

	RM
At 31 October 2010/Proforma I to III	<u>665,953</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**(ii) PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

**NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION (CONT'D)**

26. NET ASSETS AND NET TANGIBLE ASSETS PER ORDINARY SHARE

Based on the Proforma Consolidated Statements of Financial Position of MClean Group as at 31 October 2010, the proforma net assets ("NA") and net tangible assets ("NTA") per share are calculated as follows:-

Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	<u>55,071,443</u>
Proforma NTA as per Proforma Consolidated Statement of Financial Position (RM)	<u>54,473,654</u>
Total number of fully issued and paid-up ordinary share of RM0.25 each	<u>176,100,000</u>
Proforma NA per MClean Share (RM)	<u>0.31</u>
Proforma NTA per MClean Share (RM)	<u>0.31</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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MCLEAN TECHNOLOGIES BERHAD
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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the Proforma Consolidated Statement of Cash Flows of MClean Group prepared for illustrative purpose based on the audited financial statements of MClean, Magnetronics Group, Techsin Singapore and Techsin Wuxi for the FPE 2010 assuming that Group has been in existence throughout the financial period under review.

Period ended	31/10/2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	6,564,937
Adjustments for:-	
Depreciation of property, plant and equipment	1,673,549
Allowance for slow moving inventories	17,322
Unrealised gain on foreign exchange	(12,503)
Interest expenses	14,010
Interest income	(1,755)
Waiver of debts	(888,418)
Operating profit before working capital changes	7,367,142
Changes in working capital:-	
Inventories	(304,518)
Receivables	(722,936)
Payables	(1,997,420)
Cash generated from operations	4,342,268
Interest paid	(14,010)
Tax refund	46,854
Net cash generated from operating activities	4,375,112
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	
- working capital	(709,725)
- utilisation of listing proceeds	(2,400,000)
Development cost incurred	(610,743)
Fixed deposit subject to restriction	(1,031)
Interest received	1,755
Net cash used in investing activities	(3,719,744)

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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**MCLEAN TECHNOLOGIES BERHAD
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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Period ended	31/10/2010 RM
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of finance creditors	(355,686)
Proceeds from issuance of shares	2
Proceeds from exercise of warrants	30,524,000
Proceeds from public issue	8,008,000
Payment of estimated listing expenses	(2,343,000)
Repayment to director	(45,005)
Advances from related company	446,464
Repayment to former holding company of Techsin Wuxi	(917,558)
Net cash from financing activities	<u>35,317,217</u>
CASH AND CASH EQUIVALENTS	
Net changes	35,972,585
Brought forward	1,626,941
Effect of exchange translation differences on cash and cash equivalents	<u>(2,198)</u>
Carried forward	<u>37,597,328</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:-	
Cash and bank balances	37,620,472
Bank overdraft	<u>(23,144)</u>
	<u>37,597,328</u>

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**15. PROFORMA CONSOLIDATED FINANCIAL INFORMATION AND REPORTING
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(iii) PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited financial statements of MClean, Magnetronics Group, Techsin Singapore and Techsin Wuxi for the financial period ended 31 October 2010, with the assumption that Public Issue, Utilisation of Proceeds from Public Issue and Exercise of Warrants have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited financial statements of MClean Group.

←———— end of report —————→

16. DIRECTORS' REPORT



MClean

Date: 08 APR 2011

The Shareholders of
MClean Technologies Berhad
10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

Dear Sir/ Madam,

On behalf of the Board of Directors of MClean Technologies Berhad ("MClean" or the "Company"), I report after due enquiry that during the period from 31 October 2010 (being the date of the last audited financial statements of MClean and its subsidiaries were made) to 08 APR 2011 (being a date not earlier than fourteen (14) days before the issuance of this Prospectus):-

- (a) the business of our Company and our subsidiaries ("Group") have, in the opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of our Directors, no circumstances have arisen subsequent to the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Company or any of our subsidiaries within the Group;
- (c) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantee or indemnity given by our Company or any of our subsidiary companies;
- (e) since 31 October 2010, being the last audited financial statements of our Group, we are not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing of our Group; and
- (f) there have been, since the last audited financial statements of the Company, no material change in the published reserves or any unusual factor affecting the profits of our Group.

Yours faithfully,
For and on behalf of the Board of Directors,
MClean Technologies Berhad

Chow Kok Meng, Bert
Executive Director / Chief Executive Officer

MCLEAN TECHNOLOGIES BERHAD

c/o 10th Floor, Menara Hap Seng, No. 1& 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: +603 2382 4288 Fax: +603 2382 4170

17. ADDITIONAL INFORMATION

17.1 SHARE CAPITAL

- (i) No securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) As at the date of this Prospectus, we only have 1 class of shares, namely ordinary shares of RM0.25 each, all of which rank *pari passu* with one another. In conjunction with the Public Issue, another class of securities, namely the Warrants shall be issued and allotted, details of which are set out in Section 3.4(b) and 3.5 of this Prospectus.
- (iii) As at the date of this Prospectus, there is no scheme for or involving our employees in the capital of our Group.
- (iv) Save as disclosed in Sections 5.2, 5.3 and 5.5 of this Prospectus, no shares, debentures, outstanding options, convertible debt securities or uncalled capital of our Company and/or our subsidiaries have been or are proposed to be issued as partly or fully paid-up for cash or otherwise than for cash, within the two (2) years preceding the date of this Prospectus.
- (v) There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities in general save for compliance with applicable Malaysian law and / or the Memorandum and Articles of Association of our Company.

17.2 ARTICLES OF ASSOCIATION

Please refer to Section 9.3.4 of this Prospectus for the relevant Articles of Association relating to remunerations, voting and borrowing powers of our Directors. The following provisions are relating to the transfer of securities and changes in capital and variation of class rights as reproduced from our Articles of Association. The words and expressions appearing in the following provisions shall bear the same meaning used in the Articles unless they are otherwise defined here or the context otherwise requires:

(a) Transfer of Shares

Article 21

Subject to the provisions of the Central Depositories Act and the Rules, the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities. Subject to these Articles, the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid shares except where required by law.

Article 22

No share shall in any circumstances be transferred or transmitted to any infant, bankrupt or person of unsound mind or a person who is insolvent or to a partnership or an unincorporated body.

17. ADDITIONAL INFORMATION (Cont'd)

Article 23

The registration of transfers of any Security which is not a Deposited Security may be suspended at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. The Company may require the Bursa Depository to suspend the trading of shares that are Deposited Securities at such time and for such period as the Directors may determine and upon giving notice to the Bursa Securities. Such notice shall state the book closing date, which shall be at least ten (10) Market Days (or such other period as prescribed by the Bursa Securities or any relevant governing laws and/or guidelines) after the date of notification to the Bursa Securities, and the address of share registry at which documents will be accepted for registration. At least three (3) Market Days prior notice shall be given to the Bursa Depository to enable the Bursa Depository to prepare the appropriate Record of Depositors.

Article 24

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property and/or title in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

(b) Alteration of Capital**Article 40**

The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

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17. ADDITIONAL INFORMATION (Cont'd)

Article 41

- (a) Subject to any direction to the contrary that may be given by the Company in a general meeting, all new shares or other convertible securities, shall before issue, be offered to such persons as at the date of offer are entitled to receive notices from the Company of the general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer if not accepted will be deemed to be declined, and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may, likewise also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors be conveniently offered under this Article.
- (b) Notwithstanding the foregoing and subject to the Act, the Company may apply to the Bursa Securities for waiver of convening an extraordinary general meeting to obtain shareholders' approval for further issue of shares (other than bonus or rights issue) where the aggregate issues of which during the preceding twelve (12) months in any one (1) financial year do not exceed ten per cent (10%) of the issued capital and where in accordance with the provisions of Section 132D of the Act, there is still in effect a resolution approving the issue of shares by the Company.

Article 42

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of the calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 43

The Company may by ordinary resolution:-

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act, and so that as between the resulting shares, one (1) 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, capital, voting or otherwise over the others or any other of such shares or subject to such restrictions, limitations or liabilities over the other shares; or
- (c) cancel any shares not taken or agreed to be taken by any person or which shall have been forfeited; or

17. ADDITIONAL INFORMATION (Cont'd)

- (d) subject to these Articles and the Act, convert any class of shares into any other class of shares.

Article 44

- (a) The Company may by special resolution reduce its share capital and any capital redemption reserve fund in any manner authorised and subject to any conditions prescribed by the Act and the Listing Requirements.
- (b) The Company may reduce its issued share capital by the cancellation of shares purchased by the Company and the amount by which the Company's issued capital is diminished shall be transferred to the capital redemption reserve in accordance with Section 67A of the Act and the Listing Requirements.

17.3 MATERIAL CONTRACTS

Save as disclosed below, there are no contracts which are material (including contracts not reduced into writing and contracts not being entered into in the ordinary course of business) that have been entered into by our Group within the two (2) years immediately prior to the Latest Practicable Date:-

MClean

- (i) Sponsorship Agreement dated 4 April 2011 between us and KIBB for the sponsorship of our Company pursuant to our Listing for RM200,000 per annum commencing from the date of our admission to the Official List of Bursa Securities up to the end of the FYE 2012;
- (ii) Underwriting Agreement dated 4 April 2011 between us and the Underwriter, for the underwriting of the 6,800,000 Public Issue Shares (together with the 3,400,000 Public Issue Warrants) made available by way of balloting to the public and made available to the business associates of our Group under the Public Issue for an underwriting commission of two point five percent (2.5%) of the IPO Price;
- (iii) Placement Agreement dated 22 March 2011 between us and the Placement Agent for the placement of 8,600,000 Public Issue Shares (together with the 4,300,000 Public Issue Warrants) for a placement fee of two percent (2.0%) of the IPO Price;
- (iv) Placement Management Agreement dated 22 March 2011 between us and the Placement Agent for the management of the private placement exercise in respect of the Public Issue Shares for a placement management fee of zero point five percent (0.5%) of the IPO Price; and
- (v) Share Sale Agreements dated 11 October 2010 entered into between our Company, Jason Yeo, Bert Chow, Yeo Seow Lai and SinCo Technologies pursuant to the Acquisitions.

17. ADDITIONAL INFORMATION (Cont'd)**MClean Singapore**

- (i) Letter of Offer dated 17 December 2010 issued by DBS Trustee Limited (as trustee of Mapletree Industrial Trust) as the landlord to MClean Singapore, as the tenant for the lease of the property at No. 2 Woodlands Sector 1 #01-29 Singapore 738068 for a consideration of SGD19,384.80 per month for a period of 3 years commencing from 1 May 2011 and ending on 30 April 2014;
- (ii) Office Space Tenancy Agreement dated 1 October 2009 between MClean Singapore and DMC Technologies Pte Ltd, as the tenant for the sub-lease of the property at 3rd floor of No. 2 Woodlands Sector 1 #01-22 Singapore 738068 as office space for a consideration of SGD700 per month for a period of 1 year. Upon the expiry of the sub-lease on 31 September 2010, the sub-lease was not subsequently renewed;
- (iii) Warehousing and Logistics Support Service Agreement dated 1 September 2009 between MClean Singapore and SinCo Technologies for the provision of warehousing and logistics support services to SinCo Technologies at the 2nd floor of No.2 Woodlands Sector 1 #01-22 Singapore 738068 for a consideration of SGD10,840 per month for a period of 3 years;
- (iv) Lease Agreement dated 27 July 2009 between Mapletree Trustee Pte Ltd, trustee of Mapletree Industrial Trust, as the landlord and MClean Singapore, as the tenant for the lease of the property at 2 Woodlands Sector 1 #01-22 Singapore 738068 for a consideration of SGD43,050.42 per month for a period of 3 years;

Techsin Singapore

- (i) Sale and Purchase Agreement dated 4 January 2010 between JCS-Echigo and Techsin Singapore, as supplemented by the subsequent letters / agreements dated 26 April 2010, 1 June 2010, 30 June 2010 and 3 August 2010 for the acquisition of the entire registered capital of Techsin Wuxi by Techsin Singapore for a purchase consideration of SGD2,900,000 to be satisfied entirely by cash ("Techsin Wuxi Acquisition Agreement");
- (ii) Assumption of Liability Agreement dated 26 April 2010 between JCS-Echigo, Techsin Singapore and Jason Yeo for the assignment of the outstanding purchase consideration of SGD2,400,000 pursuant to the Techsin Wuxi Acquisition Agreement from Techsin Singapore to Jason Yeo ("Assumption of Liability Agreement");
- (iii) Debt Assignment Contract dated 20 April 2010 between Techsin Singapore and JCS-Echigo in respect of the assignment of debt owing by Techsin Wuxi to JCS-Echigo amounting to USD532,061.75 to Techsin Singapore ("Debt Assignment Contract"); and
- (iv) Subscription Agreement dated 26 April 2010 between Techsin Singapore and Jason Yeo for the subscription of 2,400,000 new ordinary shares in Techsin Singapore by Jason Yeo to be satisfied via the offsetting of the obligation of Jason Yeo pursuant to the Assumption of Liability Agreement ("Subscription Agreement").

The Techsin Wuxi Acquisition Agreement, Assumption of Liability Agreement, Debt Assignment Contract and Subscription Agreement are all in relation to the acquisition of Techsin Wuxi by Techsin Singapore from JCS-Echigo.

17. ADDITIONAL INFORMATION (Cont'd)

Techsin Wuxi

- (i) Upon the expiry of the agreement as stated in (vi) below, Techsin Wuxi and Yongjiahe had on 1 January 2011 entered into a separate agreement to extend the provision of maintenance service for moulds of Techsin Wuxi based on the same terms as set out in the Mould Maintenance Agreement from 1 January 2011 to 31 December 2012;
- (ii) Debt Waiver Agreement dated 30 April 2010 between Techsin Wuxi and TT Wuxi for the waiver of debts owed by Techsin Wuxi to TT Wuxi as at 30 April 2010 amounting to RMB1,865,639.76 in aggregate;
- (iii) Assets Transfer Agreement dated 24 December 2009 between Fujikura (藤仓电子(无锡)有限公司) and Techsin Wuxi for the transfer of certain office and manufacturing equipments from Fujikura to Techsin Wuxi for an aggregate consideration of RMB900,000; and
- (iv) Standard Plant Lease Agreement dated 24 December 2009 between Techsin Wuxi (as the lessee) and Wuxi Xufeng Premise Management Co., Ltd. (无锡叙丰物业管理有限公司) (as the lessor) for the plant located at No. 83-C Land, New & High Technology Development District of Wuxi City, Jiangsu Province, PRC for a rental of RMB90,997 per month;
- (v) Standard Plant Lease Agreement dated 10 February 2009 between Techsin Wuxi (as the lessee) and Wuxi New Area Mei Village Industrial Centralisation Area Management Committee (无锡新区梅村工业集中区管理委员会) (as the lessor) for the No. 8 standard plant, located at No. B61 Land, New & High Technology Development District of Wuxi City, Jiangsu Province, PRC, for a rental of RMB 9 per square meter (or RMB 36,000) per month for the first (1st) year of lease, RMB 11 per square meter (or RMB 44,000) per month for the second (2nd) year of lease, and RMB 12 per square meter (or RMB 48,000) per month for the third (3rd) year of lease;
- (vi) Mould Maintenance Agreement between Techsin Wuxi and Wuxi Yongjiahe Precision Moulding Co., Ltd. (无锡市永佳和精密模具厂) ("Yongjiahe") dated 18 January 2009 for the provision of maintenance service for moulds of Techsin Wuxi from 1 January 2009 to 31 December 2010 to be settled by way of the transfer of the usage right of 435 square meters of the No. 8 standard plant to Yongjiahe by Techsin Wuxi;
- (vii) Assets Transfer Agreement dated 25 December 2008 with Jianyang JCS, pursuant to which Techsin Wuxi acquired certain office and manufacturing equipments for an aggregate consideration of RMB2,123,463.80 (including value added tax).
- (viii) Loan Agreement dated 25 August 2008 between Techsin Wuxi and Jianyang JCS (建阳佳士自动化科技有限公司) whereby Jianyang JCS agreed to lend RMB1,500,000 to Techsin Wuxi for production and business development for a tenure of 3 years interest-free, repayable within 6 months from the expiry of the tenure;

17. ADDITIONAL INFORMATION (Cont'd)**Others**

- (i) Non-Competition Agreement dated 10 November 2010 between Jason Yeo, Magnetronics, MClean Singapore, Techsin Singapore, Techsin Wuxi and MClean; and
- (ii) Non-Competition Agreement dated 10 November 2010 between Bert Chow, Magnetronics, MClean Singapore, Techsin Singapore, Techsin Wuxi and MClean.

17.4 MATERIAL LITIGATION, CLAIMS OR ARBITRATION

Neither we nor our subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which may have a material effect on our Group's financial position and our Directors do not have any knowledge of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of our Group as the Latest Practicable Date.

17.5 GOVERNMENTAL LAW, DECREE, REGULATION OR OTHER REQUIREMENT

Please refer to Section 7 of the Prospectus for the relevant governmental law, decree, regulation, or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

17.6 PUBLIC TAKE-OVER OFFERS

None of the following has occurred in the last financial year and/or the current financial year up to the date of this Prospectus:-

- (i) Public take-over offers by third parties for the shares of our Company or any of our subsidiary companies; or
- (ii) Public take-over offers by our Company or any of our subsidiary companies for other companies' shares.

17.7 CONSENTS

The written consents of the Adviser, Sponsor, Placement Agent and Underwriter, Auditors of our Singapore-incorporated subsidiaries, Solicitors, Principal Banker, Share Registrar, Issuing House and Company Secretaries to the inclusion in this Prospectus of their names and all references thereto in the manner, form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report, the Proforma Consolidated Financial Information of MClean and its letter thereon, and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

17. ADDITIONAL INFORMATION (Cont'd)

The written consent of the Independent Market Research Consultant to the inclusion in this Prospectus of its name and the IMR Report and all references thereto in the manner, form and context in which they appear in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

17.8 RESPONSIBILITY STATEMENT

Our Directors, Promoters and Offerors have seen and approved this Prospectus 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 statement or other facts the omission of which would make any statement herein false or misleading.

KIBB, being our Adviser and Sponsor, 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 Listing.

17.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Registered Office of our Company or such other places as the SC may determine, during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) the Memorandum and Articles of Association of our Company;
- (ii) the Deed Poll constituting the Warrants;
- (iii) the material contracts as referred to in Section 17.3 of this Prospectus;
- (iv) the service contracts with our Executive Directors as set out in Section 9.2.6 of this Prospectus;
- (v) our Directors' Report referred to in Section 16 of this Prospectus;
- (vi) the Accountants' Report referred to in Section 14 of this Prospectus;
- (vii) the Reporting Accountants' report and letter relating to the proforma consolidated financial information as included in Section 15 of this Prospectus;
- (viii) the Independent Market Research Reports referred to in this Prospectus and the Executive Summary thereof as included in Section 8 of this Prospectus;
- (ix) the letters of consent referred to in Section 17.7 of this Prospectus;
- (x) the audited financial statements of our Company and our subsidiary companies for the last three (3) financial years ended 31 December 2007, 2008 and 2009, preceding the date of this Prospectus; and
- (xi) The latest audited consolidated financial statements of our Company and our subsidiary companies for the FPE 2010.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE

18.1 OPENING AND CLOSING OF APPLICATION

Opening of the application : 10.00 a.m. on 21 April 2011

Closing of the application : 5.00 p.m. on 28 April 2011

or such later date or dates as our Board, Promoters, Offerors and KIBB at their absolute discretion may jointly decide. **Late applications will not be accepted.**

Should the closing date of application be extended, you will be notified of such extension by way of advertisements placed in widely circulated English and Bahasa Malaysia newspapers within Malaysia prior to the original closing date of application for the IPO. Following this, the dates for the balloting, despatch of notices of allotment to successful applicants and the Listing will be extended accordingly.

18.2 ELIGIBILITY

You can only apply for our Shares if you fulfil all the following:-

- (a) You must have a CDS Account. If you do not have a CDS Account, you may open one (1) by contacting any of the ADAs listed in Section 18.12 of this Prospectus;
- (b) Selected foreign investors being allocated the Placement Shares will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent;
- (c) You must be one (1) of the following:-
 - (i) A Malaysian citizen or foreign citizen who is at least eighteen (18) years old as at the closing date of the application with a Malaysian address; or
 - (ii) A corporation / institution incorporated in Malaysia or outside Malaysia and having a correspondence address in Malaysia; or
 - (iii) A superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under eighteen (18) years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in (b)(ii) or (iii) above or the trustees thereof; and

- (d) You are not a director or employee of MIH, our Issuing House or their immediate family members.

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**18.3 METHODS OF APPLICATION**

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

Class of applicants	Application method
Public (for individuals including foreigners)	White Application Form or Electronic Share Application ^(a) or Internet Share Application ^(b)
Public (for non-individuals, e.g. corporations, institutions, etc.)	White Application Form only
Selected investors via private placement	Separate letters / forms delivered to the respective investors
Business associates of the MClean Group	Pink Application Form only

Notes:-

- (a) A surcharge of RM2.50 per Electronic Share Application will be charged by the Participating Financial Institution.
- (b) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (i) Affin Bank Berhad (www.affinOnline.com) - No fee will be charged for application by their account holders;
 - (ii) CIMB Investment Bank Berhad (www.eipocimb.com) - RM2.00 per Internet Share Application via CIMB Bank Berhad or Malayan Banking Berhad;
 - (iii) CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 per Internet Share Application for applicants with CDS Account held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;
 - (iv) Malayan Banking Berhad (www.maybank2u.com.my) - RM1.00 per Internet Share Application;
 - (v) RHB Bank Berhad (www.rhb.com.my) - RM2.50 per Internet Share Application; and
 - (vi) Public Bank Berhad (www.pbcbank.com) - RM2.00 per Internet Share Application.

18.4 PROCEDURES FOR APPLICATION**18.4.1 Procedures for application by way of an Application Form**

The public should follow the following procedures in making their applications:-

Step 1: Obtain application documents

Obtain the White Application Forms together with the Official "A" and "B" envelopes and a copy of this Prospectus. These documents can be obtained subject to availability from the following parties:-

- (a) KIBB;

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) participating organisations of Bursa Securities;
- (c) members of the Association of Banks in Malaysia;
- (d) members of the Malaysian Investment Banking Association; and
- (e) MIH.

Our business associates will be distributed **Pink Application Forms**, letters detailing their allocation and additional letters of instruction. Their application must follow the notes and instructions in the said documents and where relevant, this Prospectus.

Step 2: Read the Prospectus

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the Application Form

Complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions printed on it and in this Prospectus.

(a) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, your name and national registration identity card ("NRIC") number or passport number must be the same as that stated in:-

- (i) your NRIC / passport; or
- (ii) your "Resit Pengenalan Sementara (JPN KP 09)" issued pursuant to Peraturan 5(5), Peraturan-peraturan Pendaftaran Negara 1990; or
- (iii) any valid temporary identity document as issued by the National Registration Department from time to time.

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

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

(b) CDS Account number

You must state your CDS Account number in the space provided in the Application Form. Invalid, nominee or third party CDS Accounts will not be accepted.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**(c) Details of payment**

You must state the details of your payment in the appropriate boxes provided in the White Application Form.

(d) Number of Shares applied

Your application must be for 100 Shares or multiples thereof.

Step 4: Prepare appropriate form of payment (applicable to Public)

Prepare the correct form of payment in RM for the FULL amount payable for the IPO Shares based on the Issue Price of RM0.52 per IPO Share.

Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-

- (a) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
- (b) money order or postal order (for applicants from Sabah and Sarawak only); or
- (c) Guaranteed Giro Order ("GGO") from Bank Simpanan Nasional Malaysia Berhad; or
- (d) ATM statement obtained only from any of the following financial institutions:-
 - Affin Bank Berhad; or
 - Alliance Bank Malaysia Berhad; or
 - AmBank (M) Berhad; or
 - CIMB Bank Berhad; or
 - EON Bank Berhad; or
 - Hong Leong Bank Berhad; or
 - Malayan Banking Berhad; or
 - Public Bank Berhad; or
 - RHB Bank Berhad,

and must be made out in favour of "MIH SHARE ISSUE ACCOUNT NUMBER: 514" and crossed "A/C PAYEE ONLY" (excluding ATM statements) and endorsed on the reverse side with your name and address.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**Step 5: Finalise application**

Insert the White Application Form with the appropriate payment and a legible photocopy of identification document (NRIC/Resit Pengenalan Sementara (JPN KP 09)" / passport / valid temporary identity document issued by the National Registration Department / authority card / certificate of incorporation) into Official "A" envelope and seal it. Write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/Resit Pengenalan Sementara (JPN KP 09)" / passport / valid temporary identity document issued by the National Registration Department / authority card / certificate of incorporation. Affix a stamp on Official "A" envelope and insert Official "A" envelope into Official "B" envelope.

Step 6: Submit application

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:-

- (a) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)

Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

- (b) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 28 April 2011 or such later date or dates as our Board, Promoters, Offerors and KIBB at their absolute discretion may jointly decide.

No acknowledgement of receipt of the Application Form or application monies will be made.

The Application Forms set out the full instruction for the application of the IPO Shares and the procedures to be followed. The Application Forms together with the notes and instructions shall constitute an integral part of this Prospectus. All applicants are advised to read the Application Forms and the notes and instructions therein carefully. Applications which do not conform strictly to the terms of this Prospectus or the Application Form or notes and instructions or which are illegible may not be accepted at the absolute discretion of our Directors.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

18.4.2 Procedures for application by way of an Electronic Share Application

Application for our Shares by way of Electronic Share Application are only applicable to Malaysian individuals in respect of the IPO Shares made available for application by the Public.

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

- (i) You must have an account with a Participating Financial Institution (as detailed in Section 18.4.2 (b) below) and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You must have a CDS Account; and
- (iii) You may apply for the IPO 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 18.4.2 (c) of the terms and conditions for Electronic Share Applications. You will have to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:-
 - Personal Identification Number (PIN);
 - MIH Share Issue Account Number 514;
 - CDS Account number;
 - Number of Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

(b) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions at 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
- Public Bank Berhad; or

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

(c) Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set forth on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set forth in "**Steps for Electronic Share Application through a Participating Financial Institution's ATMs**" in Section 18.4.2 (a) above. You must complete all the steps and follow the instructions set out on the ATM screen to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant/you" in the terms and conditions for Electronic Share Applications and the Steps shall mean the applicant who applies for the IPO Shares through an ATM of any of the Participating Financial Institutions.

In the case of Electronic Share Applications, you must have a CDS Account to be eligible to utilise the facility.

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

Upon the closing of the offer for the application for the IPO Shares on 28 April 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 IPO Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for the IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application.

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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the following terms and conditions:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (b) You are required to confirm the following statements (by depressing pre-designated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:-
 - You are at least eighteen (18) years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that you are submitting; and
 - You hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

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

- (c) You confirm that you are not applying for the IPO Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- (d) You must have sufficient funds in your bank account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. 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.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of the IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key (or button) on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted to you and to be bound by our Memorandum and Articles of Association.
- (f) MIH, acting under the authority of our Directors, reserve the right to reject or accept any Electronic Share Application in whole or in part only without giving any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (g) If your 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 within two (2) Market Days after the balloting date. If your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest in RM into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. You may check your accounts on the fifth (5th) Market Day from the balloting date.

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest in RM into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successful balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies without interest will be refunded to the applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than ten (10) Market Days from the day of the final ballot of the application list.

If you encounter any problems in your applications, you may refer to the Participating Financial Institutions.

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (h) You request and authorise us:-
 - (i) to credit the IPO Shares allotted or allocated to you into your CDS Account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You, acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communications and computer-related faults and breakdowns, fires and other events which are beyond our control, and the control of MIH, the Participating Financial Institutions or Bursa Depository, irrevocably agrees that if:-
 - (i) we or MIH do/does not receive your Electronic Share Application; or
 - (ii) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or MIH,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, MIH or the Participating Financial Institutions or Bursa Depository for the IPO Shares applied for or for any compensation, loss or damage arising from it.
- (j) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct; and we, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
 - (i) in consideration of our Company making available the Electronic Share Application facility to you, through the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) we, MIH, the Participating Financial Institutions and Bursa Depository shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/ their control;
 - (iii) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation by us or our behalf for prescribed securities, in respect of the said IPO Shares;
 - (iv) you irrevocably authorises Bursa Depository to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the IPO Shares allotted or allocated to you; and
 - (v) you agree that in the event of any legal disputes arising from the use of Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (m) If you are successful in your Electronic Share Application, our Directors reserves the rights to require you to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
 - (n) MIH, on the authority of our Directors, reserves the right to reject applications which do not conform to these instructions.
 - (o) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

18.4.3 Procedures for application by way of an Internet Share Application

Applications for our Shares by way of Internet Share Application are only applicable to Malaysian individuals in respect of the IPO Shares made available for application by the Public.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the Internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Step 1: Set up of account

Before making an application by way of Internet Share Application, you must have all of the following:-

- (a) an existing account with access to Internet financial services facilities with the following Internet Participating Financial Institutions:-
 - Affin Bank Berhad at www.affinOnline.com; or
 - 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 (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - RHB Bank Berhad at www.rhb.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
 - Public Bank Berhad at www.pbe.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com)
- (b) an individual CDS Account registered in your name (and not in a nominee's name) and in the case of a joint account, an individual CDS Account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS Account registered in the joint account holder's name.

Step 2: Read the Prospectus

You are advised to read and understand this Prospectus before making your application.

Step 3: Apply through Internet

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

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application.

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

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (b) Login to the Internet financial services facility by entering your user identification and PIN/ password.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) Navigate to the section of the website on the applications in respect of initial public offerings.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS Account number, number of IPO 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.
- (h) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:-
 - (i) You are at least eighteen (18) years of age as at the Closing Date of the application for the IPO Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (iv) You agree 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;
 - (v) The Internet Share Application is the only application that you are submitting for the IPO Shares;
 - (vi) You authorise the Internet Participating Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution;
 - (vii) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the SC and any other relevant authority;
 - (viii) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as the beneficial owner and subject to the risks referred to in this Prospectus; and

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ix) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (i) Upon submission of the online application form, you will be linked to the website of the Internet Participating Financial Institution to effect the online payment of your money for the IPO.
- (j) You must pay for the IPO Shares through the website of the Internet Participating Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to 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 your Internet Share Application, including the number of IPO Shares applied for, which can be printed out by you for your records.
- (k) As soon as the transaction is completed, a message from the Internet Participating Financial Institution pertaining to the payment status will appear on the screen on the website through which the online payment for the application of the IPO Shares is being made.
- (l) 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.
- (m) You are advised to print out the Confirmation Screen for reference and retention.

Terms and Conditions for Internet Share Applications

The terms and conditions outlined below supplement the additional terms and conditions for Internet Share Application contained in the Internet financial services website of the Internet Participating Financial Institutions. Please refer to the Internet financial services website of the Internet Participating Financial Institutions for the exact terms and conditions and instructions.

- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the IPO mentioned in Section 18.1 of this Prospectus.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Internet Share Application. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of IPO Shares allotted or allocated to you.
- (c) You request and authorise us:-
 - (i) to credit the IPO Shares allotted or allocated to you into your CDS Account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (d) You, acknowledge that your Internet Share Application is subject to the risks of electrical, electronic, technical, transmission, communications and computer-related faults and breakdowns, faults with computer software, problem occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires and other events which are beyond our control, and the control of the Internet Participating Financial Institution, irrevocably agrees that if:-
 - (i) we, MIH or the Internet Participating Financial Institution do/does not receive your Internet Share Application and/or payment; or
 - (ii) data relating to your Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or MIH,

you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, MIH or the Internet Participating Financial Institutions for the IPO Shares applied for or for any compensation, loss or damage arising from it.
- (e) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the IPO Shares allocated to you.
- (f) You agree that in the event of any legal disputes arising from the use of Internet Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, MIH and/or the Internet Participating Financial Institutions for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institutions.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Underwriter, our Adviser / Sponsor and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

18.5 OTHER TERMS AND CONDITIONS

- (a) You are required to pay the Issue Price of RM0.52 for each IPO Share you have applied for;
- (b) You can submit only one (1) application for the IPO Shares offered to the Public. For example, if you submit an application using a White Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

MIH acting under the authority of our Directors, has the discretion to reject applications that appears to be multiple applications.

We wish to caution you that if you submit more than one (1) application in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten (10) years under Section 182 of the CMA.

- (c) Your application must be for at least 100 Shares or multiples thereof.
- (d) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.
- (e) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (f) Our Company or MIH will not issue any acknowledgement of the receipt of your application or application monies.
- (g) You must ensure that your personal particulars submitted in your application and/or your personal particular as recorded by the Internet Participating Financial Institution are correct and identical with the records maintained by Bursa Depository. Otherwise, your application is liable to be rejected. Bursa Depository will have to be promptly notified of any change in your address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (h) Your remittances having been presented for payment shall not signify that your application has been accepted.

Our acceptance of your application to subscribe for or purchase the IPO Shares shall be constituted by the issue of notices of allotment for the IPO Shares to you.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) Submission of your CDS Account number in your application includes your authority or consent in accordance with the Malaysian laws of Bursa Depository and the Participating Financial Institutions, as the case may be, to disclose information pertaining to your CDS Account and other relevant information to us or MIH and any relevant regulatory bodies, as the case may be.

You agree to accept our decision as final should we decide not to allot any IPO Shares to you.

- (j) Additional terms and conditions for Electronic Share Applications are set out in Section 18.4.2 (c) above.
- (k) Additional terms and conditions for Internet Share Applications are set out in Section 18.4.3 above.

18.6 AUTHORITY OF OUR DIRECTORS AND MIH

If you are successful in your application, our Directors reserve the rights to require you to appear in person at the registered office of MIH within fourteen (14) days of the date of notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting or allocating our IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

MIH, on the authority of our Directors, reserves the right to:-

- (a) reject applications which do not conform to the instructions in this Prospectus or are illegible, incomplete and inaccurate;
- (b) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason; and
- (c) bank in all application monies from unsuccessful / partially successful applicants which would subsequently be refunded without interest by registered post.

18.7 OVER / UNDER-SUBSCRIPTION

In the event of an over-subscription for the IPO Shares, MIH will conduct a ballot in a fair and equitable manner as approved by our Directors to determine the acceptance of applications. In determining the manner of balloting, our Directors will consider the desirability of distributing the IPO Shares, to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon Listing and completion of this IPO. We expect to achieve this at the point of Listing. However, in the event that this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

In the event of an under-subscription, all the IPO Shares not applied for will be subscribed by our Underwriter pursuant to the Underwriting Agreement.

18.8 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your application, we will return your application monies without interest in the following manner:-

18.8.1 For applications by way of White Application From

- (a) The application monies or the balance of it, as the case may be, will be returned to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot.
- (b) If your application was rejected because you did not provide a CDS Account number, your application monies will be sent to the address stated in the NRIC, Passport or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document issued by the National Registration Department from time to time, at your own risk.
- (c) MIH reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with Bursa Depository or as per item (b) above, as the case may be, within ten (10) Market Days from the date of the final ballot.

18.8.2 For applications by way of Electronic Share Application and Internet Share Application

- (a) MIH shall inform the Participating Financial Institutions of the non-successful or partially successful application within two (2) Market Days after the balloting date. The application monies or the balance of it will be credited into your account with the Participating Financial Institution without interest within two (2) Market Days after the receipt of confirmation from MIH.
- (b) You may check your account on the fifth (5th) Market Day from the balloting date.
- (c) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by MIH by way of cheques by registered post or ordinary post. The cheques will be issued not later than ten (10) Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit into your account the application money (or any part thereof) without interest within two (2) Market Days after the receipt of confirmation from MIH.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**18.9 SUCCESSFUL APPLICANTS**

If you are successful in your application:-

- (a) Our IPO Shares allocated to you will be credited into your CDS Account. We will not be issuing any shares certificate to you.
- (b) A notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS Account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the application.

18.10 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares and Warrants as "Prescribed Securities". Therefore, the IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares and Warrants will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our securities including the IPO Shares will be by book entries through CDS Accounts. No share certificate will be issued but notices of allotment or transfer shall be despatched.

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 shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to MIH/us. Where an applicant does not presently have a CDS Account, he should open a CDS Account at an ADA prior to make an application for our IPO 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 electronic 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 CDS Account number, MIH, on our authority, will reject the application. MIH, on the authority of our Directors 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 Institution 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.

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

18.11 ENQUIRIES

You may contact MIH if you have any queries on the White Application Form at 03-7841 8000 or 03-7841 8289. If you have any enquiry with regards to your Electronic Share Application, you may refer to the relevant Participating Financial Institution. If you have any enquiry with regards to your Internet Share Application, you may refer to the relevant Internet Participating Financial Institution.

If you are applying for the IPO Shares as a member of the Public, you may check the status of your application by logging into MIH's website at www.mih.com.my, or by calling MIH at 03-7841 8000 or 03-7841 8289 or your ADA at the telephone number as stated in Section 18.12 of this Prospectus between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**18.12 LIST OF ADAS**

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:-

Name	Address and telephone number	Broker code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-6201 1155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-2143 8668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-2697 6333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-2691 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	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-2178 1133	052-009

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-2089 1888	052-001
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-2168 1168	066-001
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 : 03-9130 3399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-2711 6888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-2117 1888	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 : 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-2168 8800	053-001

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-2164 9080	073-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybankLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-2173 8888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-2691 0200	061-001
OSK INVESTMENT BANK BERHAD	4 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-2333 8333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-6257 5869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-4280 4798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-9058 7222	056-058

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PM SECURITIES SDN BHD	Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-2072 1277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2 nd , 3 rd & 4 th 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 : 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Tropicana City Office Tower 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7717 3319	065-009

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-5635 6688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground - Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 603- 7862 6200	073-005

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra 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 SS2/63 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
OSK INVESTMENT BANK BERHAD	Ground & 1st 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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	3 rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-8023 6518	056-063
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 Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-5192 0202	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
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 nd Floor Wisma TA 1A Jalan SS20/1 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7729 5713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-289 8800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-288 1720	052-008

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-337 2550	052-016
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. 81-B & 83-B, 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. 11&13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 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 BERHAD	Ground, No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-208 2688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-242 2828	052-002

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A, Jalan Jaya 2 Medan Jaya 32000 Sitiawan Perak	052-014
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-806 6688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-255 9988	068-015
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	B-G-04 (Ground Floor), Level 1 & 2 No. 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	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-692 1228	056-016

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-465 1261	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
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-253 0888	066-003
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-253 1313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BERHAD	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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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	7th Floor, Menara Boustead Penang 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
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 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	Ground, 1st, 2nd & 3rd Floor Wisma UMNO, Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd 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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd 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 & 1 st 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
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	Ground & 1st Floor 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 1 st 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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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	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 & 1 st Floor 215-A & 215-B Medan Putra Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-720 9888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-1 & 1 D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan 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

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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 3014	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
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-663 7398	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-351 3218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-512 1633	078-008

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st 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	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 : 07-467 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
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-954 2711	073-008

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 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	Ground Floor, 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, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-222 7388	061-002
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-278 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

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-953 8262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd 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 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-925 6881	056-039

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 21 & 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 & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-433 3608	064-008
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	Ground, 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057 800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-517 1698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34 Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-517 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-223 4943	056-022

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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	Ground & 1 st Floor No. 3953-H, 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
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 & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-858 3109	056-027

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18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st 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 : 082-358 606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul 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	No. 282, 1st 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
KENANGA INVESTMENT BANK BERHAD	Level 5, 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 Sibul Sarawak Tel No : 084-313 855	073-012

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OSK INVESTMENT BANK BERHAD	Ground, 1 st & 6 th 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 98000 Miri Sarawak Tel No : 085-422 788	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 & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654 100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st Floor 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 Kampong Datu 96000 Sibu Sarawak Tel No : 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236 333	058-006
SABAH		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328 878	065-005

18. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236 188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor CPS Tower, Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 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 : 089-229 286	056-057

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