These upgrades will provide opportunities for players in the M&E engineering services industry to tap into the anticipated growth in this area.

1.1.3.2 Demand Dependencies

The M&E engineering services industry is driven by multiple economic industries including the construction industry. The construction industry is in turn dependent on the country's economic growth. The M&E engineering services industry is dependent on the construction sector supporting the commercial, industrial and other industries in the economy. Hence, the M&E engineering services industry is also largely dependent on the country's economic growth. For example, the construction industry grew from RM54.3 billion in 2005 to RM87.5 billion in 2011 based on total project value, recording a CAGR of 8.3%. The growth of the construction industry was affected by the global economic crisis between 2008 and 2009. Likewise, the M&E engineering services industry grew from RM3.1 billion in 2007 to RM8.5 billion in 2011, registering a CAGR of 28.3% during this period, demonstrating that despite the economic recession in 2008 and 2009, the M&E engineering services industry continue to demonstrate a positive growth rate servicing multiple economic industries in Malaysia.

1.1.4 Supply Conditions

Human capital

In order to be able to effectively implement M&E projects, a team comprising of technical experts that are well-versed in the design, installation, and evaluation of engineering projects are necessary. Without such expertise, the required services may not be rendered according to project specifications. As there are sufficient training programs for M&E technical personnel in Malaysia, this does not pose as a limiting supply condition to the M&E engineering services industry.

Equipment and Raw Material Prices

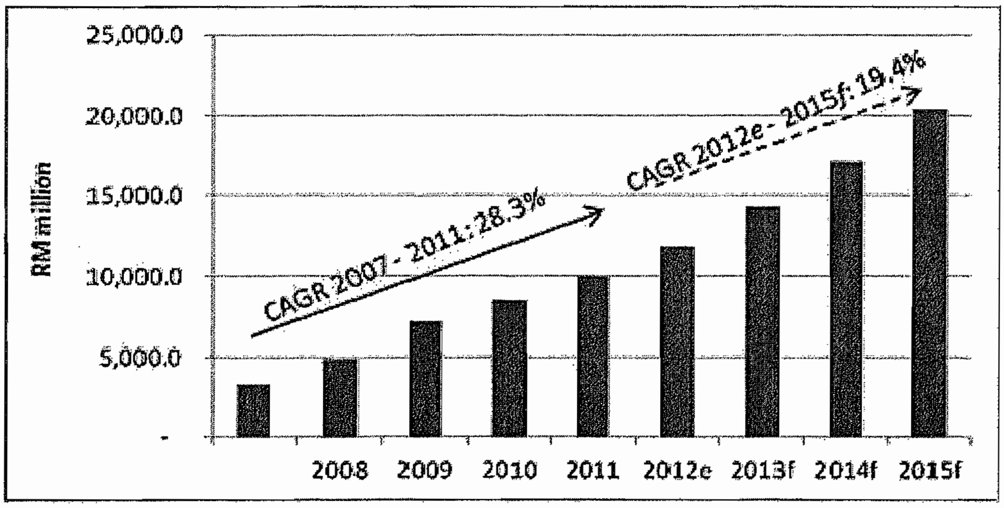
The M&E engineering services involves the sourcing of materials and equipment that needs to be installed for projects. However, the prices of raw materials such as steel and copper used to make M&E equipment have been fluctuating over the last few years. For example, steel prices oscillated between the range of RM2,100 to RM4,300 per metric tonne over the last three (3) years, which in turn affects the price of M&E equipment. These price fluctuations affects the M&E engineering services industry as the rising costs in raw materials and equipment would have an impact on the procurement expenses of M&E engineering services providers, and affect the capital expenditure and parts replacement expenditure during maintenance of operations by end-users.

1.1.5 Industry Outlook and Forecasts

The M&E engineering services industry in the infrastructure, commercial and industrial segment increased from RM3.1 billion in 2007 to RM8.5 billion in 2011, recording a CAGR of 28.3% between 2007 and 2011.

Considering market drivers such as the implementation of government development projects and stimulus packages, development and upgrade of palm oil mill as well as the continuous new property development projects which increases demand for water sewerage plants, Frost & Sullivan anticipates that the M&E engineering services industry in the infrastructure, commercial and industrial segment in Malaysia will continue to grow from approximately RM8.5 billion in 2011 to RM10.1 billion in 2012, RM11.9 billion in 2013, RM14.3 billion in 2014 and RM17.1 billion in 2015, at a CAGR of 19.4% between 2012 and 2015.

Historical Industry Size and Forecast of the M&E engineering services Industry for the Infrastructure, Commercial and Industrial Segment, 2007 - 2015(f)



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.1.6 Service Substitutes

There is no service substitute to the M&E engineering services. M&E engineering services providers are involved in the provision of engineering expertise and services unique to the field of M&E engineering and is not possible to be substituted with non-M&E engineering services. However, each M&E engineering services provider has a different set of experience, knowledge and technological know-how, depending on the specific industry or sector that they specialise in. As a result, competition is intense and projects are awarded to players upon careful consideration of their track record, expertise and knowledge, reliability and quality of services, amongst other factors.

1.1.7 Reliance and Vulnerability on Imports

M&E engineering services in the oil palm industry in Malaysia is predominantly served by local engineering companies, with local expertise and capabilities. As the palm oil industry in general is a rather big industry, its supporting industries are well established. Thus, with the existence of established local engineering companies providing this service, it is unnecessary to seek the same service from foreign companies. In this respect, the reliance and vulnerability to imported M&E engineering services is low.

In the water treatment and sewerage industry, apart from the local M&E engineering companies, there are several active foreign contractors. Most of these contractors have local offices in Malaysia, utilizing mostly local resources, but a few provide services to water and sewerage projects by bringing in experts and knowledge from their respective countries. Hence, there is some degree of imported services in the water treatment and sewerage industry. However, the water treatment and sewerage industry is not regarded as being reliant and vulnerable to imports as local service providers have similar capabilities.

1.2 Competitive Analysis of Selected M&E Engineering Services in Malaysia

1.2.1 Key Industry Players

The M&E engineering services industry in Malaysia is competitive and fragmented, with approximately 9,575 players ranging from small entrepreneurship-type companies to large public listed players. The players in the M&E engineering services provider market consists of both local and foreign players. In the Malaysian construction industry, M&E engineering services providers form approximately 10% to 15% of the total contractors, which are categorised by paid-up capital from Grade 1 ("G1") to Grade 7 ("G7").

M&E Engineering Services Contractors by Grade (as of March 2012)

Grade	Paid-up Capital (RM)	Tendering Capacity (RM)	Number of Contractors	Breakdown (%)
G1	5,000	<200,000	4,911	51.3
G2	25,000	<500,000	1,228	12.8
G3	50,000	<1,000,000	1,565	16.3
G4	150,000	<3,000,000	403	4.2
G5	250,000	<5,000,000	572	6.0
G6	500,000	<10,000,000	210	2.2
G7	750,000	No limit	686	7.2
Total	**-**	**-**	**9,575**	**100.0**

Note: All figures have been rounded to the nearest decimal point.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

As of March 2012, there were about 686 M&E engineering services contractors under the G7 category, forming approximately 7.2% of the total number of contractors under the M&E engineering services segment.

Some of the selected G7 players in the M&E engineering services industry in Malaysia, arranged alphabetically, are:

- City Lite Letrik Sdn Bhd
- Kejuruteraan Trolka Sdn Bhd (a subsidiary of PJI Holdings Berhad)
- Kinta Switchgear Sdn Bhd
- Light and Power Construction Sdn Bhd

This list shows only selected M&E engineering services providers in Malaysia and is not exhaustive.

These companies have long been operating in the construction industry, including M&E engineering services, structural and civil engineering, and other engineering related works. The oil palm industry in Malaysia is dominated by local M&E engineering services

The oil palm industry in Malaysia is dominated by local M&E engineering services contractors, while foreign companies in the M&E engineering services industry are mainly involved in water related engineering services projects.

Some of the foreign major integrated water principal contractors competing for tenders in construction as well as privatization concessions include companies such as Thames Water Engineering (M) Sdn Bhd (whose parent is based in Germany), United Utilities PLC from the UK, Anglian Water (M) Sdn Bhd (whose parent is based in the UK), Biwater (Malaysia) Sdn Bhd (previously known as Biwater Shellabear (M) Sdn Bhd) (whose parent is based in the UK), and Degremont (M) Sdn Bhd (whose parent is based in France) and Veolia Water from France. These players have entered the local market in the recent years.

1.2.2 Barriers to Entry

Established track record

Potential customers would prefer a reliable and reputable engineering contract service provider who possesses an established working knowledge and reputation in the respective area of expertise, especially more so in the M&E engineering services industry. Additionally, most consortium bidders or major contractors will only work with M&E engineering services providers who have the necessary certifications or qualifications, such as an electrical contractor registration with the Construction Industry Development Board (CIDB). In order to attain and qualify for such certifications or qualifications, the M&E engineering services providers must be subjected to various requirements. This would pose a barrier to entry for new entrants, who would face difficulties in establishing their credentials as they are new to the industry and have no proven results or records.

Long established business networking and relationship

Creating a viable and strong business network is not an easy task for a new entrant as relationship building takes time. The business networking and relationship here involves the likes of the many consortium bidders, general or structural and civil contractor and process/trade or specialised contractor in the market. Once the business relationship has arrived at a comfortable stage where trust and confidence is well-established, it would be difficult to break-up the partnership. New entrants in the industry may find it difficult to break-up such an established relationship and it is equally hard as trying to gain their trust and confidence. Further to that, without the comfort of an established business relationship, other issues may arise such as the collection of payment for completed jobs. This factor is a strong deterrent for any potential entrant.

Construction industry expertise, skill and know-how

It is important to have the specific industry technical expertise and skills, and know-how of the processes related to the particular targeted sector. For instance, M&E engineering services required in a water treatment plant would be different from those of a palm oil mill; in terms of pricing, business processes, equipment and others. Hence, new entrants may find it difficult to cope with the long learning process and also the costs involved in acquiring the specific industry skills and expertise. Thus, for new entrants, time will be needed before they can fully familiarise themselves in the structure, workings and processes required.

Reliability, flexibility and timely delivery

It is of paramount importance that any given project is completed on schedule as per the terms and conditions stated in the contract. Any delays or postponement would result in additional cost and penalties being incurred, and this would severely tarnish the reputation of the M&E engineering services providers, and subsequently affect future businesses. M&E engineering services providers with proven track records, established business processes and relevant technical skills and knowledge are generally able to deliver high quality services within the given time frame. In addition, as there are many unexpected changes that could occur during the entire duration of the project, it is important that the M&E engineering services providers is flexible and has the necessary resources and skills on hand to meet unscheduled demands and deadlines.

Pricing

Effective pricing is essential for any M&E engineering services providers in view of the increasing competition in the market. With increasing competition from new players in the M&E engineering services industry, players in Malaysia are pressured to reduce cost and offer the most cost effective pricing to their customers. An effective pricing strategy is necessary to avoid under-costing or over-pricing of services cost when bidding for a project. Highly experienced and knowledgeable M&E engineering services providers, who have been working and dealing in that particular type of engineering contract services, would be able to price its services effectively without compromising on quality and its reputation. Thus, while it is easy to compete by reducing prices when bidding for projects, it is the ability to effectively price and market its services without compromising on the quality of service and delivery that would determine the success of the M&E engineering services providers.

International certification and recognition

ISO is the developer of management and leadership standards and has also developed technical standards for various industries. Its principal role includes the development of standards which will lead to crucial positive economic and social repercussions. The ISO 9001 and 9002 category in particular, is among ISO's most widely known and successful standards to date on quality management, and has become an international reference for quality requirements in business dealings. This is widely regarded as one of the critical success factors for M&E engineering services players in the market since it accredits a given player's quality of management and consumer service at an international level.

1.2.3 Industry Risks and Challenges

Construction saturation at local front leading construction firms to look abroad for opportunities

The construction sector experienced negative growth in 2008 and 2009 although Malaysia's economy has shown some positive movements during the same period. The 10MP has anticipated a revival of the construction sector as emphasis on development continues.

In general, the construction sector is perceived as saturated, particularly when factoring in the effects of high copper prices for the M&E engineering services segment. Although the M&E engineering services industry has grown positively in 2007 and 2008 against the negative growth of the construction industry, the challenges faced by the construction industry could affect the M&E engineering services industry's future growth. Due to globalisation and liberalisation, many firms are already looking outside Malaysia to procure construction projects. Local M&E engineering services players may consider venturing into developing countries such as Indonesia, Philippines, Vietnam and Thailand to capitalise on foreign growth opportunities.

Challenges with human capital

Malaysia's strict work-permit processes for foreign workers are yet another challenge faced by the market players. Currently, foreign workers form a substantial head count in the M&E engineering services industry. Without flexible work permits, the skilled foreign workers will need to return to their respective home countries and existing employers will be facing human capital shortage and cause a delay in work progress. On the other hand, the employer may not be able to maintain a large crew of workers before successfully bidding for any contracts, as this will incur unnecessary overheads. Human capital is essentially important to support the efficiency and capability of the M&E engineering services industry. Insufficient human capital will affect the competency of these contractors.

Working capital and debt collection

The nature of the M&E engineering services is such that a large amount of working capital is required prior to the start of a project. Contractors are burdened by the risk of paying upfront expenses incurred in the projects while payment collections from clients are on credit terms. Additionally, debt collection is generally more challenging upon completion of the projects. Contractors may take weeks to months to collect their dues for completed projects. During economic downturns, the situation may worsen as some projects may be aborted or suspended. In this scenario, the collection of the initial costs spent in that particular project is likely to be suspended or turned into bad debts if the company is declared bankrupt.

1.2.4 Estimated Market Coverage and Market Share of Pasukhas Sdn Bhd

The size of the M&E engineering services industry for the infrastructure, commercial and industrial segment is RM8.5 billion in 2011. Based on the revenue of Pasukhas from the M&E engineering services segment for the financial year ended 31 December 2011 of RM24.0 million, Pasukhas captured approximately 0.3% market share in the M&E engineering services industry for the infrastructure, commercial and industrial segment in 2011 despite the fact that the industry is highly fragmented.

1.2.5 Relevant Laws and Regulations

Saved as disclosed below, there are currently no specific or relevant laws and regulations which govern the M&E engineering services industry in Malaysia pertaining to the business activities of PSB:-

a) the Electricity Supply Act 1990 and Regulation 75 of the Electricity Regulations 1994 provide for the registration as Electrical Contractor by the Energy Commission of Malaysia before any electrical work could be performed or carried out;
b) the Electricity Supply Act 1990 and Regulation 92 of the Electricity Regulations provide for the registration as Switchboard Manufacturer by the Energy Commission of Malaysia before any switchboard could be made in the course of or in connection with or for the purposes of any trade or business carried on by the manufacturer; and
c) Part VI of the Malaysian Construction Industry Development Board Act 1994 provides for the registration as Contractors by the CIDB before undertaking to carry out and complete any construction works which include any electrical, mechanical, water, gas, petrochemical or telecommunication works.

There are also currently no specific incentives granted to M&E engineering services providers.

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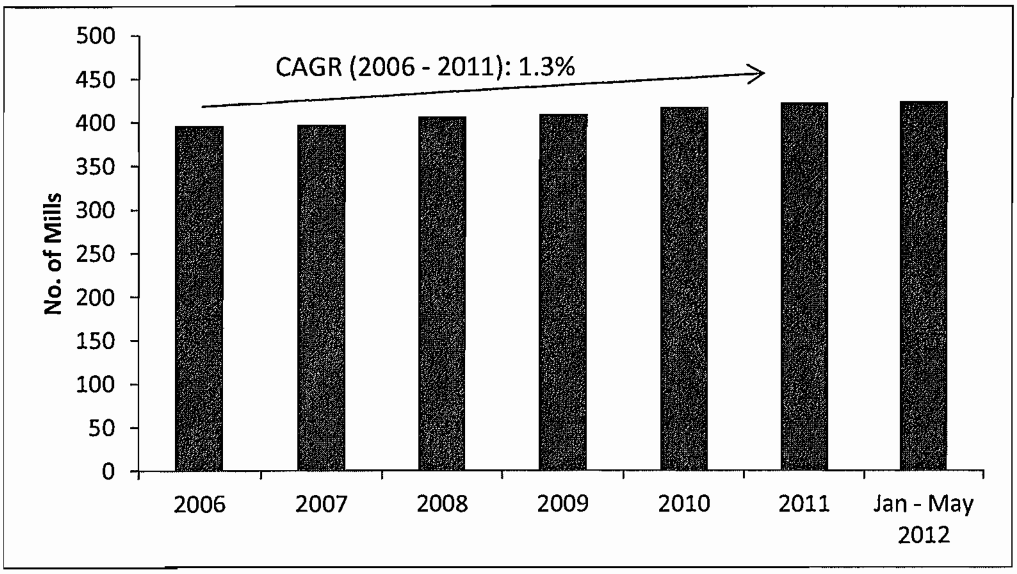
2. Overview and Outlook of the Oil Palm Industry in Malaysia

2.1 Introduction

According to the Malaysian Palm Oil Board ("MPOB"), exports of palm oil increased by 1.3 million tonnes or 8.0%, from 2010 to 18.0 million tonnes in 2011. China (4.0 million tonnes, 22.2%) was Malaysia's largest export market, followed by Pakistan with 1.8 million tonnes (10.0%) and India with 1.7 million tonnes (9.4%).

Total operating palm oil mills in Malaysia increased from 397 mills in 2006 to an estimated 424 mills in May 2012. From 2006 to 2011, the milling capacity grew at a CAGR of 2.9% from 86.2 million tonnes in 2006 to reach 99.4 million tonnes in 2011. As of May 2012 these 424 mills had a collective milling capacity of 100.1 million tonnes of fresh fruit bunches ("FFBs") per annum.

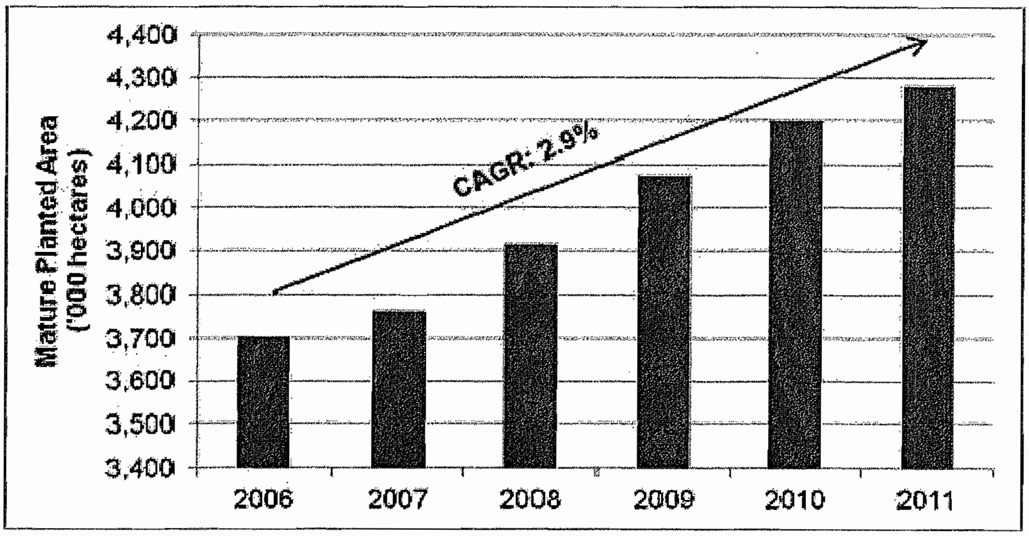
Number of Palm Oil Mills and Mill Operation Capacity, 2006- May 2012



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Total mature oil palm plantation area in the country increased from 3.7 million hectares in 2006 to 4.3 million hectares in 2011 with a CAGR of 2.9%. The mature oil palm plantation areas in Malaysia are spread across Peninsular Malaysia and East Malaysia (i.e. Sabah and Sarawak), with the expansion for the latter growing at a faster pace. Between 2006 and 2011, the mature oil palm plantations in East Malaysia grew at a CAGR of 5.6% from 1.6 million hectares in 2006 to 2.1 million hectares in 2011. Mature palm oil plantations in Peninsular Malaysia grew at a CAGR of 1.0% from 2.1 million hectares in 2006 to 2.2 million hectares in 2011.

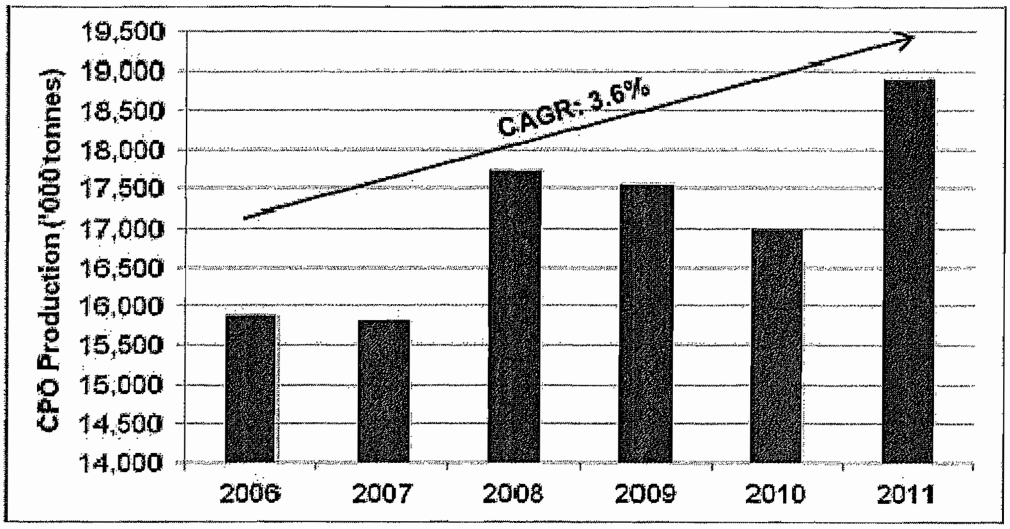
Total Oil Palm Planted Area and Growth Trends, 2006- 2011



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Crude palm oil is a key oil palm product besides palm kernel, crude palm kernel oil and palm kernel cake. The production of CPO declined by 3.3% from the previous year to 17.0 million tonnes in 2010, due to the biological stress from bumper production in the previous year and effects of heavy rainfall in 2010 in Sabah and Sarawak, which eventually limited the output of FFB. This also explains the converse growth rate in 2007 due to similar biological stress affecting the yield of FFB. Nevertheless in 2011, yield of FFB improved vastly and CPO production recovered by 11.3% in 2011 to 18.9 million tonnes. Overall, CPO production increased with a CAGR of 3.6% from 2006 to 2011.

Annual Production of CPO, 2006-2011



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Despite the high CPO production in 2008, annual domestic CPO prices reached a 20-year high of RM2,778 per tonne between 1991 and 2010 as a result of escalating crude oil prices worldwide. However, CPO prices dropped significantly by 19.2% in 2009, in line with volatile crude oil prices. In 2010, CPO and CPKO prices increased rapidly by 20.5% and 55.3% respectively, due to adverse weather conditions which caused a decrease in supply availability and the increase in prices of crude oil and other vegetable oils. As weather conditions improved after April 2011, production of CPO and CPKO began to increase, addressing the issue of the lack of supply in the previous two years. Hence, this resulted in the reduction in CPO prices, as illustrated by the downward trend of the monthly domestic prices for CPO and CPKO. Nevertheless, the overall average prices for CPO in 2011 increased from the previous year to RM3,278 per tonne.

2.2 Industry Growth and Prospects for M&E engineering services in the Oil Palm Industry in Malaysia

The growth in the number of palm oil mills is generally dependent on the expansion of oil palm plantation areas, which results in the demand for palm oil processing capacities. In the future, most of the new plantation areas for oil palm will be located at Sabah and Sarawak where there is vast land available for agricultural activities. On the contrary, land availability in Peninsular Malaysia is gradually becoming more constrained due to rapid industrialisation programmes, which will likely dampen new plantation prospects of oil palm in this area. New oil palm plantation will probably occur in areas presently being used as rubber and cocoa plantation. Other than this, owners of palm oil mills might consider automating their existing mills to increase productivity without compromising on additional land area.

Growth in Mature Oil Palm Plantation Area, 2006-2011 and 2015*f*

Year	Mature Oil Palm Plantation Area ('000 hectares)	Growth Rate (%)
2006	3,704	--
2007	3,764	1.6
2008	3,916	4.0
2009	4,076	4.1
2010	4,202	3.1
2011	4,282	1.9
2015*f*	4,900	--
CAGR (2006 – 2011)		**2.9**
CAGR (2011 – 2015*f*)		**3.4**

Note: All figures have been rounded to the nearest decimal point.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Moving forward, a majority of new plantation areas for oil palm will come from the further expansion into the vast tracks of land in Sabah and Sarawak. According to MPOB in its long-term projection of Malaysian palm oil production, the total plantation area for mature oil palm is estimated to expand to 4.9 million hectares by 2015, which is an increase of approximately 14.4% or approximately 618,000 hectares from the 4.3 million hectares registered in 2011. In line with the projected expansion in oil palm plantation areas, the number of mills is expected to increase accordingly.

The Government of Malaysia is promoting green technology and encouraging the local palm oil players to install methane trap facilities to ease global warming. The Government of Malaysia has allocated RM1.5 billion to help small palm oil millers in upgrading their facilities to be more environmental friendly. In addition, FELDA has made a move towards promoting green technology by installing POME treatment facilities in its 56 palm oil mills.

The growth in the number of mills and upgrading activities are expected to present abundant opportunities for the M&E engineering services providers in this industry.

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3. Overview and Outlook of the Water Treatment and Sewerage Industry in Malaysia

3.1 Introduction

Water is regarded as a precious commodity and has always been treated as a matter of national importance. Water resources are classified as a state matter under the Federal Constitution of Malaysia. The State Governments in Malaysia are responsible for the development, operation and maintenance of water supplies within their respective states. These states exercise their mandate through the various state public works departments, state water supply departments, state water boards or state water corporations or privatised and/or corporative companies. The respective state water authorities monopolise the management or supply of public water in the respective states and are responsible for the planning, financing, developing and management of water supply. Development works undertaken to manage water resources include the construction of dams, water treatment plants, trunk mains and service reservoirs, water supply distribution systems and connections to consumers.

In December 1993, the Government of Malaysia awarded the concession for the privatisation of sewerage services nationwide to Indah Water Konsortium Sdn Bhd ("IWK") for a period of 28 years, covering 144 local authorities' operational areas in Malaysia. The company specialises in sewerage and wastewater management and works closely with the Government in developing sewerage standards and guidelines which include catchment plans, engineering specifications, technical standards, manual of sewerage and wastewater management practices, standardisation and local industry developments. IWK was appointed with the vital task of ensuring that the country will be able to enjoy a clean and healthy environment through a proper and well-maintained sewerage system.

Today, the number of public sewerage treatment plants in Malaysia under Indah Water Konsortium Sdn Bhd ("IWK") services is more than 5,567 units including imhoff tanks, oxidation ponds, mechanical plants and network pump stations. The number of sewerage treatment plants is expected to increase in line with the rising population in Malaysia, whereby approximately 92.0% of IWK's customers are residential households.

Furthermore, the expected increase in population will exert further pressure on the quality of sewerage services. According to the Department of Statistics Malaysia, the population in the country increased from 26.8 million people in 2006 to 28.4 million people in 2010 resulting in firm demand for residential properties. In the 2011 Budget, the Government of Malaysia continued to provide housing facilities, with RM568 million allocated to build 300 units of houses under "Urban Housing Assistance Project" *(Projek Bantuan Perumahan Bandar)*, 79,000 units under "Citizen Housing Program" *(Program Perumahan Rakyat)* and 8,000 units under "House Rental Assistance Program" *(Projek Bantuan Rumah Sewa).*

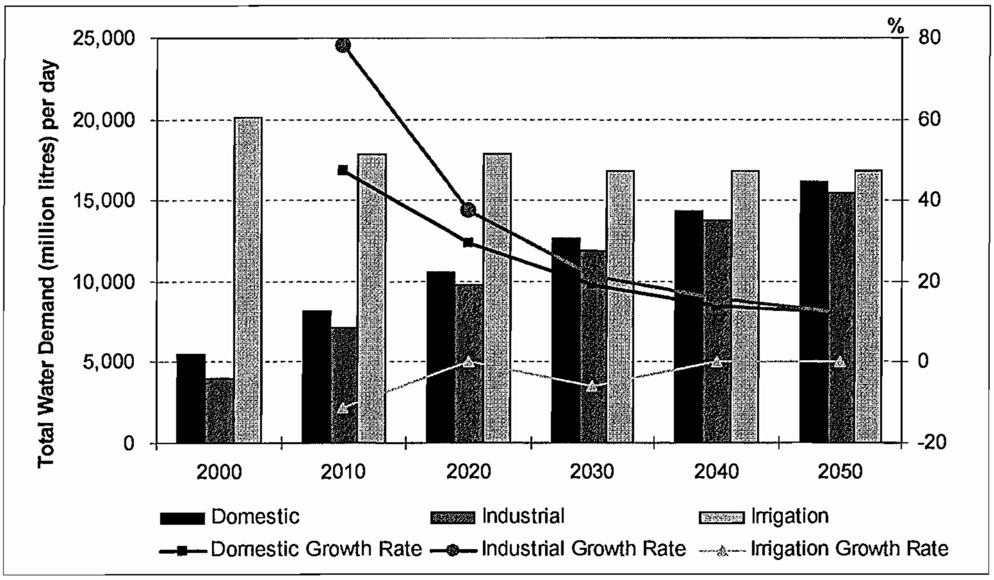
An estimated RM11.6 billion was invested during the 8MP period for both the utilities and water supply industry, while the 9MP allocated RM24.7 billion. Overall, the allocation for development of energy and public utilities as well as agriculture, mineral resources, commerce and industry, transport, communications, feasibility study, research and development was about RM89.9 million during the 9MP period. The recent 10MP allocated a higher budget of RM126.5 million for development of the same sectors. This increase in allocation is a strong reflection of the increasing demand for water over the years. This is largely due to Malaysia's increasing population and industrial activities in tandem with the country's economic growth. In turn, this strong demand for reliable water supply and services will likely increase the need for the construction and commissioning of more water treatment plants.

3.2 Industry Outlook and Prospects for M&E engineering services in the Water Treatment and Sewerage Industry in Malaysia

Moving forward, the 10MP continues to place emphasis on the water sewerage industry with several new sewerage treatment plant projects, the integration of water supply and sewerage as well as the improvement of rural water supply with the extension of the water distribution system.

In addition to an increase in demand for sewerage treatment, total water demand in Peninsular Malaysia is projected to increase from 29.7 million litres per day in 2000 to more than 48.4 million litres per day by 2050, or an increase of approximately 63.0%. This demand will come mainly from the domestic and industrial sectors, which are forecast to increase by 191.0% and 288.0%, respectively.

Total Water Demand for Peninsular Malaysia (in million litres per day), 2000-2050



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The projected increase in demand is mainly due to the projected growth in population, further urbanisation and industrialisation expected to take place in tandem with the growth and development of the country moving toward a developed nation status. Water demand for irrigation purposes is expected to drop by 17.0% between 2000 and 2050 based on the assumption that as Malaysia becomes more developed and industrialised, there would be less dependency and focus on agricultural-based activities; however the growth in the domestic and industrial sector would ensure overall growth in water demand.

The Government of Malaysia aims to develop Malaysia into a developed nation by 2020, and to have a complete and modern water infrastructure system in place catering to the entire country as one of the national targets. As such, a bigger portion of allocated capital investments for water spending is expected to be channelled to the upgrading and development of existing infrastructure, as well as development of new infrastructure.

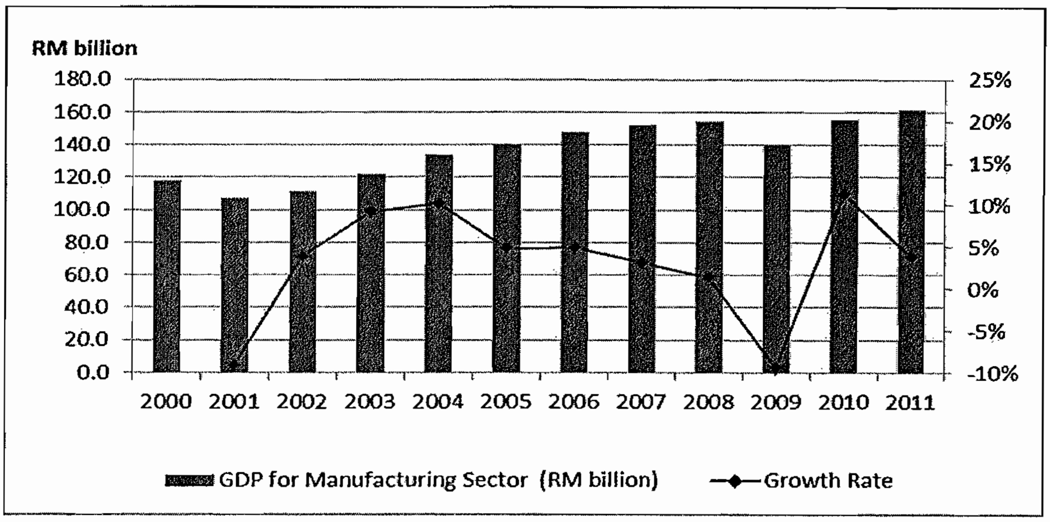
In the 10MP, the Government of Malaysia continues to conserve the quantity and improve the quality of existing water resources and identify potential water resources for development to ensure adequate and sustainable supply of water. Supporting this is the allocation budget of RM4.7 billion for road, bridge, water and sewerage projects. These 10MP projects include the construction of sewerage treatment plants using green technology in Lembah Pantai, Kuala Lumpur and similar plants throughout the country.

4. Overview and Outlook of the General Manufacturing Sector in Malaysia

4.1 Introduction

The manufacturing sector was the second largest contributor to the economy with its share of Gross Domestic Product (GDP) in 2009 at 27.3%. By December 2011, the manufacturing sector recorded RM48.8 billion in sales value, which is an increase of 1.0% compared to the RM48.3 billion reported in December 2010. Sales in December 2011 had further improved from the sales in November 2011 with an increase of 3.0%, which amounts to a total sales revenue of RM588.9 billion for the manufacturing sector in Malaysia from January to December in 2011. The five major industries of which the sales increased significantly were the manufacturing of refined petroleum products, manufacturing of basic iron and steel products, manufacturing of machine tools, manufacturing of fertilizers and nitrogen compounds, and manufacturing of other domestic appliances.

GDP for the Manufacturing Sector (Malaysia), 2000 – 2011



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Recovering from the global financial crisis, new investments in 2009 were focused on 7 major areas, namely chemical and chemical products, electronics and electrical products, basic metal products, petroleum products (including petrochemicals), fabricated metal products, transport equipment and food manufacturing industry. Recovery was evident in

2010, with gross FDI inflows totalling RM89.2 billion for the year, compared with RM70.8 billion in 2009.

In 2011, the manufacturing sector in Malaysia was worth RM161.6 billion in terms of GDP contribution, which is an increase of 4.5% from the previous year. The manufacturing sector will continue to remain a key driver for Malaysia's economy, in which the Government of Malaysia has outlined further growth and development in the ETP. Examples of opportunities for growth under the ETP are the semiconductor substrate manufacturing, the solar wafer, cell, and module production, fabrication plants, and home appliances manufacturing.

4.2 Industry Outlook and Prospects for M&E engineering services in the General Manufacturing Sector in Malaysia

The manufacturing sector in Malaysia plays an important role in the Malaysian economy, with a relatively high GDP contribution of between 26.0% and 30.0% over the past five years. The manufacturing sector has always grown at a relatively moderate to high rate except during times of economic crisis. Malaysia's 4.5% growth for the manufacturing GDP in 2011 from 2010 reflects anticipation of higher investments from both local and foreign sources.

Moving forward, the manufacturing industry will be largely driven by the ETP's initiatives as well as the 10MP's allocation to spur the growth of the country's GDP. The increasing demand for manufactured goods is essential to drive positive growth in the GDP. During the period, these initiatives are expected to drive the growth of private investment by 12.8% per annum, with an investment of RM115.0 billion in current prices per year. The expansion of plants and new investments in the manufacturing sector will require M&E engineering works as a foundation for further developments.

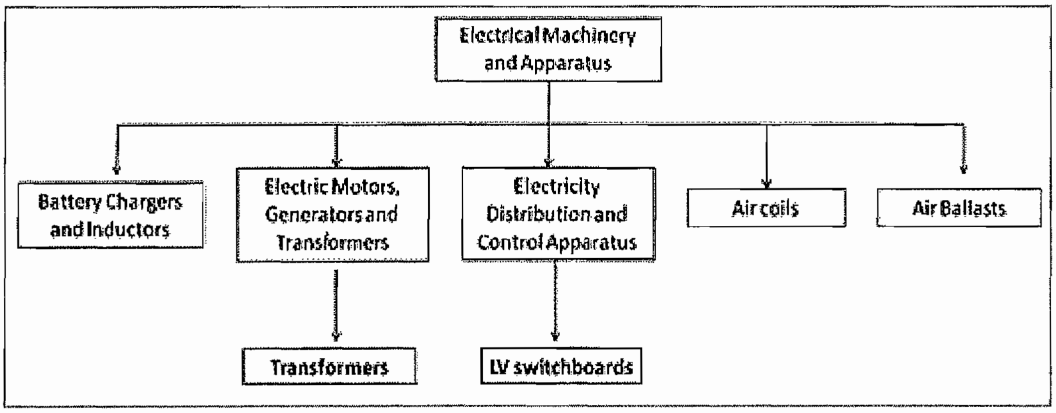
The annual growth for the manufacturing sector is expected to grow with an average annual growth rate of 4.8% during the period of 2011 – 2015 to reach the target of RM194.8 billion, occupying an estimated 26.3% of Malaysia's total GDP in 2015. While the manufacturing sector will benefit from the incoming investment and increasing trade volumes, the M&E engineering services providers are expected to benefit from the continuing expansion of this sector.

5. Overview and Outlook of the Transformers and LV Switchboards Sector in Malaysia

5.1 Production Output

The manufacturing sector in Malaysia classifies transformers and low-voltage ("LV") switchboards under the Electrical Machinery and Apparatus cluster based on International Standard Industrial Classification ("ISIC") Codes. Transformers fall under the Electric Motors, Generators and Transformers sub-sector, while LV switchboards are categorised under the Electricity Distribution and Control Apparatus sub-sector. Other sub-sectors within the Electrical Machinery and Apparatus cluster include air coils, ballasts, battery chargers and inductors.

The Electrical Machinery and Apparatus Industry

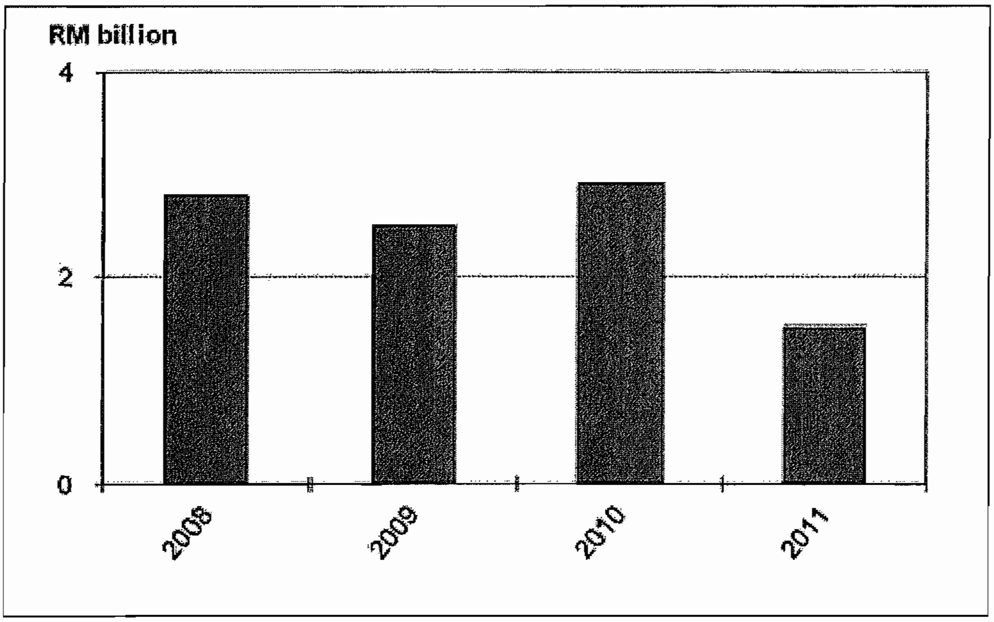


Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

In 2011, there were approximately 55 companies in Malaysia involved in the manufacturing of electric motors, generators and transformers, along with an estimated 100 companies producing electricity distribution and control apparatus.

The gross production output for electric motors, generators and transformers in Malaysia was approximately RM2.8 billion in 2008. It reduced by 10.7% to RM2.5 billion in 2009 due to the effect of the global economic crisis in 2008 and 2009. The production output recovered in 2010 with a growth of 16.0% to reach RM2.9 billion. In 2011, gross production output for electric motors, generators and transformers in Malaysia was estimated to be RM1.5 billion. This decrease in production output for electric motors, generators and transformers were attributed to the occurrence of natural disasters (i.e. floods and tsunami) in the two major importing countries for these products, namely Thailand and Japan.

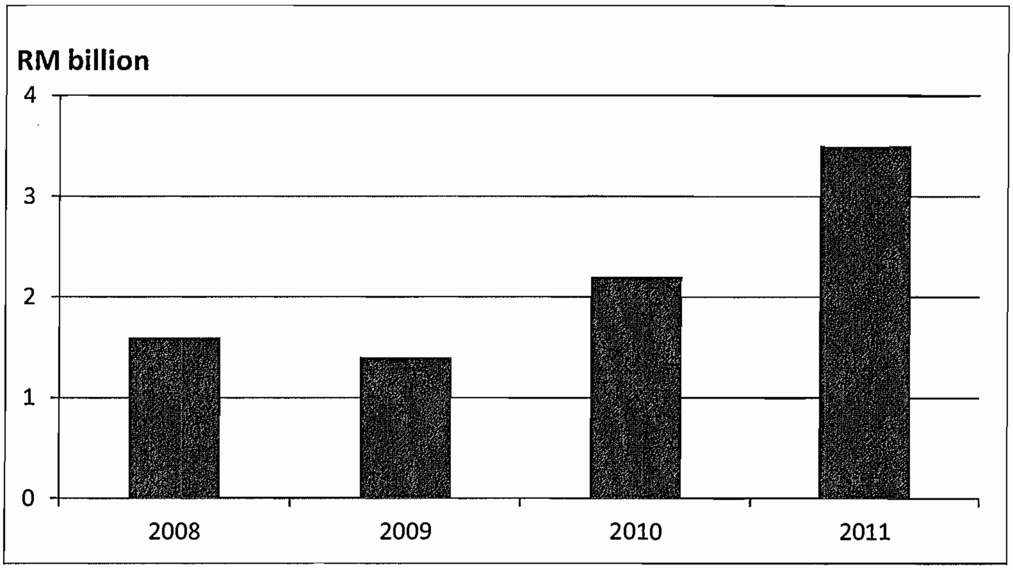
Gross Production Output for Electric Motors, Generators and Transformers, 2008-2011



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The gross production output value for the electricity distribution and control apparatus sub-sector was RM1.6 billion in 2008. The global economic crisis in 2008 and 2009 caused the production output for 2009 to shrink by 12.5% to RM1.4 billion. Nonetheless, it recovered to an estimated RM2.2 billion with an increase of 57.1% in 2010. In 2011, the gross production output for electricity distribution and control apparatus was estimated to grow further by 59.1% to approximately RM3.5 billion.

Gross Production Output for Electricity Distribution and Control Apparatus, 2008-2011



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

5.2 Products Substitutes

Transformers and switchboards are specialised in their functions. Both of these products are usually sold together as a solution for a turnkey system to complete an electrical and electronic ("E&E") installation. Hence, there is no effective product substitute for both transformers and LV switchboards.

5.3 Supply Conditions

The total combined production of electric motors, generators and transformers, as well as electricity distribution and control apparatus in Malaysia in 2009 and 2010 is RM3.9 billion and RM5.1 billion respectively, as compared to the import figures of RM13.5 billion and RM16.1 billion for the LV switchboards and transformers in the same respective years. Hence, the supply of LV switchboards and transformers via imports is quite substantial, especially from countries such as China, Singapore, the United States of America, Japan, Thailand, Indonesia, Germany, South Korea, and India.

5.4 Reliance and Vulnerability on Imports

The combined value of imports of LV switchboards and transformers in Malaysia in 2009 and 2010 were RM13.5 billion and RM16.1 billion, respectively.

Malaysia is reliant on the imports of transformers and LV switchboards from abroad. The volume produced by local manufacturers of these products is fairly low. Some of the imported products go directly to end-users, while some are reworked and value-added for re-export purposes. The import of these products to Malaysia is not restricted to any one country due to the abundance of suppliers from various countries, thus minimising the vulnerabilities of the industry to disruptions of supplies.

Gross Import Value for LV Switchboards and Transformers, 2008-2010

Year	Value of Gross Import (RM billion)
2008	15.4
2009	13.5
2010	16.1

Note: All figures have been rounded to the nearest decimal point.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

5.5 Industry Growth and Prospects of Transformers and LV Switchboards Sector in Malaysia

The production output and demand for electric motors, generators and transformers, and electricity distribution and control apparatus sub-sectors underperformed in 2008 and 2009 due to the effects of the global economic crisis. These industry sub-sectors have since rebounded in 2010 and are expected to continue to grow in 2012 in line with better prospects in the general manufacturing sector due to its close link to the performance of the manufacturing sector. The manufacturing sector is projected to register a growth of 6.7% in 2012, and as such, these sub-sectors are expected to be influenced by the strength in recovery of core manufacturing activities, especially in the electrical and electronics industry.

Transformers and LV switchboards are essentially supporting components for the electrical and electronics industry. Therefore, as this global economic crisis improves, it is expected to drive greater sustainable demand for transformers and LV switchboards as these are part of the industry's manufacturing supply chain.

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6. Application Sectors of the M&E Engineering Services in Indonesia

6.1 Economic Overview

Growth of 6.5% in 2011, the highest in 15 years, was based on sustained private consumption, stronger investment, and expansion of net exports.

Private consumption grew by 4.7%, contributing 2.7 percentage points of total growth. It was driven by rising incomes and employment and by easing inflation. In a notably positive development, fixed investment grew by 8.8% and contributed 2.1 percentage points of GDP growth. Public investment was constrained by weakness in implementing capital works, although private investment in construction and machinery was robust, supported by increases in FDI and in bank lending. The ratio of nominal fixed capital investment to GDP rose to 32.0% in 2011, up by 7.1 percentage points over 5 years. Net exports contributed 1.5 percentage points of growth.

From the supply side, economic growth was led by services and manufacturing. Services grew by 8.5% to account for more than half the total GDP increase. Retail and wholesale trading, as well as transport and communications, showed double-digit expansions, while financial services benefited from a stronger performance in banking.

Manufacturing registered its best performance in 7 years: expanding by 6.2% and contributing 1.6 percentage points of overall growth, this outturn was based on the country's large and growing domestic market, alongside a better performance from exports. Subsectors to report significant production gains in 2011 included iron and basic steel, food processing, textiles and footwear, and transport equipment.

By contrast, mining and quarrying recorded weak growth of 1.4%, reflecting years of underinvestment and production problems in crude oil and natural gas.

Agricultural output rose by a modest 3.0%. An increase in production of estate crops, such as palm oil and rubber, was partly offset by a decline in food crops. Paddy rice output fell by 1.6% during the year, owing to dry weather in the second half.

About 1.5 million new jobs were generated in 2011, easily exceeding the number of new entrants to the labour force (843,000). The quality of employment also improved: in the 12 months through August 2011 formal employment climbed by 16.0%, or 5.7 million positions. Most jobs were in construction, manufacturing, and services. Employment in the informal sector fell by 5.9%, or 4.2 million, as workers left the agricultural labour force. But 62% of the employed labour force (about 68.2 million people) still works in the informal sector, where wages and job security are low.

Poverty incidence fell to 12.4% in September 2011, from 13.3% in March 2010. (It was 17.6% just before the Asian financial crisis.)

Inflation slowed from 7.0% year on year at the start of 2011 to 3.8% at year-end as food price rises moderated. A good harvest in the first half was followed by government moves to suspend import duties on some food items and to improve food distribution. Year-average inflation was 5.4%, up slightly from 2010.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

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6.2 Overview of the Water Treatment and Sewerage Industry in Indonesia

In the 1990s, Indonesia's water service sector was in a transition from public to private management in line with other economic and political reforms in the country. The private sector was given opportunities to get involved in water service development, cooperating with the Indonesian Central Government to provide drinking water for the mass population and ensuring its quality.

Although the move to improve the country's water supply system was initiated in the 1990s, the shortage of safe water resources in Indonesia still remains critical. In 2010, the Ministry of Public Works in Indonesia revealed that only about 47.7% of the total population has access to a sustainable source of safe water, and only 25.6% of the entire population has access to piped water.

Several issues that Indonesia faces in its water resource management are as follows:

a) Local scarcity in water allocation for various sectors due to the increasing population and demand for clean water, especially in urban areas. Even though the overall supply of clean water in Indonesia is relatively high, it is not equally distributed throughout the country. According to the Ministry of Settlement and Regional Infrastructure Project, the demand for clean water in Indonesia between 1990 and 2020 is projected to increase by about 220.0%.
b) There is inadequate access to clean water from management institutions and inadequate urban clean water infrastructure to serve the increasing demand. In 2008, the proportion of Indonesia's urban population served by piped water is only 31.0%. Therefore, people rely on ground water to fulfil daily needs and industrial use. It is estimated that 80.0% of urban and village clean water needs are supplied by ground water while 90.0% of industries use ground water.
c) There exists little or no attention given to the proper management and planning of water resources in the country. Careless planning which pays no heed to environmental sustainability and local culture has led to further deterioration in the environment, even as the rapid pace of industrialisation and urbanisation causes further stress on the environment.

There is an increasing demand for a more comprehensive, integrated inter-sectoral management policy, institutional ability improvement and implementation of environmental friendly development programs in Indonesia. The immediate emphasis is on the reformation of the overall water supply industry through intensified investment in water supply and treatment infrastructure. Further to that, the push for privatisation as mandated by the WATSAL document will result in even more investments to be made in the restructuring of water resources management in Indonesia. All these are expected to lead to more jobs and projects which may augur well for the M&E engineering services industry.

6.3 Overview of the Oil Palm Industry in Indonesia

For the period between 2006 and 2011, mature oil palm plantation area expanded from 5.0 million hectares to 6.5 million hectares, an expansion of 1.5 million hectares at a CAGR of 5.6%. The rapid development was triggered by higher returns from oil palm than other crops, the Indonesian Government's provision of low-cost capital for expansion and easy availability of land.

Indonesia is the world's largest CPO producer followed by Malaysia, whereby its major CPO importers are China, India and Europe. In 2006, Indonesia produced approximately 17.4 million tonnes of CPO and this increased by 5.2 million tonnes or a CAGR of 5.3% to 22.5 million tonnes in 2011.

Historical Trends of Mature Oil Palm Plantation Area and CPO Production, 2006-2011e

Year	CPO Production ('000 tonnes)	CPO Production Growth Rate (%)	Mature Planted Area ('000 hectares)	Mature Planted Area Growth Rate (%)
2006	17,351	--	4,961	--
2007	17,665	1.8	4,849	(2.3)
2008	17,540	(0.7)	5,122	5.6
2009	19,324	10.2	5,541	8.2
2010	21,958	13.6	6,062	9.4
2011e	22,508	2.5	6,524	7.6
CAGR 2006-2011e	--	5.3	--	5.6

e = estimated figures
Note: All figures have been rounded to the nearest decimal point.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The total plantation area of palm oil and its production is estimated to continue to further expand moving forward from 2011. Business opportunities for local M&E engineering services providers in the Indonesian oil palm industry, especially in the provision of M&E engineering services during the commissioning and construction of palm oil mills, are expected to rise in tandem with the expansion of oil palm plantation areas. This expansion in plantation areas would create a demand for palm oil mills in processing FFBs harvested to produce CPO. The shortage of palm oil mills has become a problem for farmers who are unable to supply their palm oil to a mill for processing and forced to leave their fresh fruit bunches to rot in the plantations. The problem surfaced as a result of the rapid expansion of plantations as compared to the development of palm oil mills. Moving forward, it is projected that there would be an increasing demand for the commissioning and construction of palm oil mills which would increase the demand for M&E engineering services.

6.4 Overview of the Sugar Industry in Indonesia

Raw sugar is produced from the harvested sugarcane and can be further refined to white sugar for human consumption or refined for the usage of food and beverage industry. From 2000 to 2011 the domestic consumption of sugar in Indonesia grew from 3.2 million tonnes to 5.0 million tonnes at a CAGR of 4.1%, while imports of refined sugar have declined from 563,000 tonnes to 160,000 tonnes at a negative CAGR of 10.8% over the same period. The importation of sugar is regulated by the Indonesian Government. Only processors using sugar as raw material for input in their production process are allowed to import raw and refined sugar. Indonesia's sources of refined sugar are Thailand, Malaysia, Singapore and South Korea.

The Indonesian Government intends to achieve self-sufficiency in sugar in the near future whereby the total installed capacity of total refineries is being increased. Local food and beverage manufacturing and processing companies are encouraged to consume domestic refined sugar. The domestic retail price of sugar is not controlled by the Indonesian Government, and fluctuates to reflect market conditions. As of March 2012, sugar prices have hovered around RM 3.92 (IDR 10,900) per kg.

Increasing Capacity

Despite the improvement in sugar production, the need to import sugar still exists in line with the population growth and higher consumer spending power that increased sugar consumption in Indonesia. The continuing shortage in local sugar supply has pressured the

Indonesian Government to place greater emphasis on this industry and has resulted in a target to almost double the plantation area to cultivate sugar to 766,613 hectares with the goal of achieving self-sufficient sugar supply by 2014.

In order to achieve this target, several measures have been put in place by the Indonesian Government to encourage the development of more local sugar plantations. One of the measures is the offer of 500,000 hectares of land by the Indonesian Government to sugar producers for sugar cultivation purposes. Additionally, support is also given by the state Government in Indonesia through finance provisions to private investors to purchase land for sugar plantation. Also, in order to encourage more sugar processes in factories, a 10% discount will be given to the sugar factories when buying new machinery with the condition that those machines must be locally manufactured.

The participation of international companies such as PPB Group Berhad ("PPB") into the Indonesian sugar industry is also expected to spur growth due to the industrial experience of PPB in sugar production. In 2010, Wilmar International Limited ("Wilmar"), a subsidiary of PPB acquired PT Jawamanis Rafinasi, a sugar refinery business in Indonesia that has operated since 2001. This acquisition is expected to complement Wilmar's plans to grow in the Indonesian sugar plantation and milling business.

To achieve self-sufficient domestic sugar supply by 2014, the Indonesian Government has to ensure that local sugar production continues to increase in line with domestic sugar consumption. The continuing efforts to implement and strengthen sugar policies or schemes play an important role in monitoring the Indonesian sugar industry.

With the Indonesian Government's efforts to increase land for sugar cultivation from about 442,953 hectares presently to 766,613 hectares by 2014, the number of sugar mills and refineries will rise in tandem with the increase in planted areas, as additional mill and refinery capacity will be required to process the increased raw sugar produced from the plantations. The expanded presence of large international sugar plantation companies such as Wilmar in Indonesia is a sign of the anticipated growth in the country's sugar industry. With this, the prospects for industry players in Indonesia are expected to be positive as the goal to achieve self-sufficiency is aggressively pursued.

7. Application Sectors of M&E Engineering Services in the UAE

7.1 Economic Overview

The UAE economy is recovering from previous headwinds, driven by a pick-up in trade tourism and public spending, supported by higher oil prices. Real GDP recorded a sound 3.3% growth in 2011, with nominal output regaining its pre-crisis level of USD360 billion. The United Arab Emirates have benefited the economy as a hydrocarbon exporter on the background of abundant oil and gas reserves, the seventh largest in the world. The Arab Spring has indeed diverted tourists, businesses and financial capital into Dubai while a significant headway has been made on debt restructuring in the Emirate's troubled government related entities.

But the full recovery from recent crisis seems to be a protracted process, with the economy not booming yet. The Government has been cutting its spending on construction related projects, due to concerns about the significant oversupply in the property market, an increase in the country's financial commitments and the slowdown in global economic conditions. While key projects remain in the pipeline, some contracts have been delayed or possibly cancelled within the on-going prioritisation of infrastructure projects.

The external sector was at the image of macro-economy and oil market developments. While the growth in imports is estimated at circa 15% in 2011 fuelled by stronger domestic demand, merchandise export growth is estimated to have reached 19% in the same year, driven by higher oil output and prices on one hand and the revival of non-oil trade mainly in Dubai on the other hand. With a current account surplus of 7.2% of GDP and an exports to imports ratio of 136%, UAE rises among the few countries around the world with significantly strong external surpluses and healthy foreign positions.

At the monetary sector level, the low growth in money supply in 2011 (6.2% in the first eleven months) was coupled with a moderation of inflation that recorded below 1% for the second consecutive year. The rise in money supply by USD7.4 billion was almost fully tied to net domestic assets while net foreign assets almost maintained their last year's level. Still, the Central Bank was able to reinforce its reserves position, with its foreign assets moving from USD31.8 billion in 2010 to USD39.8 billion in November 2011, raising its coverage to the Domestic Money Supply from 17.8% to 21.6% respectively though still way below the 2007 coverage level.

The banking sector performance was somehow erratic in 2011 amid atypical market conditions. While the first half of 2011 reported a rise in deposits triggered by significant inflows from elsewhere in the region in addition to the oil price surge, there was evidence of hot money leaving the system in the second half along with the withdrawal of Government related deposits. The sector yet remained profitable benefiting from lower funding costs, despite relatively weaker asset quality (6.2% NPL ratio) and slow loan growth (4.2% over the first 11 months), reflecting a slow restoration of business activities and difficulties in finding high-quality borrowers with viable projects. Banks maintain a high level of capitalisation, with an average sector adequacy ratio of 21.2% well above international benchmarks, allowing banks to adequately cover third party risks with shareholders' funds.

UAE capital markets performance was likewise erratic in 2011 but ended on the downside on the overall. Dubai and Abu Dhabi stock market prices dropped by 17% and 11.7% respectively in a market lacking liquidity and efficiency. The annual stock market turnover to market capitalisation actually stood at 11% in Abu Dhabi and 18% in Dubai in 2011, well below the emerging and global countries average (102% and 198% average). In parallel, Dubai's 5-year sovereign credit-default swap ("CDS") spread, a reflection of market perception of credit risks, reported a slight expansion of 30 basis point ("bps") in 2011 to 445bps and Abu Dhabi's 5-year CDS spread recorded a similar increase of 34bps over the same period. It looks like the UAE fixed income markets reported mixed performance in 2011, with nearly a quarter of bonds reporting price contractions, and three quarters reporting upsurge in prices.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

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7.2 Overview of the Water Treatment and Sewerage Industry in the UAE

The water and sewerage treatment industry in the UAE witnessed growth at all fronts between 2006 and 2008 at an estimated CAGR of 18.0%. The market consists of desalination plants, wastewater plants, airports, luxury villas, shoreline apartments, hotels, hospitals, real estate and infrastructural market. The UAE accounts for about 64.7% of the total municipal segment for the water treatment and sewerage industry in the Gulf Cooperation Council ("GCC") countries in 2008.

In 2009, more than 60.0% of housing and commercial units in the UAE were connected to the sewerage network, and more expansion plans are expected to be announced in the next two years. Desalination has been the prime driver for the water treatment and sewerage industry. The growth of wastewater applications is driven by both the core municipal and the real estate sectors.

The UAE constitutes the largest market among other GCC countries. Hectic activity in real estate sector such as construction of shoreline apartments, lifestyle villas and hotels have been largely responsible for the growth. The UAE is a highly competitive market in the GCC region, with a large number of multinational companies present here. The market is expected to improve and achieve a healthy CAGR of 8.1% between 2009 and 2013, with the increased governmental spending on the water treatment and sewerage industry is expected to cushion the municipal water treatment and sewerage segment.

Moving forward, both the water treatment and sewerage industry, including the municipal segment, is expected to continue exhibiting high development in the real estate sector. This growing industry is predicted to present more opportunities for the regional and global M&E engineering services contractors in the UAE.

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8. Prospect for Pasukhas Group

The construction industry has grown from a RM54.3 billion industry in 2005 to a RM87.5 billion industry in 2011, and the M&E engineering services industry has benefited from the sustained strong growth of the construction industry in this period. The recovering manufacturing sector in Malaysia was another key factor in driving the M&E engineering services industry. The manufacturing sector grew by 11.4% from 2009 to 2010 and grew further in 2011 by 3.9%, impacting the country's GDP positively. The expansion of plants and new investments in the manufacturing sector will require M&E engineering works as a foundation for further developments.

Oil palm plantation areas have been growing over the years and this trend is predicted to continue as the Government of Malaysia encourages the establishment of more oil palm estates in East Malaysia. Expansion and upgrading of existing palm oil mills will also further benefit the M&E engineering services industry as palm oil mills require specialised M&E engineering services.

M&E engineering services providers are also expected to benefit as the water treatment and sewerage industry further develops in Malaysia. The Government of Malaysia aims to allocate a capital investment of approximately RM15.0 billion from 2011 to 2020 for the development and construction of water infrastructure.

As a result of the growth of multiple economic sectors that support the M&E engineering services industry, this industry is anticipated to grow to RM17.1 billion by 2015 at a CAGR of 19.4% between 2012 and 2015.

Pasukhas has been offering its services to players in the oil palm industry, and continues to expand its expertise to serve other industries such as the water treatment and sewerage industry, manufacturing, and sugar processing. Pasukhas' market share in the M&E engineering services industry in Malaysia was estimated at 0.3% in 2011 despite the fact that the industry is highly fragmented.

With the positive prospects of the oil palm industry, Pasukhas Group has the advantage to compete with other M&E engineering services providers who may not be familiar with the requirements and needs of the oil palm industry.

With regards to the prospects in Indonesia, Indonesia generally has poor water resources and is seeking to improve its water treatment and sewerage industry. Many opportunities exist for M&E engineering services providers due to the continued drive by the Government of Indonesia to improve the overall water treatment and sewerage system in the country. The increasing population will exert further pressure on the quality of sewerage services, and this will inevitably spur the need for the construction and commissioning of more sewerage plants. Meanwhile, Indonesia is the world's leading palm oil producer with a CAGR of 5.3% between 2006 to 2011. Additionally, Indonesia is also expected to further expand its sugar industry with plans to increase its sugar plantation industry to achieve self-sufficient sugar supplies by 2014. Consequently, these factors present further opportunities for Pasukhas Group.

The market prospects up to 2013 in the UAE is predicted to be healthy and capable of growing moderately as the UAE Government and private sectors will be expected to undertake development projects, including the expansion of water treatment plants and improvement of sewerage networks in the region. Besides the foreign oil palm industry, UAE has presented different opportunities for Pasukhas Group to explore the water treatment and sewerage industry internationally.

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

8.1 Substantial Shareholders and Promoters

8.1.1 Shareholdings

The direct and indirect interests of our substantial shareholders and Promoters in our Company before our IPO and after our IPO are set out below:-

		Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
Substantial shareholders and Promoters	Country of incorporation/ Nationality	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%
Modal Khas Holdings	Malaysia	143,501,000	70.0	-	-	143,501,000	48.6	-	-
Teng Ah Kiong	Malaysian	31,980,000	15.6	143,501,000[*1]	70.0	31,980,000	10.8	143,501,000[*1]	48.6
Teng Yoon Kooi	Malaysian	14,760,000	7.2	143,501,000[*1]	70.0	14,760,000	5.0	143,501,000[*1]	48.6
Tan Chor Tong	Malaysian	14,760,000	7.2	143,501,000[*1]	70.0	14,760,000	5.0	143,501,000[*1]	48.6

Note:-

*1 *Deemed interested under Section 6A of the Act by virtue of their shareholdings in Modal Khas Holdings*

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

8.1.2 Profiles

The profiles of Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong are set out in Section 8.2.2 of this Prospectus.

Modal Khas Holdings was incorporated in Malaysia on 17 January 2003 under the Act as a private limited company under the name of Gembrite Sdn Bhd. Its name was subsequently changed to Modal Khas Holdings on 1 October 2003. The principal activity of Modal Khas Holdings is investment holding.

As at the LPD, the authorised share capital of Modal Khas Holdings is RM100,000 comprising 100,000 ordinary shares of RM1.00 each in Modal Khas Holdings of which RM1,002 comprising 1,002 ordinary shares of RM1.00 each has been issued and fully paid-up.

The directors of Modal Khas Holdings, and their respective shareholdings in Modal Khas Holdings as at the date of this Prospectus are set out below:-

		<---------Direct--------->		<--------Indirect--------->	
Directors	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Teng Ah Kiong	Malaysian	520	51.9	-	-
Tan Chor Tong	Malaysian	240	24.0	-	-
Teng Yoon Kooi	Malaysian	240	24.0	-	-

The shareholders of Modal Khas Holdings and their respective shareholdings in Modal Khas Holdings as at the date of this Prospectus are set out below:-

		<---------Direct--------->		<--------Indirect--------->	
Shareholders	**Nationality**	**No. of shares**	**%**	**No. of shares**	**%**
Teng Ah Kiong	Malaysian	520	51.9	-	-
Tan Chor Tong	Malaysian	240	24.0	-	-
Teng Yoon Kooi	Malaysian	240	24.0	-	-
Liew Ngit Siew	Malaysian	1	-[*1]	-	-
Chan Cheng Thong	Malaysian	1	-[*1]	-	-

Note:-

*1 *Negligible*

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

8.1.3 Changes in shareholdings

The changes in our substantial shareholders and Promoters in their shareholdings in our Company before the Acquisition and up to the LPD are set out below:-

	Before the Acquisition*1				As at the LPD			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders and Promoters	**No. of Pasukhas Shares**	**%**	**No. of Pasukhas Shares**	**%**	**No. of Pasukhas Shares**	**%**	**No. of Pasukhas Shares**	**%**
Modal Khas Holdings	1,000	100.0	-	-	143,501,000	70.0	-	-
Teng Ah Kiong	-	-	1,000*2	100.0	31,980,000	15.6	143,501,000*2	70.0
Teng Yoon Kooi	-	-	1,000*2	100.0	14,760,000	7.2	143,501,000*2	70.0
Tan Chor Tong	-	-	1,000*2	100.0	14,760,000	7.2	143,501,000*2	70.0

Notes:-

*1 *Excludes the initial subscribers prior to the transfer of Pasukhas Shares to Modal Khas Holdings. There were no other significant changes in our substantial shareholders and Promoters in their shareholdings in our Company for the past three (3) years up to the LPD*

*2 *Deemed interested under Section 6A of the Act by virtue of their shareholdings in Modal Khas Holdings*

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

8.2 Directors

8.2.1 Shareholdings

The direct and indirect interests of our Directors in our Company before our IPO and after our IPO are set out below:-

			Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
Directors	Designation	Nationality	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%
Teng Ah Kiong	Chairman/ Managing Director	Malaysian	31,980,000	15.6	143,501,000*1	70.0	31,980,000	10.8	143,501,000*1	48.6
Teng Yoon Kooi	Executive Director	Malaysian	14,760,000	7.2	143,501,000*1	70.0	14,760,000	5.0	143,501,000*1	48.6
Tan Chor Tong	Executive Director	Malaysian	14,760,000	7.2	143,501,000*1	70.0	14,760,000	5.0	143,501,000*1	48.6
Datuk Khor Chin Poey	Independent Non-Executive Director	Malaysian	-	-	-	-	1,000,000	0.3	-	-
Ir. S. P. Thiagarajan A/L Suppiah	Independent Non-Executive Director	Malaysian	-	-	-	-	1,000,000	0.3	-	-
Teoh Kim Hooi	Independent Non-Executive Director	Malaysian	-	-	-	-	1,000,000	0.3	-	-

Notes:-

*1 *Deemed interested under Section 6A of the Act by virtue of their shareholdings in Modal Khas Holdings*

*2 *The shareholdings shown in the table above have included the pink form allocation under the Public Issue*

8.2.2 Profiles

Teng Ah Kiong, a Malaysian aged 59, is our co-founder and was appointed as our Chairman/ Managing Director on 19 May 2011. He is responsible for our Group's strategic operations and business development activities, the overall operations and management of our Group as well as overseeing the sales and marketing functions. He completed his secondary school examination in 1971 and accumulated various on-the-job experiences before pursuing a Masters of Business Administration Degree from University of East London, UK, which was completed in 2009. He started his career as an electrician in 1971 with an electrical contracting company based in Butterworth, Penang. In 1977, he joined a sugar mill in Indonesia as the Head of the Electrical Unit where he was responsible for overseeing the maintenance of all electrical equipment and operation of the power house with three (3) electrical engineers and 28 electricians under his supervision. In 1980, he joined a Hong Kong-based turnkey construction company, Kerry Engineering Pte Ltd as the Head of Electrical Division and oversaw the electrical and mechanical installation works projects. In 1985, Teng Ah Kiong co-founded PSB with his brother, Teng Yoon Kooi. He is also the director of PSB.

Teng Yoon Kooi, a Malaysian aged 55, is our co-founder and was appointed as our Executive Director on 19 May 2011. He is responsible for overseeing the overall operations of the M&E engineering services division, the strategic planning and the overall management of M&E engineering projects, and the marketing and business development activities. He completed his secondary school examination in 1974 and holds a Wireman Nil and Chargeman certificate from the Energy Commission of Malaysia. He has over 20 years of working experience in the electrical engineering industry. He began his career as a wiremen apprentice in 1976 with Genelite Electric Sdn Bhd. In 1985, he co-founded PSB with his brother, Teng Ah Kiong, and since then, has been responsible for the execution of all the site projects for water treatment plants, palm oil mills and other industrial projects in the M&E engineering services industry. He is also the director of PSB.

Tan Chor Tong, a Malaysian aged 55, was appointed as our Executive Director on 19 May 2011. He is responsible for the overall factory operations of our LV switchboards as well as the sales and trading of transformers. He holds a Higher School Certificate from the Royal Military College, Sungei Besi, Selangor in 1977 and a Wireman Nil certificate from the Energy Commission of Malaysia. He started his career in 1978 as an Estimation Officer in Hicobrite Electrical Engineering Sdn Bhd, an electrical contracting and trading firm for LV switchboards and was subsequently promoted to Project Manager. With more than ten (10) years of experience in LV switchboards manufacturing, he joined PSB in 1989 to spearhead the expansion of LV switchboard manufacturing. In 1994, he was one of the key personnel instrumental in PSB's appointment as the agent of distribution, power and converter transformers manufactured by Tusco Trafo. He gained extensive experience in the production of a wide range of LV switchboards and motor control centres, especially for the water treatment and sewerage sectors. He is also the director of PSB.

Datuk Khor Chin Poey, a Malaysian aged 76, was appointed as our Independent Non-Executive Director on 19 May 2011. He holds a Bachelor of Engineering Degree from University of Malaya in 1960 and is a member of the Institution of Engineers, Malaysia and an Associate Member of the Institution of Civil Engineers, UK. He started his career in 1960 as a Senior Executive Engineer in the Public Works Department of Malaysia. He later joined the Federal Land Development Authority of Malaysia as an Engineering Director in 1964. In 1971, he joined Hume Far East Ltd, a concrete products manufacturer and seller, as a General Manager. In 1976, he was the Managing Director of Gunung Madu Plantation, Lampung, Indonesia before joining Perlis Plantations Bhd (now known as PPB Group Berhad) as the Managing Director in 1985. In addition, he was formerly the Executive Chairman for Jerneh Insurance Berhad and PPB Oil Palms Berhad. He has more than 40 years of working experience in the engineering industry. He currently sits on the board of several private limited companies in Malaysia and Singapore.

Ir. S. P. Thiagarajan A/L Suppiah, a Malaysian aged 70, was appointed as our Independent Non-Executive Director on 19 May 2011. He holds a Master of Science Degree (Electrical Machines and Automatic Control) from the Birmingham University, UK in 1968 and a Bachelor of Engineering (Electrical) from Annamalai University, India in 1965. He is a Registered Professional Engineer with the Board of Engineers, Malaysia, a member of the Institution of Engineers, Malaysia, a member of the Institution of Electrical Engineers, UK and a Chartered Electrical Engineer, UK. He started his career in 1968 as an Engineer with Brush Electrical Engineering Co. in UK. In 1969, he joined Preece, Cardew & Rider (South East Asia), a civil and structural engineering consultancy firm, as an Electrical Engineer. He was subsequently promoted to Associate Director of PCR & Rakan Rakan (now known as PCR Sdn Bhd), Kuala Lumpur, a M&E engineering consultancy firm in 1973. In 1979, he joined SMHB Sdn Bhd, an engineering consultancy firm as a Director and spearheaded the M&E Division of the company. He was a Consultant with SMHB Sdn Bhd before retiring in 2010. He has more than 42 years of experience in the M&E engineering services industry and his experience included the design and project management, documentation, selection, inspection, witness testing and commissioning of large electrical equipment for drainage, sewerage and water supply projects.

Teoh Kim Hooi, a Malaysian aged 57, was appointed as our Independent Non-Executive Director on 8 February 2012. He graduated with a professional certification from the Association of Chartered Certified Accountants ("ACCA"), UK in 1978 and was admitted as an Associate Member of ACCA in 1982. He obtained his Fellowship of ACCA in 1987 and his audit licence from the MOF in 1986. He started his career in auditing as an audit assistant with a medium size audit firm from January 1979 to 1980. Thereafter, he joined K K San & Liew, a medium size audit firm, as a Senior Associate and rose up to the ranks of Audit Manager and also Tax Manager before he commenced his own practice in 1986. He currently practices under the name of Cheong, Pun & Teoh. He was also actively involved in the business advisory and company secretarial sectors. He is currently a Fellow Member of ACCA, a Licence Auditor and Tax Agent, a member of the Malaysian Institute of Accountants and a Fellow Member of the Chartered Tax Institute of Malaysia.

8.2.3 Principal Business Activities Performed Outside Our Group

Save as disclosed below, none of our Directors have/ had performed any principal business activities outside our Group or holds or held any directorships in any other companies (which are active and not dormant) at present and for the past five (5) years up to the LPD:-

Directors	Company	Principal Activities	Designation	Date of Appointment	Date of Resignation
Teng Ah Kiong	MKSB	Investment holding	Director	22.11.2000	-
	PCSB	General construction	Director	21.05.2001	-
	Modal Khas Holdings	Investment holding	Director	06.03.2003	-
	Vista Aspen Sdn Bhd	Investment holding	Director	11.12.2003	-
	Aquawalk Sdn Bhd	Management and operation of an information and communications technology Aqua-Marine Aquarium	Director	23.01.2007	-
	Best Team General Contracting LLC	General construction	Director	05.01.2009	-
	Richebio Sdn Bhd	General trading and biodegradable additives producer	Director	15.07.2009	-
	Aspen Angkasa Sdn Bhd	Investment holding	Director	01.09.2004	13.12.2010
	Lip Seng Engineering Works Sdn Bhd	Construction of structural steel and all kinds of engineering works	Director	07.10.2005	14.03.2007
	Influx Technology Sdn Bhd	General contractors and general trading	Director	10.01.2002	-
	JMT Hidro	Renewable energy independent power producer	Director	27.01.2011	-
Teng Yoon Kooi	MKSB	Investment holding	Director	22.11.2000	-
	Modal Khas Holdings	Investment holding	Director	06.03.2003	-
	Lip Seng Engineering Works Sdn Bhd	Construction of structural steel and all kinds of engineering works	Director	07.10.2005	14.03.2007
	Richebio Sdn Bhd	General trading and biodegradable additives producer	Director	15.07.2009	-
	Influx Technology Sdn Bhd	General contractors	Director	21.01.2003	-

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

Directors	Company	Principal Activities	Designation	Date of Appointment	Date of Resignation
Tan Chor Tong	MKSB	Investment holding	Director	22.11.2000	-
	PCSB	General construction	Director	26.11.2001	-
	Modal Khas Holdings	Investment holding	Director	06.03.2003	-
	Influx Technology Sdn Bhd	General contractors	Director	21.01.2003	-
	JMT Hidro	Renewable energy independent power producer	Director	27.01.2011	-
Datuk Khor Chin Poey	KCP Sdn Bhd	Property management and investment holding company	Chairman and Director	25.02.1984	-
	Acacia Services Pte Ltd	Consultancy services	Chairman and Director	02.07.2003	-
	Tangkas Properties Sdn Bhd	Real estate and housing development	Chairman and Director	20.06.2007	-
	KCP Land Sdn Bhd	Investment holding	Director	05.07.2007	-
	Malaysian Philharmonic Orchestra	A Malaysian orchestra that gives concerts	Director	25.10.1998	-
	Dewan Filharmonik Petronas	A classical music concert hall	Director	25.10.1998	-

8.2.4 Directors' Remuneration, Fees and Material Benefits-In-Kind

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

The aggregate remuneration, fees and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 31 December 2011 and FYE 31 December 2012 are set out below:-

	<--------------------Remuneration Band	------------------->
Directors	FYE 31 December 2011 RM'000	Proposed for FYE 31 December 2012 RM'000
Teng Ah Kiong	1,050 - 1,100	1,150 - 1,200
Teng Yoon Kooi	550 - 600	550 - 600
Tan Chor Tong	550 - 600	550 - 600
Datuk Khor Chin Poey	-	0 - 50

Directors	Remuneration Band FYE 31 December 2011 RM'000	Remuneration Band Proposed for FYE 31 December 2012 RM'000
Ir. S. P. Thiagarajan A/L Suppiah	-	0 - 50
Teoh Kim Hooi	-	0 - 50

8.3 Board Practice

8.3.1 Directorship

According to our Articles, each Director shall retire once in every three (3) years and one-third (1/3) of our Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office at each AGM.

Our Directors to retire every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by other Directors to fill in a casual vacancy or as an addition to the existing Board, shall hold office only until the next AGM of the Company and shall then be eligible for re-election.

As at the LPD, the details of the date of expiration of the current term of office for each and every Director of our Company and the period for which our Directors have served in that office are as follows:-

Directors	Designation	Date of expiration of the current term of office*1	No. of years in office
Teng Ah Kiong	Chairman/ Managing Director	10th AGM	One (1)
Teng Yoon Kooi	Executive Director	9th AGM	One (1)
Tan Chor Tong	Executive Director	8th AGM	One (1)
Datuk Khor Chin Poey	Independent Non-Executive Director	Annual retirement*2	One (1)
Ir. S. P. Thiagarajan A/L Suppiah	Independent Non-Executive Director	Annual retirement*2	One (1)
Teoh Kim Hooi	Independent Non-Executive Director	10th AGM	Less than one (1)

Notes:-

*1 *Since our incorporation on 29 March 2005*

*2 *Pursuant to Section 129(6) of the Act, a Director who is above the age of 70 years is subject to appointment/ re-appointment at every AGM*

8.3.2 Audit Committee

The composition of our Audit Committee is set out below:-

Name	Designation	Directorship
Teoh Kim Hooi	Chairman	Independent Non-Executive Director
Ir. S. P. Thiagarajan A/L Suppiah	Member	Independent Non-Executive Director
Datuk Khor Chin Poey	Member	Independent Non-Executive Director

The terms of reference of the Audit Committee, amongst others, include the following:-

i. Reviews the financial statements of our Group prior to submission to our Board;

ii. Recommends to our Board regarding the appointment of the external auditors;

iii. Reviews the results and scope of the internal audit procedures and other services provided by our external auditors;

iv. Reviews and evaluates our internal audit and control functions; and

v. Assesses the financial risks and matters relating to related party transactions and conflict of interests.

The Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

8.3.3 Remuneration Committee

The composition of our Remuneration Committee is set out below:-

Name	Designation	Directorship
Datuk Khor Chin Poey	Chairman	Independent Non-Executive Director
Teoh Kim Hooi	Member	Independent Non-Executive Director
Ir. S. P. Thiagarajan A/L Suppiah	Member	Independent Non-Executive Director

The terms of reference of the Remuneration Committee, amongst others, include the following:-

i. Recommends to our Board regarding the remuneration of our Directors;

ii. Assist our Board in assessing the responsibility and commitment undertaken by our Board members; and

iii. Establish the performance criteria to evaluate the performance of our Directors and ensuring that the remuneration of our Directors are reflective of the responsibility and commitment of our Directors concerned.

The policy adopted by our Remuneration Committee is to provide the necessary package to attract, retain and motivate our Executive Directors of the quality required to manage our business and to align the interest of our Executive Directors with those of shareholders.

8.3.4 Nomination Committee

The composition of our Nomination Committee is set out below:-

Name	Designation	Directorship
Ir. S. P. Thiagarajan A/L Suppiah	Chairman	Independent Non-Executive Director
Datuk Khor Chin Poey	Member	Independent Non-Executive Director
Teoh Kim Hooi	Member	Independent Non-Executive Director

The terms of reference of the Nomination Committee, amongst others, include the following:-

i. Reviews the structure, size and composition of our Board;

ii. Reviews the nomination for the appointment or reappointment of our Board members;

iii. Recommends Directors who are retiring by rotation to be put forward for re-election; and

iv. Ensures that all Board appointees undergo an appropriate introduction and training programmes.

This requires a review of the mix of skills and experience, including core competencies and qualities that Non-Executive Directors should bring to our Board in order for our Board to function effectively. Our Board as a whole makes all decisions on appointments after considering the recommendations of our Nomination Committee.

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

8.4 Key Management and Technical Personnel

8.4.1 Shareholdings

The direct and indirect interests of our key management and technical personnel in our Company before our IPO and after our IPO are set out below:-

			Before our IPO				After our IPO			
			Direct		Indirect		Direct		Indirect	
Name	Designation	Nationality	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%	No. of Pasukhas Shares	%
Teng Ah Kiong	Chairman/ Managing Director	Malaysian	31,980,000	15.6	143,501,000[*1]	70.0	31,980,000	10.8	143,501,000[*1]	48.6
Teng Yoon Kooi	Executive Director	Malaysian	14,760,000	7.2	143,501,000[*1]	70.0	14,760,000	5.0	143,501,000[*1]	48.6
Tan Chor Tong	Executive Director	Malaysian	14,760,000	7.2	143,501,000[*1]	70.0	14,760,000	5.0	143,501,000[*1]	48.6
Sim Guo Jong @ Tan Guo Jong	Project Director	Malaysian	-	-	-	-	1,000,000	0.3	-	-
Ir. Yamuna Devi Chandran	Business Development Manager	Malaysian	-	-	-	-	200,000	0.1	-	-
Chee Lee Peng	Finance and Human Resource Manager	Malaysian	-	-	-	-	200,000	0.1	-	-

Notes:-

*1 *Deemed interested under Section 6A of the Act by virtue of their shareholdings in Modal Khas Holdings*

*2 *The shareholdings shown in the table above have included the pink form allocation under the Public Issue*

8.4.2 Profiles

The profiles of Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong were set out in Section 8.2.2 of this Prospectus.

Sim Guo Jong @ Tan Guo Jong, a Malaysian aged 43, is our Project Director and is responsible for assisting our Managing Director in overseeing the business development department. He is also the co-head of the project department where he oversees the overall quality system in the department, manages and plans for all M&E engineering projects, coordinates with other departmental heads, and liaises with customers and government bodies. He is also responsible for the quality control and R&D activities of our Group. He holds a Electrical and Electronic Engineering Higher Diploma (first class) from Institut Megatech, Kuala Lumpur in 1992. He is also a registered graduate engineer with the Board of Engineers Malaysia and holds a Engineering Council Certification from UK and has fulfilled all the academic requirement of Part 1 and 2 of the Board of Engineers, Malaysia and the Institution of Engineers, Malaysia Examinations since 2004. He started his career in 1992 as an Electrical Engineer in SMHB Sdn Bhd and subsequently joined Kurihara (Malaysia) Sdn Bhd in 1997 as an Electrical Engineer. In 1999, he joined PSB as a Project Manager and was subsequently promoted to General Manager in 2004. In 2010, he was appointed as the Director of PSB.

Ir. Yamuna Devi Chandran, a Malaysian aged 34, is our Business Development Manager. She is responsible for our Group's business development by acquiring and building new clientele and business opportunities, managing and developing the business development department. She holds a Bachelor of Engineering (Electrical) Degree (second class honours (upper division)) from Universiti Teknologi Malaysia in 2001. She is also a Registered Professional Engineer with the Board of Engineers Malaysia and is currently pursuing a distance learning postgraduate program in Master of Business Administration with University of Southern Queensland, Australia. She started her career as an electrical engineer in 2001 with SMHB Sdn Bhd and later joined Mahkota Technologies Sdn Bhd in 2005 as a Project Engineer. In 2006, she joined WD Partners Inc, Malaysia as a Electrical Project Lead and was promoted to a Studio Manager in 2008. She subsequently joined KTA Tenaga Sdn Bhd in 2009 as a Senior Electrical Engineer before joining PSB in 2010 as the Business Development Manager.

Chee Lee Peng, a Malaysian aged 36, is our Finance and Human Resource Manager. She is responsible for our Group's accounting, finance and tax issues, ensuring statutory compliance with all regulations and laws governing our Group, and liaising with bankers and auditors pertaining to the financial and accounting matters of our Group. In addition, she is also responsible for the daily administrative, human resource, accounting and finance operations of the Company. She holds a professional qualification from ACCA, UK and is a fellow member since 2009 as well as a member of Malaysian Institute of Accountants. She began her career in an accounting firm in 2001 and subsequently joined Marditech Corporation Sdn Bhd and Whitex Garments Sdn Bhd to perform auditing and accounting functions from 2004 to 2008. In year 2008, she joined PSB as the Finance and Human Resource Manager.

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

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

As at the LPD, save as disclosed below, none of our Executive Directors and/ or key management and technical personnel are involved in other businesses or corporations (which are active and not dormant), save and except for the operations of our Group:-

Name	Company	Principal Activities	Designation	Effective Shareholding*1 %
Teng Ah Kiong	MKSB	Investment holding	Director	52.00
	PCSB	General construction	Director	40.00
	Modal Khas Holdings	Investment holding	Director	52.00
	Vista Aspen Sdn Bhd	Investment holding	Director	49.40
	Aquawalk Sdn Bhd	Management and operation of an information and communications technology Aqua-Marine Aquarium	Director	3.40
	Best Team General Construction LLC	General construction	Director	49.00
	Richebio Sdn Bhd	General trading and biodegradable additives producer	Director	36.92
	JMT Hidro	Renewable energy independent power producer	Director	26.52
Teng Yoon Kooi	MKSB	Investment holding	Director	24.00
	Modal Khas Holdings	Investment holding	Director	24.00
	Vista Aspen Sdn Bhd	Investment holding	-	22.80
	Aquawalk Sdn Bhd	Management and operation of an ICT Aqua-Marine Aquarium	-	1.57
	Richebio Sdn Bhd	General trading and biodegradable additives producer	Director	17.04
	JMT Hidro	Renewable energy independent power producer	-	12.24
Tan Chor Tong	MKSB	Investment holding	Director	24.00
	PCSB	General construction	Director	-

Name	Company	Principal Activities	Designation	Effective Shareholding*1 %
	Modal Khas Holdings	Investment holding	Director	24.00
	Vista Aspen Sdn Bhd	Investment holding	-	22.80
	Aquawalk Sdn Bhd	Management and operation of an ICT Aqua-Marine Aquarium	-	1.57
	Richebio Sdn Bhd	General trading and biodegradable additives producer	-	17.04
	JMT Hidro	Renewable energy independent power producer	Director	12.24

Note:-

*1 *Consists of either the total direct equity interest held in the company or the total indirect equity interest held in the company via other company(ies)*

Our Executive Directors are of the view that their involvements in the businesses/ corporations above do not affect their contributions to our Group and would not be expected to affect the operations of our Group.

Teng Ah Kiong's, Teng Yoon Kooi's and Tan Chor Tong's involvement in the above businesses do not require a significant amount of their time as they are merely a director and/ or shareholder of these companies and do not hold any executive position in these companies save for MKSB and Modal Khas Holdings. MKSB is merely an investment holding company, whereas Modal Khas Holdings, an investment holding company which currently has only one (1) property apart from holding investments in our Company, and hence, does not require our Managing Director/ Executive Directors to spend a significant amount of time on the affairs of these companies.

As such, Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong spend most of their working hours on the affairs of our Group. Hence, their involvement in other businesses and corporations neither materially nor adversely affect their contributions to our Group. Their ability to act as Managing Director/ Executive Directors of our Group is not expected to change going forward.

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

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

i. a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he or she was a partner or any corporation of which he or she was a director or key personnel;

ii. was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

iii. was charged and/ or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

iv. any judgment was entered against him or her involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

v. was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him or her from engaging in any type of business practice or activity.

8.7 Family Relationships and Associations

Save as disclosed below, there are no other family relationships or associations between our substantial shareholders, Promoters, Directors and key management and technical personnel:-

i. Modal Khas Holdings, our substantial shareholder, is a related party to Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong as they are also the directors and substantial shareholders of Modal Khas Holdings; and

ii. Teng Ah Kiong and Teng Yoon Kooi are brothers.

8.8 Benefits Paid or Intended to be Paid

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

8.9 Service Agreements

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

8.10 Employees

8.10.1 Number of Employees

As at the LPD, our Group has a total workforce of 59 permanent employees excluding our Board members, and four (4) contractual employees. Malaysians accounted for 78.0% of total employees while the remaining 22.0% were foreign nationals. As for our Abu Dhabi branch office, we only have one (1) employee, who is a business development manager, which forms part of our total of 59 permanent employees. All of our foreign employees have valid working permits.

Our Group does not have any temporary employees. The breakdown of our employees by categories is as follows:-

	<------No. of employees------> As at 31 December		
	2009	**2010**	**2011**
Management and professional	13	15	17
Technical and supervisory	17	18	17
Officers/ Executives	3	4	3
Clerical and administrative	4	4	5
Factory workers[*1]	10	11	13
General workers	6	6	7
Total workforce	**53**	**58**	**62**

Note:-

*1 *Our factory workers are semi-skilled workers. They are classified as semi-skilled workers due to their technical expertise through current and past relevant work experiences. In addition, some of them have also gone through vocational training*

None of our employees, whether permanent or contractual, belong to any trade unions. Save as disclosed below, there has been no industrial disputes since we commenced operations:-

Our subsidiary, PSB, had in April 2001 terminated the service of its former employee, Rasamanikam A/L Varathan ("Rasamanikam"). Rasamanikam was a lorry driver for PSB and had been on medical leave on a recurring basis over a short period of time. Results of a medical check-up showed that Rasamanikam was unfit to be a lorry driver as he had a fainting fit due to his high blood pressure. As such, PSB re-designated Rasamanikam as a general worker, which was subsequently rejected by him. PSB then terminated Rasamanikam's service out of the concern of his health safety as well as for the benefit of PSB. PSB offered compensation equivalent to Rasamanikam's one (1)-month salary to him in accordance with the terms of his employment contract. Rasamanikam proceeded to the Industrial Relations Department to lodge a complaint against PSB as he was unsatisfied with the compensation offered. Subsequently, the Industrial Relations Department had a discussion with Rasamanikam and PSB and the matter was subsequently settled upon payment by PSB to Rasamanikam the compensation equivalent to his two (2)-months salary for the termination of his service. Rasamanikam served his last working day in PSB on 30 April 2001.

8.10.2 Training and Development Programmes

We recognise the importance of human resource as a central element of any successful organisation and aim to build an experienced, capable and dynamic team. In line with this, we conduct on-the-job training programmes for our technical staff aimed at improving skills and technical knowledge.

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

The key training and development programmes attended by our employees in the year 2009, 2010, 2011 and up to the LPD are set out below:-

Month/ Year	Training and Development Programmes undertaken
	Operational
September 2009	• ISO 9001: 2008 Transition Training (In-house)
	Management
September 2009	• Building Financial Models for Decision Making (External)
September 2009	• Taxation of Property Development and Construction Companies (External)
February 2010	• Finance for Non-Finance Executives (External)
October 2010	• Programme organised by Social Security Organisation Malaysia (SOCSO) for Employers (Program Seranta Perkeso Bersama Majikan) (External)
December 2010	• Defining Performance and Developing Effective Key Performance Indicator (External)
March 2011	• Understanding the Practicalities of Human Resources (External)
April 2011	• Secrets of Power Negotiating with Roger Dawson (External)
May 2011	• Successful Project Management (External)
June 2011	• Fire Fighting Training and Safety Awareness
June 2011	• Misrosoft Office Project: Intermediate & Foundation (In-house)
July 2011	• Fire Fighting Training and Safety Awareness
September 2011	• Project Safety Management
September 2011	• Labour Law Course
December 2011	• Effective Call Handling Skills
December 2011	• Directors Right, Duties, Powers and Accountability
May 2012	• Inventory & Stores Management
	• Confined Space Training for Authorised Entrant and Stand-By Person
	• How to Write Minutes of Meeting
June 2012	• Related Party Transaction
	• Project Filing System and Records Control

We have also identified the following training and development programmes for our employees to attend in the year 2012:-

Training and Development Programmes

Finance and Administration

- Human Capital Development: Communication Skill
- Interpretation and Analysis of Financial Statement for Non-Finance Manager
- Tendering, Cost Estimating and Contracts Administration

Operations/ Technical

- Microsoft Project – Advance
- Preparing Project Quality Plan Quality Assurance/ Quality Control Documentation
- Effective Production Planning, Scheduling and Control (Manufacturing)
- Effective Supervisory Skill and Leadership

Management

- Powerful Negotiation for Successful Purchasing
- Effective Managerial Skill and Leadership/ Strategic Business Planning for Achieving Key Business Results

8.10.3 Management Succession Plan

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

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

i. Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with business goals, strategies and the culture of our Group; and

ii. Taking a positive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

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

9. APPROVALS AND CONDITIONS

9.1 Approvals and Conditions

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

The approval of Bursa Securities for our admission to the Official List and the listing of and quotation for our entire issued and paid-up share capital on the ACE Market was obtained on 16 January 2012, and an extension of time to complete the implementation of the Listing up to 15 September 2012 was obtained on 21 June 2012. The conditions imposed by Bursa Securities for the approval and status of compliance are set out below:-

	Conditions	Status of compliance
i.	Submission of the following information in respect of the moratorium on the shareholdings of promoters to Bursa Depository:- (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares	Complied
ii.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
iii.	Make the relevant announcements pursuant to Rules 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	The announcement pursuant to Rule 8.1 of Guidance Note 15 of the Listing Requirements will be made on 2 August 2012 being the date of this Prospectus. The relevant announcement pursuant to Rule 8.2 of Guidance Note 15 of the Listing Requirements will be made one day before the date of Listing
iv.	Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the share spread requirements based on the entire issued and paid-up share capital of Pasukhas on the first day of listing;	A copy of the schedule of distribution will be submitted to Bursa Securities on the first day of Listing
v.	Any director of the Company that has not attended the Mandatory Accreditation Programme must do so prior to listing of the Company;	Complied

vi.	In relation to the public offering to be undertaken by Pasukhas, to announce at least two (2) Market Days prior to the listing date, the result of the offering including the following:- (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche, in the prescribed format; and (iv) Disclosure of placees who become substantial shareholder of Pasukhas arising from the public offering, if any	To be complied
vii.	Pasukhas to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon completion of the Listing.	To be complied

The approval of the SC under the Equity Compliance Unit for our Listing and the resultant equity structure of our Group was obtained on 29 July 2011. The conditions imposed by the SC under the Equity Compliance Unit for the approval and status of compliance are set out below:-

	Conditions	**Status of compliance**
i.	Pasukhas to submit to the SC its equity structure upon completion of its Listing;	To be complied
ii.	Pasukhas to allocate 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors to be recognised by MITI, within one (1) year after achieving the profit track record requirement for companies seeking listing on the Main Market of Bursa Securities, or five (5) years after being listed on the ACE Market of Bursa Securities, whichever is the earlier ("Triggering Date"); and	To be complied
iii.	OSK/ Pasukhas to submit to the SC a proposal to comply with the Bumiputera equity condition within six (6) months from the Triggering Date.	To be complied

9.2 Moratorium on Promoters' Shares

Pursuant to 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:-

i. The moratorium applies to the entire shareholdings held by our Promoters for a period of six (6) months from the date of admission to the Official List ("Initial Six (6)-Month Moratorium Period");

ii. Upon the expiry of the Moratorium Period, our Promoters must ensure that their aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up share capital of our Company shall remain under moratorium for another period of six (6) months ("Subsequent Six (6)-Month Moratorium Period"); and

iii. Thereafter, our Promoters may sell, transfer or assign up to a maximum of one-third (1/3) per annum of their respective shareholdings under moratorium on a straight-line basis.

9. APPROVALS AND CONDITIONS (CONT'D)

Our Promoters whose Shares are subject to moratorium under the Initial Six (6)-Month Moratorium Period and Subsequent Six (6)-Month Moratorium Period are set out below:-

Promoters	No. of Shares to be held under Initial Six (6)-Month Moratorium Period	%	No. of Shares to be held under Subsequent Six (6)-Month Moratorium Period	%
Modal Khas Holdings	143,501,000	48.64	92,920,450	31.50
Teng Ah Kiong	31,980,000	10.84	20,710,000	7.02
Teng Yoon Kooi	14,760,000	5.00	9,560,000	3.24
Tan Chor Tong	14,760,000	5.00	9,560,000	3.24
Total	**205,001,000**	**69.48**	**132,750,450**	**45.00**

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

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

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

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

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

10.1 Related Party Transactions and Conflict of Interest

Save as disclosed below, there are no other material related party transactions or other subsisting contracts or arrangement, existing or potential, entered or to be entered into by our Group which involved the interest, direct or indirect, of our Directors, substantial shareholders, key management and technical personnel and/ or persons connected with them for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012:-

10.1.1 Recurrent Related Party Transactions

				<----------Transaction Value			---------->
				<-------FYE 31 December		------>	Three (3)-month FPE 31 March 2012
Transacting Parties	Related party	Nature of relationship	Nature of transaction	2009 RM'000	2010 RM'000	2011 RM'000	RM'000
PSB and Modal Khas Holdings	Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong	Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong are the direct/ indirect shareholders and directors of PSB and Modal Khas Holdings	Rental of office premises to PSB located at Lot 5815-A, Jalan Mawar, Taman Bukit Serdang, Seksyen 9, 43300 Seri Kembangan, Selangor Darul Ehsan	501	642	642	161

10.1.2 Non-Recurrent Related Party Transactions

				<----------Transaction Value			---------->
				<-------FYE 31 December		------>	Three (3)-month FPE 31 March 2012
Transacting Parties	Related party	Nature of relationship	Nature of transaction	2009 RM'000	2010 RM'000	2011 RM'000	RM'000
PSB and PCSB	Teng Ah Kiong and Tan Chor Tong	PCSB was formerly an associate company of PSB. Teng Ah Kiong and Tan Chor Tong are currently the directors of PSB and PCSB. Teng Ah Kiong is currently a shareholder of PCSB	Share of earnings from 50:50 joint venture arrangement between PSB and PCSB for the upgrading and new works for Aker Solution Malaysia Sdn Bhd's building in Pulau Indah, Selangor	678	-	-	-

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

Transacting Parties	Related party	Nature of relationship	Nature of transaction	<---Transaction Value---> FYE 31 December 2009 RM'000	FYE 31 December 2010 RM'000	FYE 31 December 2011 RM'000	Three (3)-month FPE 31 March 2012 RM'000
			Share of earnings from 50:50 joint venture arrangement between PSB and PCSB for the new and minor modification works for Aker Solution Malaysia Sdn Bhd's building in Pulau Indah, Selangor	-	298	-	-
			Share of earnings from 60:40 joint venture arrangement between PSB and PCSB for the Zublin-PSB joint venture contract works for Cameron International Malaysia Systems Sdn Bhd's Plant in Tanjong Pelepas, Johor	1,563	215	127	29
			Earnings of revenue for subcontractor works undertaken by PCSB for PSB for the Sewage Treatment Plant (Phase 2) project at Kangar Station, Kota Setar, Juru Station and Sungai Nyior in Penang, Kedah and Perlis	500	-	-	-
			Subcontractor works undertaken by PCSB for PSB for the supply and installation of lamp pole foundation and supply of used pile for the Slope Protection Project in Kepala Batas, Seberang Perai Utara, Penang	-	705	-	-
			Supply of labour (incurred for professional engineering services and general labour requirements) payable by PSB to PCSB for Cameron International Malaysia Systems Sdn Bhd's Plant in Tanjong Pelepas, Johor	365	9	8	1

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

Transacting Parties	Related party	Nature of relationship	Nature of transaction	<------Transaction Value------> <---FYE 31 December---> 2009 RM'000	2010 RM'000	2011 RM'000	Three (3)-month FPE 31 March 2012 RM'000
			Supply of labour (incurred for professional engineering services and general labour requirements) payable by PSB to PCSB for the Aker Solution Malaysia Sdn Bhd's Manufacturing Centre in Pulau Indah, Selangor	160	145	40	-
			Rental of office premises to PCSB located at Lot 2203, Block D, Jalan BS 7/2, Kawasan Perindustrian Bukit Serdang, 43300 Seri Kembangan, Selangor	14	-	-	-
			Earnings of revenue for subcontractor works undertaken by PSB for PCSB for the substructure work for a project for Inland Revenue Board in Cyberjaya undertaken by PCSB	-	102	-	-
			Project incentives payable by PSB to PCSB for Cameron International Malaysia Systems Sdn Bhd's Plant in Tanjong Pelepas, Johor's project	-	22	-	-
			Earnings of revenue for subcontractor works undertaken by PSB for PCSB for the site temporary work for a project for Jaks Sdn Bhd in Ara Damansara undertaken by PCSB	-	-	-	477
PSB and Best Team General Contracting LLC	Teng Ah Kiong	Teng Ah Kiong is the director and direct/ indirect shareholder of PSB and Best Team General Contracting LLC	Subcontract works undertaken by PSB for Best Team General Contracting LLC for the M&E engineering works for a Sewage Pumping Station for Plot 1, Marina Square, Reem Island Development, Abu Dhabi, UAE	7,938[*1]	-	-	-

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

Transacting Parties	Related party	Nature of relationship	Nature of transaction	<---Transaction Value---			
				<---FYE 31 December--->			Three (3)-month FPE 31 March 2012
				2009 RM'000	2010 RM'000	2011 RM'000	RM'000
			Payment made by Best Team General Contracting LLC to PSB (Abu Dhabi Branch) for the preparation of tender for projects in Abu Dhabi, UAE	-	382*2	-	-
			Payment made by PSB (Abu Dhabi Branch) to Best Team General Contracting LLC as project management fee for the Sewage Pumping Station for Plot 1, Marina Square, Reem Island Development, Abu Dhabi, UAE	-	-	415*3	100*4
PSB and MKSB	Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong	Teng Ah Kiong, Teng Yoon Kooi and Tan Chor Tong are the directors and direct/ indirect shareholders of PSB and MKSB	Disposal of 95.0% equity interest in Vista Aspen Sdn Bhd held by PSB to MKSB	-	780	-	-
			Disposal of 3.5% equity interest in Aquawalk Sdn Bhd held by PSB to MKSB	-	900	-	-
			Disposal of 51.0% equity interest in JMT Hidro held by PSB to MKSB	-	-	2,100	-
PSB and Lip Seng Engineering Works Sdn Bhd	Teng Yoon Kooi	Teng Yoon Kooi was formerly a shareholder of Lip Seng Engineering Works Sdn Bhd. He is also a director and indirect shareholder of PSB	Earnings of revenue for subcontractor works undertaken by PSB for Lip Seng Engineering Works Sdn Bhd for the supply of raw material and labour for a project undertaken by Lip Seng Engineering Works Sdn Bhd for Modal Khas Holding's property	717	-	-	-
			Earnings of revenue for subcontractor works undertaken by Lip Seng Engineering Works Sdn Bhd for PSB for the Aker Solutions Malaysia Sdn Bhd's Manufacturing Centre in Pulau Indah, Selangor	440	-	-	-

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

Transacting Parties	Related party	Nature of relationship	Nature of transaction	<-----Transaction Value-----			
				<----FYE 31 December---->			Three (3)-month FPE 31 March 2012
				2009 RM'000	2010 RM'000	2011 RM'000	RM'000
			Earnings of revenue for subcontractor works undertaken by Lip Seng Engineering Works Sdn Bhd for PSB for the Aker Solutions Malaysia Sdn Bhd's Manufacturing Centre project in Pulau Indah, Selangor	-	870	-	-
			Earnings of revenue for subcontractor works undertaken by Lip Seng Engineering Works Sdn Bhd for PSB for the Pahang-Selangor Raw Water Transfer project in Pahang and Selangor	345	875	-	-
			Purchase of materials from Lip Seng Engineering Works Sdn Bhd by PSB	2	-	2	-

Notes:-

*1 *Approximately AED8.42 million based on the average exchange rate of AED100.00: RM94.30 from 20 October 2009 to 20 December 2009*

*2 *Approximately AED0.45 million based on the exchange rate of AED100.00: RM84.01 as at 31 December 2010*

*3 *Approximately AED0.48 million based on the exchange rate of AED100.00: RM86.49 as at 31 December 2011*

*4 *Approximately AED0.12 million based on the exchange rate of AED100.00: RM83.53 as at 31 March 2012*

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

Our Directors, together with the members of the Due Diligence Working Group are of the opinion that all the above business transactions, which involve the interests of our Directors, substantial shareholders, key management and technical personnel and/ or persons connected with them were carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and not be detriment to our minority shareholders.

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

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

10.2 Recurrent Related Party Transactions of A Revenue or Trading Nature

Pursuant to Rule 10.09 of the Listing Requirements, a listed issuer may seek its shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading in nature which are necessary for its day to day operations subject to, inter-alia, the following:-

i. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

ii. the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under the Listing Requirements;

iii. the circular to our shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities; and

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

iv. in a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Our Group would, in the ordinary course of our business, enter into transactions, including but not limited to the transactions described as related party transactions set out in Section 10.1 of this Prospectus, with persons who are considered "related parties" as defined in the Listing Requirements. It is likely that such transactions will occur with some degree of frequency.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the categories of related party transactions, provided such related party transactions are made at arm's length and on normal commercial terms.

Transactions that do not fall within the ambit of the shareholders' mandate shall be subject to the relevant provisions of the Listing Requirements.

Review procedures for recurrent related party transactions

Our Group has established various procedures to ensure that the recurrent related party transactions are undertaken on an arm's length basis and on normal commercial terms that are consistent with our Group's usual business practices and policies, which are not on terms that are more favourable to the related parties than those extended to the public and, are not to the detriment of our minority shareholders.

The review procedures established by our Group for the recurrent related party transactions are as follows:-

i. the company within our Group have been informed of the definition of "related party" and the review procedures applicable to all recurrent related party transactions;

ii. the company within our Group shall only enter into recurrent related party transactions after taking into account the pricing, level of service, quality of product as compared to market prices and industry standards. Any recurrent related party transaction entered into shall be treated and processed on normal commercial terms consistent with the Company's usual business practices and policies and will not be detrimental to our minority shareholders;

iii. the transaction prices are determined by the prevailing market rates/ prices that are agreed upon under similar commercial terms for transactions with third (3rd) parties, business practices and policies and on terms which are generally in line with industry norms;

iv. any member of the Audit Committee may as he or she deems fit, request for additional information pertaining to the transactions including from independent sources or advisers;

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

v. if a member of the Audit Committee has an interest, direct or indirect, in any particular transaction, he or she will have to abstain from any deliberation and voting on the matter at the Audit Committee meeting in respect of such transactions;

vi. proper records shall be maintained to capture all recurrent related party transactions entered into pursuant to the shareholders' mandate to ensure accurate disclosure thereof. Disclosure will be made in our Company's annual report of the breakdown of the aggregate value of the recurrent related party transactions during the financial year, amongst others, based on the following information:-

  a) the type of recurrent related party transactions made; and

  b) the names of the related parties involved in each type of the recurrent related party transaction made and their relationship with the Company.

vii. the annual internal audit plan shall incorporate a review of all recurrent related party transactions entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;

viii. the Audit Committee shall review the internal audit reports to ascertain that the guidelines and the procedures established to monitor recurrent related party transactions are complied with; and

ix. the Audit Committee shall have the overall responsibility of determining whether the review procedures are appropriate, with the authority to delegate such function to individuals or committee within the Company as it shall deem fit.

10.3 Transactions that are Unusual in Their Nature or Conditions

Our Directors have confirmed that to the best of their knowledge and belief, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or our subsidiary was a party for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

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

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

Save as disclosed below, our Directors have confirmed that to the best of their knowledge and belief, there are no outstanding loans (including guarantees of any kind) that has been granted by our Company and/ or our subsidiary to or for the benefits of the related parties for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012:-

Transacting Parties	Related party	Nature of relationship	Nature of transaction	<----------As at 31 December--------> 2009 RM'000	2010 RM'000	2011 RM'000	As at 31 March 2012 RM'000
PSB and PCSB	Teng Ah Kiong and Tan Chor Tong	PCSB was formerly an associate company of PSB. Teng Ah Kiong and Tan Chor Tong are the directors and indirect shareholders of PSB. Teng Ah Kiong is also a director and shareholder of PCSB while Tan Chor Tong is a director of PCSB. Tan Chor Tong was also the former shareholder of PCSB	Advance by PSB for working capital purposes	376	-	-	-
PSB and Best Team General Contracting LLC	Teng Ah Kiong	Teng Ah Kiong is the director and direct/ indirect shareholder of PSB and Best Team General Contracting LLC	Advance by PSB for expenses paid for setting up of a company and rental expenses	-	80	-	-

10.5 Interest in Similar Businesses and in Businesses of Our Customers or Suppliers

As at the LPD, none of our Directors or substantial shareholders have any interest, direct or indirect, in the following:-

i. Any other businesses and corporations carrying on a similar trade as our Group; and

ii. Any other businesses and corporations which are the customers or suppliers of our Group.

10.6 Promotion of Material Assets

Save as disclosed in Sections 10.1 and 10.7 of this Prospectus and the Acquisition as set out in Section 5.5.3 of this Prospectus, none of our Directors and/ or substantial shareholders have any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed of or proposed to be disposed of or leased to or proposed to be leased to our Company or our subsidiary for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, and 1 April 2012 up to LPD.

10.7 Interest in Contracts or Arrangement

Save as disclosed in Section 10.1 of this Prospectus and as disclosed below, none of our Directors and/ or substantial shareholders have any interest in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole:-

i. A sale and purchase agreement dated 3 June 2011 entered into between PSB and MKSB for the acquisition by MKSB of 1,020,000 ordinary shares of RM1.00 each in JMT Hidro, representing 51% of the issued and paid-up share capital of JMT Hidro for a total consideration of RM2,100,000 to be satisfied via cash; and

ii. A novation agreement dated 3 June 2011 entered into between PSB, JMT Tenaga Sdn Bhd, Aspen Angkasa Sdn Bhd, and MKSB whereby JMT Tenaga Sdn Bhd and Aspen Angkasa Sdn Bhd agreed to release and discharge PSB from its obligations in the joint venture and shareholders agreement dated 27 January 2011 entered into between PSB, JMT Tenaga Sdn Bhd, Aspen Angkasa Sdn Bhd, Puspanadan A/L Tanimaley, Navamaran A/L Puspanadan and JMT Hidro wherein MKSB assumes all rights, powers, benefits, interests, titles and entitlements of PSB under the said joint venture and shareholders agreement in place of PSB and MKSB undertakes to perform the said joint venture and shareholders agreement and to be bound by the terms therein in place of PSB.

10.8 Declaration by the Advisers for Our IPO

i. Principal Adviser

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

ii. **Due Diligence Solicitors**

Messrs Jeff Leong, Poon & Wong has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Due Diligence Solicitors for our IPO.

iii. **Auditor and Reporting Accountants**

Messrs Crowe Horwath has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditor and Reporting Accountants for our IPO.

iv. **Independent Market Researcher**

Frost & Sullivan has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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11. FINANCIAL INFORMATION

11.1 Historical Financial Information

11.1.1 Proforma Consolidated Statements of Comprehensive Income

The following table sets out a summary of the proforma consolidated statements of comprehensive income of our Group based on our audited financial statements for the past three (3) FYE 31 December 2011 as well as the three (3)-month FPE 31 March 2012 and the comparative period for the three (3)-month FPE 31 March 2011, prepared based on the assumption that our Group has been in existence throughout the relevant financial years/ periods under review. The proforma consolidated statements of comprehensive income are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter together with the notes and assumptions accompanying the proforma consolidated financial information set out in Sections 12 and 13 of this Prospectus, respectively.

	<---Audited---		--->	Unaudited	Audited
	<---FYE 31 December---		--->	Three (3)-month FPE 31 March 2011	Three (3)-month FPE 31 March 2012
	2009 RM'000	2010 RM'000	2011 RM'000	RM'000	RM'000
Revenue	46,407	40,479	25,821	7,615	5,244
Contract expenses	(39,001)	(31,934)	(20,470)	(6,051)	(3,510)
Gross profit	7,406	8,545	5,351	1,564	1,734
Other operating income	1,546*1	571	1,317*2	197	200
Operating expenses	(3,903)	(3,661)	(4,727)	(887)	(1,040)
Operating profit	5,049	5,455	1,941	874	894
Finance costs	(287)	(186)	(299)	(74)	(34)
Share of profit from joint venture (net)	1,502	15	207	-	43
Share of profit/ (losses) in an associate	(17)	-	-	-	-
PBT	6,247	5,284	1,849	800	903
Taxation	(1,955)	(1,391)	(615)	(200)	(134)
PAT	4,292	3,893	1,234	600	769
PAT attributable to:-					
Owners of the Company	4,298	3,894	1,295	617	769
NCI	(6)	(1)	(61)	(17)	-
	4,292	3,893	1,234	600	769

11. FINANCIAL INFORMATION (CONT'D)

	<------Audited------> <------FYE 31 December------> 2009 RM'000	2010 RM'000	2011 RM'000	Unaudited Three (3)-month FPE 31 March 2011 RM'000	Audited Three (3)-month FPE 31 March 2012 RM'000
Number of ordinary shares in Pasukhas had Pasukhas Group been in existence ('000)[*3]	205,001	205,001	205,001	205,001	205,001
EBITDA (RM'000)	6,504	5,847	3,270	1,812	1,544
Gross profit margin (%)	16.0	21.1	20.7	20.5	33.1
PBT margin (%)	13.5	13.1	7.2	10.5	17.2
PAT margin (%)	9.2	9.6	4.8	7.9	14.7
EPS (sen)					
- Basic	2.09	1.90	0.60	0.29	0.38
- Diluted[*4]	-	-	-	-	-
Current ratio (times) (Total current assets/ total current liabilities)	1.80	2.12	1.85	1.67	1.89
Gearing ratio (times) (Total borrowings/ total equity (excluding NCI))	0.36	0.16	0.21	0.26	0.19
NTA (NA excluding NCI and intangible assets) (RM'000)	17,801	19,914	19,132	20,542	19,901
NA (excluding NCI) (RM'000)	17,916	19,937	19,132	20,542	19,901
NTA per ordinary share[*3] (Sen)	8.68	9.71	9.33	10.02	9.71
NA per ordinary share[*3] (Sen)	8.74	9.73	9.33	10.02	9.71

Notes:-

*1 *Other operating income for the FYE 31 December 2009 mainly consists of charges billed for the supply of labour (incurred for professional engineering services and general labour requirements) amounting to approximately RM0.75 million, gain from disposal of equipment amounting to approximately RM0.24 million and fixed deposit interest income amounting to approximately RM0.23 million*

*2 *Other operating income for the FYE 31 December 2011 mainly consists of fixed deposit interest income amounting to RM0.29 million, gain from disposal of our investment in JMT Hidro amounting to RM0.34 million, unrealised gain on foreign exchange amounting to RM0.22 million, and accretion of receivables of RM0.21 million*

*3 *Based on the issued and paid-up share capital of 205,001,000 Pasukhas Shares immediately prior to the Public Issue*

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

*5 *There were no exceptional or extraordinary items throughout the financial years/ periods under review*

11.1.2 Proforma Consolidated Statement of Financial Position

The following table sets out a summary of the proforma consolidated statement of financial position based on our audited consolidated financial statements as at 31 March 2012 to show the effects of the Public Issue and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 March 2012. The proforma consolidated statement of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying in the proforma consolidated financial information set out in Section 13 of this Prospectus.

	As at 31 March 2012 RM'000	Proforma I After the Public Issue RM'000	Proforma II After I and utilisation of proceeds RM'000
ASSETS			
Non-current assets			
Plant and equipment	13,029	13,029	13,029
Other investments	107	107	107
Development expenditure	-	-	600
Deferred tax assets	2,289	2,289	2,289
	15,425	15,425	16,025
Current assets			
Inventories	1,282	1,282	1,282
Amount due from contract customers	2,228	2,228	2,228
Trade receivables	8,188	8,188	8,188
Other receivables, deposits and prepayments	802	802	304
Amount owing by joint ventures	111	111	111
Amount owing by related parties	8	8	8
Fixed deposits with licensed banks	12,254	12,254	12,254
Cash and bank balances	3,613	14,413	11,037
	28,486	39,286	35,412
TOTAL ASSETS	**43,911**	**54,711**	**51,437**
EQUITY AND LIABILITIES			
Share capital	20,500	29,500	29,500
Share premium	-	1,800	920
Fair value reserve	17	17	17
Merger deficit	(10,500)	(10,500)	(10,500)
Retained profits	9,884	9,884	9,650
Total equity	**19,901**	**30,701**	**29,587**
Non-current liabilities			
Hire purchase payables*1	326	326	326
Deferred income	8,573	8,573	8,573
	8,899	8,899	8,899
Current liabilities			
Trade payables	1,664	1,664	1,664
Other payables and accruals	4,043	4,043	3,517
Amount owing to related parties	62	62	62
Amount owing to joint venture partner	20	20	20
Short term bank borrowings*1	3,421	3,421	1,787

	As at 31 March 2012 RM'000	Proforma I After the Public Issue RM'000	Proforma II After I and utilisation of proceeds RM'000
Deferred income	4,823	4,823	4,823
Provision for taxation	1,078	1,078	1,078
	15,111	15,111	12,951
Total liabilities	**24,010**	**24,010**	**21,850**
TOTAL EQUITY AND LIABILITIES	**43,911**	**54,711**	**51,437**
Number of shares ('000)	205,001	295,001	295,001
(NL)/ NA (RM'000)	19,901	30,701	29,587
(NL)/ NA per share (Sen)	9.71	10.41	10.03
(NTL)/ NTA (RM'000)	19,901	30,701	28,987
(NTL)/ NTA per share (Sen)	9.71	10.41	9.83
Total borrowings (RM'000)	3,747	3,747	2,113
Gearing ratio (times)	0.19	0.12	0.07

Note:-

*1 *The outstanding balance of our bank borrowings as at LPD amounted to approximately RM2.42 million, of which approximately RM1.63 million is proposed to be utilised to partially repay our outstanding bankers' acceptance*

11.1.3 Consolidated Cash Flow Statement

The following table sets out a summary of the audited consolidated cash flow statement of our Group for the three (3)-month FPE 31 March 2012, which should be read in conjunction with the Reporting Accountants' Letter set out in Section 13 of this Prospectus.

	RM'000
Cash flows from operating activities	
PBT	903
Adjustments for:-	
Depreciation of plant and equipment	701
Unrealised loss on foreign exchange	103
Interest expense	21
Interest income	(81)
Share of profits from joint venture (net)	(43)
Listing expenses written off	94
Writeback of allowance for impairment losses on trade receivables	(112)
Operating profit before working capital changes	1,586
Decrease in amount owing by contract customers	555
Decrease in inventories	128
Decrease in trade and other receivables	70
Decrease in trade and other payables	(515)
Increased in deferred income	2,645
Decrease in amount owing by joint ventures	177
Net decrease in amount owing by related parties	15
Distribution received from joint ventures	247
Distribution paid to joint venture	(588)
Cash generated from operations	4,320

	RM'000
Interest paid	(21)
Income tax paid	(333)
Net cash from operating activities	3,966
Cash flows from investing activities	
Interest received	81
Purchase of plant and equipment	(3,549)
Net cash used in investing activities	(3,468)
Cash flows from financing activities	
Net repayment in bankers' acceptances	(631)
Repayment of hire purchase obligations	(12)
Repayment by a related party	1
Listing expenses paid	(94)
Net cash used in financing activities	(736)
Net decrease in cash and cash equivalents	**(238)**
Foreign exchange rate adjustment	(41)
Cash and cash equivalents at beginning of period	16,146
Cash and cash equivalents at end of period*1	**15,867**

Notes:-

*1 *The components of cash and cash equivalents as at the end of period are as follows:-*

	RM'000
Cash and bank balances	*3,613*
Fixed deposits with licensed banks	*12,254*
	15,867

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

11.2 Capitalisation and Indebtedness

The following table summarises our capitalisation and indebtedness:-

i. As at 31 March 2012, based on our audited consolidated financial information; and

ii. As adjusted for the net proceeds arising from the issuance of 90,000,000 new Pasukhas Shares pursuant to our Public Issue as well as the utilisation of proceeds as set out in Section 3.10 of this Prospectus.

	Audited as at 31 March 2012 RM'000	After adjustment for the Public Issue and utilisation of proceeds RM'000
Indebtedness		
Short-term indebtedness:-		
• Hire purchase payables	82	82
• Bankers' acceptances (secured and guaranteed)	3,339	1,787
Long-term indebtedness:-		
• Hire purchase payables	326	326
Total indebtedness	**3,747*1**	**2,195**
Capitalisation		
Total shareholders' equity	19,901	29,587
Total capitalisation	**19,901**	**29,587**
Total capitalisation and indebtedness	**23,648**	**31,782**

Note:-

*1 *As at LPD, our outstanding bank borrowings amounted to approximately RM2.42 million*

The indirect and contingent liabilities of our Group are set out in Section 11.4.8 of this Prospectus.

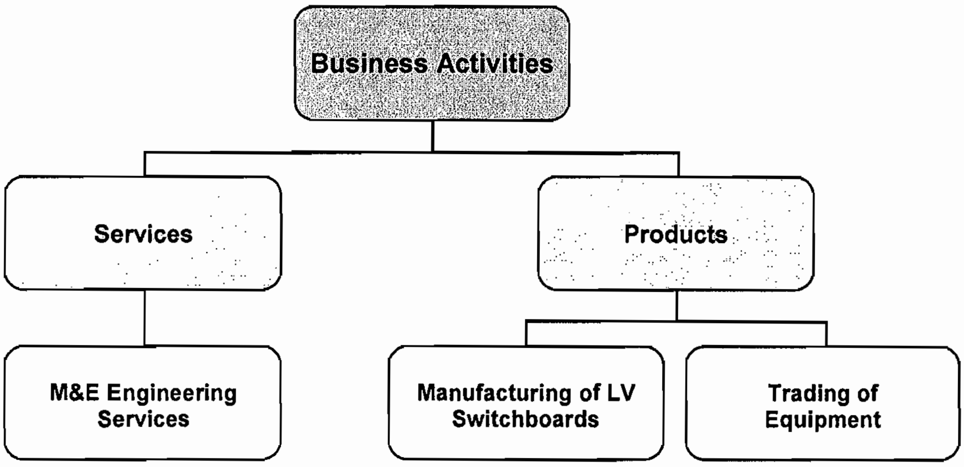
11.3 Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects

The following management's discussion and analysis of our financial condition, results of operations and prospects as set out in this Section 11.3 of this Prospectus have been made based on our proforma consolidated financial information for the past three (3) FYE 31 December 2011 as well as the three (3)-month FPE 31 March 2012 and the comparative period for the three (3)-month FPE 31 March 2011, which have been prepared for illustrative purposes to reflect what our financial position would have been throughout the financial years/ periods under review and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter together with the notes and assumptions accompanying the proforma consolidated financial information set out in Sections 12 and 13 of this Prospectus, respectively.

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

Overview of Our Operations

We are primarily involved in the M&E engineering services industry. The areas of which we are involved are as illustrated below:-



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

PSB is our only subsidiary of which our business operations are conducted and where all of our revenues are derived for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012. As such, segmental information by subsidiaries have not been disclosed.

Our revenues were predominantly derived from Malaysia for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, with the remaining derived from the overseas markets which includes Indonesia, UAE, Sri Lanka and Jamaica. Further details on our modes of marketing, distribution and sales channels are set out in Section 6.11 of this Prospectus.

The revenues derived from our M&E engineering services are mainly project-based, which are non-recurring in nature. As for the manufacturing of our LV switchboards and trading of equipment segments, revenues derived from these segments are contract-based, non-recurring in nature and are stand-alone contracts which does not form part of the revenues derived from LV switchboards, transformers and other equipment supplied to our M&E engineering services projects. Nevertheless, our manufacturing of LV switchboards and trading of equipment businesses mainly serve to complement and support our M&E engineering services. Our Board believes that our manufacturing and trading division will continue to play a supporting role to our M&E engineering services projects, with further R&D in the future to enhance our manufacturing division's products to include MV switchboards.

Review of Our Historical Results

The following information is based on the proforma consolidated results of our Group for the past three (3) FYE 31 December 2011 as well as the three (3)-month FPE 31 March 2012 and the comparative period for the three (3)-month FPE 31 March 2011, and has been prepared for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the relevant financial years/ periods under review.

i. Revenue

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

(a) M&E Engineering Services

Revenue derived from our M&E engineering services segment are mainly derived from our subcontractor works awarded by our main contractors which could comprise of government agencies and companies from the private sector within the water treatment and sewerage industry, oil palm and sugar industry and general manufacturing sector or from our direct customers and/ or proprietors, in the event we are the main contractors for the M&E engineering services projects.

Depending on our customers' or the proprietors' specifications for the projects, we may supply our LV switchboards and also source for and provide third (3rd) parties' products, in terms of equipment and electrical components such as generator sets, cables and transformers, as well as subcontracted services such as steel works, supply of labourers, and supply and works pertaining to the installation of fire protection systems, to complete the M&E engineering services project. In addition, as part of the M&E engineering services projects specifications by the customers, the customers may specify brands of transformers other than TUSCO TRAFO, of which we would source from other suppliers to fulfill such requirement.

We recognise our contract revenue for this segment based on the percentage-of-completion method of accounting. Due to this accounting treatment, the revenue that we recognise for on-going projects may differ from our total amount billed to the customer for the financial year as we may normally perform services and/ or supply materials and equipment in advance and/ or prior to the relevant stage of the project.

(b) Manufacturing of LV Switchboards

Revenue derived from our manufacturing segment consist solely of our manufacturing and supply of LV switchboards to our customers. This segment represents our LV switchboard products which are sold individually on a contract basis and which does not form part of the revenues derived from LV switchboards supplied to our M&E engineering services projects.

(c) Trading of Equipment

Revenue derived from our trading segment consist mainly of trading of distribution, power and converter transformers of Tusco Trafo. We also trade in other equipment such as generator sets, as and when required by our customers. This segment represents the transformer products under Tusco Trafo and other equipment which are sold individually on a contract basis and which does not form part of the revenues derived from transformers and other equipment supplied to our M&E engineering services projects.

11. FINANCIAL INFORMATION (CONT'D)

Our pricing determination is generally affected by the volatility of steel and copper prices, whereby the general market price for our raw materials will form part of our quotation at point of proposal for our M&E engineering services projects and LV switchboard manufacturing contracts. For our projects in UAE, our pricing was also determined by the prevailing exchange rates, which is generally affected by the global economic conditions.

In summary, our Group's revenue is affected by the following main factors:-

i. Performance of the construction, water treatment and sewerage, oil palm, sugar and manufacturing industries;

ii. The fluctuation of raw material prices; and

iii. The outlook and prospects of our target markets.

It should be noted that our share of profits from joint venture for projects undertaken together with our joint venture partners are not included as part of our revenue above. However, it is disclosed as a separate line item in our statement of comprehensive income. This accounting treatment for share of profits from joint venture is in accordance with FRS 131: Interests in Joint Ventures.

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

Revenue by Services and Products, and by (End-user) Geographical Markets

	<---	---FYE 31 December	---	---	---	--->	<--Three (3)-month FPE 31 March-->			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E Engineering Services:-										
Malaysia	32,953	71.0	34,954[*1]	86.4	23,592[*1]	91.4	7,319[*1]	96.1	3,697[*1]	70.5
Indonesia	196	0.4	162	0.4	-	-	-	-	679	12.9
UAE	7,938	17.1	382	1.0	415	1.6	99	1.3	100	1.9
	41,087	**88.5**	**35,498**	**87.8**	**24,007**	**93.0**	**7,418**	**97.4**	**4,476**	**85.3**
Manufacturing of LV switchboards:-										
Malaysia	2,219	4.8	330	0.8	779	3.0	143	1.9	768	14.7
Sri Lanka	665	1.4	-	-	-	-	-	-	-	-
Jamaica	-	-	860	2.1	-	-	-	-	-	-
	2,884	**6.2**	**1,190**	**2.9**	**779**	**3.0**	**143**	**1.9**	**768**	**14.7**

11. FINANCIAL INFORMATION (CONT'D)

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Trading of Equipment:-										
Malaysia	2,148	4.7	906	2.2	1,035	4.0	54	0.7	-	-
Indonesia	288	0.6	2,885	7.1	-	-	-	-	-	-
	2,436	5.3	3,791	9.3	1,035	4.0	54	0.7	-	-
Grand Total	46,407	100.0	40,479	100.0	25,821	100.0	7,615	100.0	5,244	100.0

Note:-

*1 *Inclusive of revenue from the rental of electrical cables for the tunnel power and lighting system for the Pahang-Selangor raw water transfer project to the Shimizu-Nishimatsu-UEMB-IJM Joint Venture which amounts to approximately RM0.41 million in the FYE 31 December 2010, RM3.15 million in the FYE 31 December 2011, as well as approximately RM1.27 million and RM1.30 million in the three (3)-month FPE 31 March 2011 and three (3)-month FPE 31 March 2012, respectively, in addition to our M&E engineering services provided to the same customer*

Revenue by (End-user) Geographical Markets

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	37,320	80.4	36,190	89.4	25,406	98.4	7,516	98.7	4,465	85.2
Indonesia	484	1.1	3,047	7.5	-	-	-	-	679	12.9
UAE	7,938	17.1	382	1.0	415	1.6	99	1.3	100	1.9
Sri Lanka	665	1.4	-	-	-	-	-	-	-	-
Jamaica	-	-	860	2.1	-	-	-	-	-	-
	46,407	100.0	40,479	100.0	25,821	100.0	7,615	100.0	5,244	100.0

Revenue by (End-user) Industries

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Water treatment and sewerage	26,339	56.8	27,083	66.9	9,177	35.5	3,584	47.1	3,537	67.4
Manufacturing	17,077	36.8	8,872	21.9	13,831	53.6	3,835	50.3	1,007	19.2
Sugar	484	1.0	170	0.4	-	-	-	-	-	-
Palm oil	617	1.3	142	0.4	-	-	-	-	-	-
Others*1	1,890	4.1	4,212	10.4	2,813	10.9	196	2.6	700	13.4
	46,407	100.0	40,479	100.0	25,821	100.0	7,615	100.0	5,244	100.0

11. FINANCIAL INFORMATION (CONT'D)

Note:-

*1 *Comprises of end-customers involved in oil and gas, food processing, property development, construction, education, pipe coating and waste management, amongst others*

Revenue from our segments for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012 were recognised based on the following number of projects and/ or contracts during the financial year or period:-

	<--------------FYE 31 December		------------>	Three (3)-month FPE 31 March
	2009	**2010**	**2011**	**2012**
	Number of projects/ contracts	**Number of projects/ contracts**	**Number of projects/ contracts**	**Number of projects/ contracts**
M&E Engineering Services:-				
Completed during the year/ period	13	10	10	5
Work-in-progress as at end of year/ period	7	12	9	7
	20	**22**	**19**	**12**
Manufacturing of LV switchboards:-				
Completed during the year/ period	4	3	2	1
Work-in-progress as at end of year/ period	1	-	1	1
	5	**3**	**3**	**2**
Trading of Equipment:-				
Completed during the year/ period	4	2	6	-
Work-in-progress as at end of year/ period	2	-	-	-
	6	**2**	**6**	**-**
Total	**31**	**27**	**28**	**14**

Revenue generated from our M&E engineering services segment are project-based albeit short term with an average tenure of approximately 12 months from the date of commencement of the project (save for M&E engineering services contracts with contract values exceeding RM10.00 million which generally have longer gestation periods), while the revenue generated from our manufacturing of LV switchboards and trading of equipment segments are mainly derived from customers on a contract basis. As a result, the revenue composition for each financial year depends substantially on the M&E engineering projects secured and works that are undertaken which are subsequently recognised during the financial year.

Our revenue stream is mainly derived from our M&E engineering services segment, which contributed approximately 88.5%, 87.8%, 93.0% and 85.3% of our total revenue for the past three (3) FYE 31 December 2011, and the three (3)-month FPE 31 March 2012, respectively, of which local contributions constituted approximately 71.0%, 86.4%, 91.4% and 70.5%, for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011, and three (3)-month FPE 31 March 2012, respectively.

For all three (3) segments, overall contribution from our local engagements were increasing to approximately 80.4%, 89.4% and 98.4% of our total revenue during the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011, respectively, and decreased to approximately 85.2% in the three (3)-month FPE 31 March 2012.

The water treatment and sewerage industry provided the largest contribution to our revenue during the FYE 31 December 2009 and FYE 31 December 2010, contributing approximately 56.8% and 66.9% of our total revenue during the FYE 31 December 2009 and FYE 31 December 2010 respectively, while the FYE 31 December 2011 recorded approximately 33.5% contribution. The decrease in contribution from the water treatment and sewerage industry in the FYE 31 December 2011 was mainly due to the following:-

i. Increased competition amongst main and subcontractors in tendering for projects under the water and sewerage industry during the financial year, which had affected our ability to obtain projects from customers in this industry; and

ii. The said decrease has been partially offset by the corresponding increase in revenue contribution from the manufacturing industry. Our Group was involved in a higher number of projects in the manufacturing industry during the FYE 31 December 2011 as compared to the previous financial year, as our credentials and performance fulfilled our customers' requirements.

Nevertheless, contribution from the water treatment and sewerage industry to our revenue for the three (3)-month FPE 31 March 2012 had returned to the past two (2) FYE 31 December 2010 levels to approximately 67.4% of our total revenue.

The manufacturing industry provided the largest contribution to our revenue during the FYE 31 December 2011, which had generally increased from approximately 36.8% of our total revenue during the FYE 31 December 2009 to approximately 53.6% of our total revenue during the FYE 31 December 2011.

The projects or contracts we secure in the respective industries, including the manufacturing, sugar and palm oil industries, are dependent upon the general market conditions of the respective industries. The declining trend of our Group's revenue over the past three (3) FYE 31 December 2011 was primarily driven by our decreasing M&E engineering services revenues, due to the lesser M&E engineering services contracts secured during the financial years under review. Meanwhile, the decrease in our M&E engineering services revenue during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011 was mainly due to the near completion of two (2) contracts during the three (3)-month FPE 31 March 2012 which resulted in lesser balance of the revenue from these projects recognised in the three (3)-month FPE 31 March 2012.

Notwithstanding the decline in our revenues for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, the contract values secured from our new major projects/ contracts, including the contracts which are still works-in-progress as at LPD, were increasing over the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012. This is a testament to the increased exposure of our Group's expertise, particularly as a niche M&E engineering services provider. However, the gestation period for new M&E engineering services contracts, particularly contracts with contract values exceeding RM10.00 million per contract, are generally longer. As at the LPD, our Group has three (3) on-going M&E engineering services contracts with contract values exceeding RM10.00 million, details of which were set out in Section 6.2.1.2 of this Prospectus.

As at the LPD, our order book for the M&E engineering services segment stood at approximately RM66.34 million, whereby RM64.57 million or approximately 97.3% of our order book for M&E engineering services contracts pertains to contracts brought forward from the three (3)-month FPE 31 March 2012 and the remainder of RM1.77 million or approximately 2.7% pertains to new contracts secured from April 2012 up to the LPD.

Out of the total order book for the M&E engineering services segment, approximately RM34.41 million pertains to our contracts which are projected to be completed within the FYE 31 December 2012. In addition, approximately RM31.93 million, representing 48.1% of our order book for M&E engineering services contracts brought forward from the three (3)-month FPE 31 March 2012 will be completed within the subsequent two (2) years up to year 2014, which pertains to three (3) on-going projects, namely the Pahang-Selangor raw water transfer project, electrical works for a graphite electrode and cathode plant in Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, and electrical works for a property development project located at Ara Damansara, Selangor.

However, there are possibilities whereby our Group's recognition of revenue may be materially affected due to the deferment of the commencement of new projects, which would in turn defer our progress billings and recognition of revenue.

Further information on the state of our order book as at the LPD are set out in Section 11.5 of this Prospectus while our key on-going projects are set out in Section 6.2.1.2 of this Prospectus.

FYE 31 December 2009

For the FYE 31 December 2009, our revenue had increased by RM5.31 million, representing approximately 12.9% to RM46.41 million as compared to the FYE 31 December 2008 due to the increase in revenue from our M&E engineering services segment, which accounted for 88.5% of our total revenue during the financial year under review.

Our M&E engineering services segment revenue had increased by RM7.22 million, representing approximately 21.3% to RM41.09 million in the FYE 31 December 2009, despite the decrease in the number of M&E engineering services projects undertaken during the financial year under review. The overall increase in our M&E engineering services revenue was mainly attributable to revenue from the following local M&E engineering services projects:-

Project	Location	Industry
▪ M&E engineering works for Cameron International Malaysia Systems Sdn Bhd's plant (under the Zublin-PSB Joint Venture)	Tanjong Pelepas, Johor, Malaysia	Manufacturing
▪ Upgrading works for Aker Solutions Malaysia Sdn Bhd's manufacturing centre	Pulau Indah, Selangor, Malaysia	Manufacturing
▪ Electrical works for the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Electrical works for a sewerage treatment plant	Jelutong, Penang, Malaysia	Water treatment and sewerage
▪ Slope protection works and M&E works for the ancillary buildings	Kepala Batas, Daerah Seberang Perai Utara, Penang, Malaysia	Water treatment and sewerage
▪ M&E works for a pumping station	Kepala Batas, Daerah Seberang Perai Utara, Penang, Malaysia	Water treatment and sewerage

In addition, the contribution from our overseas project involved the sewage pumping station project in Abu Dhabi, UAE, which also represents our first project in the UAE. However, revenue contributed from the sugar industry had decreased significantly in the FYE 31 December 2009, due to one (1) project nearing completion.

Our revenue from the manufacturing of LV switchboards segment had decreased by RM1.52 million, representing approximately 34.6% to RM2.88 million in the FYE 31 December 2009. The decrease was mainly due to the completion of three (3) contracts which was brought forward from the previous financial year, and lesser new contracts secured for the financial year under review.

Our revenue from the trading of equipment segment had decreased marginally by RM0.38 million, representing approximately 13.5% to RM2.44 million in the FYE 31 December 2009, mainly generated from our local contract for the construction of the Petaseh Intake Pumping Station under the Teriang Water Supply Scheme in Negeri Sembilan of which we received a lower value of purchase orders for the supply of transformers.

FYE 31 December 2010

For the FYE 31 December 2010, our revenue had decreased by RM5.93 million, representing approximately 12.8% to RM40.48 million as compared to the FYE 31 December 2009 due to the decline in revenue generated from our M&E engineering services and manufacturing of LV switchboards segment, notwithstanding the improvement in revenues from our trading of equipment segment.

11. FINANCIAL INFORMATION (CONT'D)

Our M&E engineering services segment continued to be our main revenue contributor, which accounted for approximately 87.8% of our total revenue during the financial year under review, notwithstanding that the contribution to the total revenue has reduced despite the increase in the number of M&E engineering services projects undertaken. The lower contribution from the M&E engineering services segment were mainly due to the generally lower contribution from new contracts secured and undertaken during the FYE 31 December 2010 as compared to the previous financial year. We also tendered for M&E engineering services projects with more competitive pricing in order to improve our competitiveness in light of the stiffer competition faced in the M&E engineering services industry.

Nevertheless, our Group had managed to secure two (2) major contracts during the financial year under review as follows:-

i. Supply of cables to the Pahang-Selangor raw water transfer project for an estimated project value of RM19.00 million. The said contract is for a duration of four (4) years up to the FYE 31 December 2014; and

ii. M&E engineering services for a manufacturing plant located at Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, for an estimated project value of RM7.60 million.

Our revenue from the M&E engineering services segment had decreased by RM5.59 million, representing approximately 13.6% to RM35.50 million in the FYE 31 December 2010. A substantial amount of our revenue from the M&E engineering services segment were derived from the following local M&E engineering services projects:-

Project	Location	Industry
▪ Electrical works for the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Proposed extension of a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ M&E engineering works for Aker Solutions Malaysia Sdn Bhd's manufacturing plant	Pulau Indah, Selangor, Malaysia	Manufacturing
▪ M&E engineering works for a flour mill	Kota Kinabalu, Sabah, Malaysia	Others
▪ Slope protection works and M&E works for the ancillary buildings (which was completed during the financial year under review)	Kepala Batas, Daerah Seberang Perai Utara, Penang, Malaysia	Water treatment and sewerage

Revenue contributed from the UAE had decreased significantly during the FYE 31 December 2010 due to the completion of the sewage pumping station in Abu Dhabi, UAE. In addition, revenue contribution from the sugar industry had also decreased due to the completion of one (1) project for the sugar mill in Sumatra, Indonesia during the FYE 31 December 2010. We had also assisted our related party, Best Team General Contracting LLC in one (1) tender in the UAE, at no contract expense to our Group, however we recorded revenues for our professional services rendered amounting to approximately RM0.38 million.

Our revenue from the manufacturing of LV switchboards segment had decreased by RM1.69 million, representing approximately 58.7% to RM1.19 million in the FYE 31 December 2010, mainly attributable to the completion of one (1) contract brought forward from the FYE 31 December 2009, which was partially offset by the revenue from the supply of LV switchboards to Kingston Metropolitan Area Water project in Jamaica during the financial year under review. Our Group also had a lower number of contracts for the supply of LV switchboards during the financial year under review as compared to the FYE 31 December 2009.

Our revenue from the trading of equipment segment had increased significantly by RM1.36 million, representing approximately 55.6% to RM3.79 million in the FYE 31 December 2010, largely contributed from our contract to supply generator sets to the water treatment plant in Tambun, Indonesia, which accounted for approximately 76.1% of our revenue from the trading of equipment segment in the FYE 31 December 2010.

FYE 31 December 2011

For the FYE 31 December 2011, our revenue had decreased by RM14.66 million, representing approximately 36.2% to RM25.82 million as compared to the FYE 31 December 2010 due to the decline in revenue from all three (3) business segments of our Group.

Our M&E engineering services segment continued to be our main revenue contributor, which accounted for approximately 93.0% of our total revenue during the financial year under review. The significant decrease in M&E engineering services revenue by approximately 32.4% or RM11.5 million to RM24.0 million during the FYE 31 December 2011 as compared to the FYE 31 December 2010 was mainly due to lesser contracts secured as a result of unfavourable economic and/ or market conditions, mainly in Malaysia and the UAE. Our lesser contracts secured for the financial year under review was partly due to the deferment of result for one (1) tender submitted by our Group during the FYE 31 December 2011, with a tender amount of RM16.00 million. We understand that the result from the tender has been withheld due to the revision of the project's budget by the tender offeror. As at LPD, there has been no new development on the status.

Albeit the decrease in revenue and the number of new contracts secured, from this segment, our Group had managed to secure a new major contract during the FYE 31 December 2011 with relatively higher contract value, namely a contract to provide electrical works for a property development project at Ara Damansara, Selangor with a project value of approximately RM36.50 million. The said project commenced in December 2011 and is expected to be completed in the FYE 31 December 2013.

However, it should be noted that it is the nature of our M&E engineering services business that project billings issued at the on-set of the projects are generally lower as compared to progress billings raised as the projects progresses. Moreover, the duration of each project differs and issues such as the delay in site handover to us, as well as a re-scheduling in the projects' scope of work, may affect our revenue recognition.

A substantial amount of our revenue from the M&E engineering services segment were derived from the following local M&E engineering services projects:-

Project	Location	Industry
▪ Electrical works for and supply of cables to the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Proposed extension and electrical works for a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ M&E works for a water treatment plant (which was completed during the financial year under review)	Sungai Labu, Sepang, Selangor	Water treatment and sewerage
▪ M&E works for a water supply project to KLIA (which was completed during the financial year under review)	Sepang, Selangor	Water treatment and sewerage

Revenue contributed from the UAE had increased by approximately 8.6% to RM0.42 million during the FYE 31 December 2011, which comprise of our professional fee in providing project management services to our related party, Best Team General Contracting LLC for a project in the UAE, at no contract expense to our Group. In addition, revenue contribution from the manufacturing industry had also increased significantly, mainly due to one (1) new contract to undertake electrical works at a factory in Kuala Langat, Selangor.

Our revenue from the manufacturing of LV switchboards segment had decreased by RM0.41 million, representing approximately 34.5% to RM0.78 million in the FYE 31 December 2011, mainly attributable to the lower value of contracts secured as compared to the previous financial year. However, it should be noted that orders received for our LV switchboards are generally ad-hoc in nature, and hence, contract values may vary depending on the LV switchboards' specification set by our customers.

Our revenue from the trading of equipment segment had decreased by RM2.76 million, representing approximately 72.7% to RM1.04 million in the FYE 31 December 2011. Similar to our manufacturing of LV switchboards segment, the decline was mainly due to the lower value of contracts secured during the year under review as compared to the previous financial year. The orders received for the supply of transformers are also generally ad-hoc in nature, and hence, contract values may vary depending on the equipments' specifications set by our customers.

Three (3)-month FPE 31 March 2012

For the three (3)-month FPE 31 March 2012, our revenue had decreased by RM2.37 million, representing approximately 31.1% to RM5.24 million as compared to the three (3)-month FPE 31 March 2011, mainly due to the decline in revenue from our M&E engineering services segment.

Our M&E engineering services segment remained as our main revenue contributor, which accounted for approximately 85.3% of our total revenue during the financial period under review. The significant decrease in our M&E engineering services revenue by approximately 39.7% or RM2.94 million to RM4.48 million during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011, was mainly due to the near completion of our M&E engineering services contracts brought forward from the FYE 31 December 2011. As a result, most of the revenue were already recognised in the previous financial years, which resulted in lesser balance of the revenue from these projects recognised in the three (3)-month FPE 31 March 2012. In addition, we recognised a lower amount of revenue from one (1) new electrical works contract which was secured and commenced towards the end of three (3)-month FPE 31 March 2012. Moreover, we are still recovering from the spillover effects of the generally unfavourable economic and/ or market conditions faced in FYE 31 December 2011, during the financial period under review.

A substantial amount of our revenue from the M&E engineering services segment were derived from the following M&E engineering services projects:-

Project	Location	Industry
▪ Electrical works for a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ Electrical works for and supply of cables to the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Electrical consulting services (which was completed during the financial period under review)	Indonesia	Water treatment and sewerage

Revenue contributed from the UAE in the three (3)-month FPE 31 March 2012 remained consistent with the revenue contributed from the UAE in the three (3)-month FPE 31 March 2011, which comprise of our professional fee for providing project management services to our related party, Best Team General Contracting LLC for a project in the UAE, at no contract expense to our Group.

Further, revenue contribution from the manufacturing industry during the three (3)-month FPE 31 March 2012 had decreased significantly as compared to the three (3)-month FPE 31 March 2011. This was as a result of the near completion of some of our projects with customers in the manufacturing industry resulting in no further revenue recognised during the financial period under review, namely for the proposed extension and electrical works for a manufacturing plant located at Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, which were the main contributors to our revenue from the manufacturing industry in the FYE 31 December 2011.

Meanwhile, revenue contribution from the other industries, namely property development and construction industries, had increased during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011, mainly due to the works undertaken for PCSB for the Ara Damansara property development project.

Revenue contributed from our manufacturing of LV switchboards segment to our Group's overall revenue had increased significantly by approximately 437.1% or RM0.63 million to RM0.77 million during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011, mainly contributed by the revenue from the manufacturing and supply of LV switchboards to a water supply and treatment plant project located at Lawas, Wilayah Trusan, Sarawak.

In addition, there was no revenue generated from our trading of equipment segment in the three (3)-month FPE 31 March 2012, as compared to RM0.05 million in the three (3)-month FPE 31 March 2011.

ii. Contract expenses

For our M&E engineering services and manufacturing of LV switchboards segments, our Group's contract expenses comprise of the costs of raw materials, subcontractors, other project overheads and direct labour. As for our trading of equipment segment, our Group's contract expense consists of the purchase of transformers from Tusco Trafo and other equipment as well as other project overheads, where necessary. Our contract expenses are accounted for as and when they are incurred.

(a) Raw materials

Our raw materials used for our M&E engineering services, and manufacturing segments mainly comprise of cables, switchboards, and electrical components. As raw material purchases is our largest component in our contract expenses, we generally purchase our raw materials based on projects' requirements. These raw materials were mainly sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationships with some of our major suppliers, which translates into competitive pricing provided to us by these suppliers, we also source for our raw materials from alternative suppliers, if the need arises.

In summary, the key factors affecting our raw material purchases are set out below:-

i. The lead time for raw materials delivery for our M&E engineering services projects and LV switchboard manufacturing contracts; and

ii. Our ability to obtain competitive pricing from our suppliers

(b) Subcontractor costs

We engage our subcontractors for labour-related installation works, specialised works such as equipment testing, as well as mechanical sub-contractors for the supply and installation of building mechanical works such as fire fighting system and air-conditioning system. The subcontractors involved in our M&E engineering services projects and LV switchboard manufacturing contracts are mainly sourced locally. As subcontractor costs constitute the second largest component of our contract expenses, we have in place a prudent selection process prior to engaging our subcontractors.

In summary, the key factors in selecting our subcontractors are as follows:-

i. Credentials of the various subcontractors that fulfills our projects' requirements, including projects' budgets;

ii. Our prior working experience with these subcontractors; and

iii. Competitiveness of their pricing

(c) Direct labour

Our direct labour mainly comprise of wages, salaries, bonuses and other staff-related cost for employees who are directly involved in our M&E engineering services and manufacturing operations. These labour hours are directly correlated with the number of working hours, wage levels, staff headcount and labour market conditions.

(d) Project overheads

Projects overheads mainly comprise of hiring charges, factory rental and expenses, utilities and project site expenses, other wages and allowances and payments towards directors' non-fee emoluments which are our Directors' costs that are directly involved in our projects.

(e) Purchase of equipment

The purchase of equipment for our trading of equipment segment comprise of transformers purchased from Tusco Trafo as our Group possesses the rights to act as agent for the distribution, power and converter transformers manufactured by Tusco Trafo, as well as other equipment such as generator sets.

11. FINANCIAL INFORMATION (CONT'D)

The analysis of our contract expenses by composition for the financial years/ periods under review are set out below:-

Contract Expenses by Composition

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials	21,083	54.1	17,264	54.1	12,852	62.8	4,540	75.1	1,685	48.0
Subcontractor	8,481	21.7	6,151	19.3	1,709	8.3	326	5.4	537	15.3
Direct labour	2,493	6.4	2,305	7.2	2,392	11.7	484	8.0	567	16.2
Project overhead	5,186	13.3	2,981	9.3	2,646	12.9	656	10.8	721	20.5
Purchase of equipment	1,758	4.5	3,233	10.1	871	4.3	45	0.7	-	-
	39,001	**100.0**	**31,934**	**100.0**	**20,470**	**100.0**	**6,051**	**100.0**	**3,510**	**100.0**

Overall, our total contract expenses for the past three (3) FYE 31 December 2011 had generally decreased from RM39.00 million in the FYE 31 December 2009 to RM20.47 million in the FYE 31 December 2011. In addition, our total contract expenses had decreased from RM6.05 million in the three (3)-month FPE 31 March 2011 to RM3.51 million in the three (3)-month FPE 31 March 2012. The movement in our contract expenses is in line with the movement of our revenue during the respective financial years/ periods under review. Contract expenses constituted approximately 84.0%, 78.9%, 79.3% and 66.9% of our revenues in the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, respectively.

Raw materials costs

Our raw materials costs constituted the largest portion of our contract expenses, hovering at approximately 54.1%, 54.1%, 62.8% and 48.0% for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and three (3)-month FPE 31 March 2012, respectively, of which raw materials composition out of our total contract expenses was fairly consistent during the FYE 31 December 2009 and FYE 31 December 2010.

Our raw materials composition out of our total contract expenses increased to approximately 62.8% in the FYE 31 December 2011 as compared to the FYE 31 December 2010, mainly due to the corresponding significant decrease in our subcontractor costs composition. This was a result of the decrease in the amount of raw materials supplied by our subcontractors, as our Group's engagements during the FYE 31 December 2011 mainly comprised of electrical works which are more labour intensive.

In contrast, our raw materials composition out of our total contract expenses decreased to approximately 48.0% in the three (3)-month FPE 31 March 2012, as compared to 75.1% in the three (3)-month FPE 31 March 2011. The significant decrease was due to the lower requirements for raw materials in particular for our four (4) major projects undertaken during the three (3)-month FPE 31 March 2012, which were generally lower as compared to the remaining projects undertaken by our Group during the financial period under review. The said four (4) projects comprise of the on-going M&E engineering services and supply of cables to the Pahang-Selangor raw water transfer project, our on-going electrical works for a manufacturing plant located at Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, as well as the provision of electrical consulting services to an Indonesian customer.

Our raw materials costs moved in tandem with our revenue recorded from our M&E engineering services segment.

Subcontractor costs

The past three (3) FYE 31 December 2011 had seen a continuous decrease in composition percentage of subcontractor costs over our contract expenses from 21.7% in the FYE 31 December 2009 to 19.3% in the FYE 31 December 2010 and to 8.3% in the FYE 31 December 2011. The significant decrease in the amount of subcontractor costs and composition percentage from contract expenses during the FYE 31 December 2011 was mainly attributed to the decrease in the amount of installation works. The M&E engineering services projects undertaken in the previous financial years which involved installation works includes the slope protection works and M&E works for the ancillary buildings, as well as M&E works for a pumping station, both in Kepala Batas, Daerah Seberang Perai Utara, Penang, which were both completed in the FYE 31 December 2010 and the upgrading works for Aker Solutions Malaysia Sdn Bhd's manufacturing centre in Pulau Indah, Selangor, which was completed in the FYE 31 December 2011.

Our subcontractor costs composition of our total contract expenses increased to approximately 15.3% in the three (3)-month FPE 31 March 2012, as compared to 5.4% in the three (3)-month FPE 31 March 2011, in view of the increase in the supply and installation works undertaken by our Group during the three (3)-month FPE 31 March 2012, such as the on-going M&E engineering services for the Pahang-Selangor raw water transfer project.

The need to engage the services of subcontractors are highly dependent on the scope of work required for our projects, which in turn, affects the type of services required from our subcontractors. The engagement of subcontractors for supply and installation works, for instance, generally incurs higher costs as compared to the engagement of subcontractors for labour-intensive engagements, as charges incurred by the supply and installation subcontractors are inclusive of the raw material costs incurred by these subcontractors. Our Group's engagements during the FYE 31 December 2011 mainly comprise of electrical works which are more labour intensive. As such, there was a decrease in the percentage of subcontractor costs in comparison to our total contract expenses by approximately 11.0% during the FYE 31 December 2011, as compared to the previous financial year. This is in contrast to the three (3)-month FPE 31 March 2012 whereby our Group's engagements mainly comprise of installation works.

Direct labour costs

Our direct labour costs constituted approximately 6.4%, 7.2%, 11.7% and 16.2% of our contract expenses for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 and three (3)-month FPE 31 March 2012, respectively. The direct labour costs composition out of our total contract expenses was fairly consistent during the FYE 31 December 2009 and FYE 31 December 2010. For the FYE 31 December 2011, our direct labour costs composition out of our total contract expenses increased to approximately 11.7%, mainly due to the corresponding significant decrease in our subcontractor costs composition as a result of the reasons elaborated above.

Our direct labour costs composition out of our total contract expenses increased to approximately 16.2% in the three (3)-month FPE 31 March 2012 as compared to 8.0% in the three (3)-month FPE 31 March 2011, despite an increase in the portion of subcontractor costs during the said financial period under review. This is mainly due to approximately half of the remuneration paid to one (1) Director, being treated as a direct labour cost during the financial period under review, due to his involvement in the provision of electrical consulting services to our Indonesian customer. Save for his involvement in this project, the remuneration paid to this Director forms part of our Group's staff costs under administration expenses. As such, our direct labour costs composition out of our total contract expenses was marginally higher as compared to our subcontractor costs during the three (3)-month FPE 31 March 2012.

Save for the FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, our subcontractor costs is usually higher as compared to our direct labour costs over the past three (3) FYE 31 December 2011, and up to the three (3)-month FPE 31 March 2012.

In general, we do not maintain a large pool of workers in terms of direct labour for our on-site and manufacturing operations. As a result, we employed more subcontractors for our M&E engineering services projects and manufacturing of switchboard operations to reduce the costs of maintaining staff in our Group, while we also employed some of the subcontractors to perform specialised processes for our M&E engineering services projects. Our Directors are of the view that certain processes are best to be outsourced to achieve time and cost efficiency.

Project overhead costs and purchase of equipment costs

Our project overhead costs mainly consist of variable costs such as professional fees, machinery and equipment hiring charges, utilities and project site expenses and fixed costs such as factory rental expenses, wages and payment towards directors' non-fee emoluments and statutory contributions. The variable costs portion of our project overhead costs are correlated to our revenues generated mainly for our M&E engineering services segment to a certain extent, whereby the variable costs under our project overhead costs move in tandem with our revenues for this segment.

Similar to our project overhead costs, our purchase of equipment is dependent on the orders we receive mainly for the purchase of our transformers under Tusco Trafo. As such, our purchases of equipment costs are largely in tandem with our revenue recorded for our trading of equipment segment.

The movements of our project overhead costs and purchase of equipment costs for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012 were in line with the revenues generated from our M&E engineering services segment and trading of equipment segment, respectively.

iii. **Gross Profit and Gross Profit Margins**

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

Gross Profit by Services and Products, and by (End-user) Geographical Markets

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
M&E Engineering Services:-										
Malaysia	4,585	61.9	7,270	85.1	4,623	86.4	1,444	92.4	1,310	75.5
Indonesia	80	1.1	157	1.8	-	-	-	-	358	20.6
UAE	412	5.6	382	4.5	415	7.8	99	6.3	100	5.8
	5,077	**68.6**	**7,809**	**91.4**	**5,038**	**94.2**	**1,543**	**98.7**	**1,768**	**101.9**
Manufacturing of LV Switchboards:-										
Malaysia	1,398	18.9	25	0.3	168	3.1	13	0.8	(34)	(1.9)
Sri Lanka	253	3.4	-	-	-	-	-	-	-	-
Jamaica	-	-	153	1.8	-	-	-	-	-	-
	1,651	**22.3**	**178**	**2.1**	**168**	**3.1**	**13**	**0.8**	**(34)**	**(1.9)**
Trading of Equipment:-										
Malaysia	618	8.3	294	3.4	145	2.7	8	0.5	-	-
Indonesia	60	0.8	264	3.1	-	-	-	-	-	-
	678	**9.1**	**558**	**6.5**	**145**	**2.7**	**8**	**0.5**	**-**	**-**
Total	**7,406**	**100.0**	**8,545**	**100.0**	**5,351**	**100.0**	**1,564**	**100.0**	**1,734**	**100.0**
Overall Margin		**16.0%**		**21.1%**		**20.7%**		**20.5%**		**33.1%**
<u>Margin</u>										
M&E Engineering Services:-		**12.4%**		**22.0%**		**21.0%**		**20.8%**		**39.5%**
Malaysia		13.9%		20.8%		19.6%		19.7%		35.4%
Indonesia		40.8%		96.9%		-		-		52.7%
UAE		5.2%		100.0%		100.0%		100.0%		100.0%

11. FINANCIAL INFORMATION (CONT'D)

	<---FYE 31 December					--->	<-Three (3)-month FPE 31 March->			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing of LV Switchboards:-		**57.2%**		**15.0%**		**21.6%**		**9.1%**		**(4.4%)**
Malaysia		63.0%		7.6%		21.6%		9.1%		(4.4%)
Sri Lanka		38.0%		-		-		-		-
Jamaica		-		17.8%		-		-		-
Trading of Equipment:-		**27.8%**		**14.7%**		**14.0%**		**14.8%**		**-**
Malaysia		28.8%		32.5%		14.0%		14.8%		-
Indonesia		20.8%		9.2%		-		-		-

Gross Profit by (End-user) Geographical Markets

	<---FYE 31 December					--->	<-Three (3)-month FPE 31 March->			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	6,601	89.1	7,589	88.8	4,936	92.2	1,465	93.7	1,276	73.6
Indonesia	140	1.9	421	4.9	-	-	-	-	358	20.6
UAE	412	5.6	382	4.5	415	7.8	99	6.3	100	5.8
Sri Lanka	253	3.4	-	-	-	-	-	-	-	-
Jamaica	-	-	153	1.8	-	-	-	-	-	-
	7,406	100.0	8,545	100.0	5,351	100.0	1,564	100.0	1,734	100.0
Margin										
Malaysia		17.7%		21.0%		19.4%		19.5%		28.6%
Indonesia		28.9%		13.8%		-		-		52.7%
UAE		5.2%		100.0%		100.0%		100.0%		100.0%
Sri Lanka		38.0%		-		-		-		-
Jamaica		-		17.8%		-		-		-

Gross Profit by (End-user) Industries

	FYE 31 December						Three (3)-month FPE 31 March			
	2009		2010		2011		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Water treatment and sewerage	3,447	46.6	4,551	53.2	2,748	51.4	742	47.4	1,374	79.2
Manufacturing	3,542	47.8	2,364	27.7	2,195	41.0	800	51.2	225	13.0
Sugar	125	1.7	164	1.9	-	-	-	-	-	-
Palm oil	25	0.3	142	1.7	-	-	-	-	-	-
Others[*1]	267	3.6	1,324	15.5	408	7.6	22	1.4	135	7.8
	7,406	100.0	8,545	100.0	5,351	100.0	1,564	100.0	1,734	100.0
Margin										
Water treatment and sewerage		13.1%		16.8%		29.9%		20.7%		38.8%
Manufacturing		20.7%		26.6%		15.9%		20.9%		22.3%
Sugar		25.8%		96.5%		-		-		-
Palm oil		4.1%		100.0%		-		-		-
Others[*1]		14.1%		31.4%		14.5%		11.2%		19.3%

Note:-

*1 *Comprises of end-customers involved in oil and gas, food processing, property development, construction, education, pipe coating and waste management, amongst others*

Our gross profits are mainly derived from our M&E engineering services segment, being our main revenue stream. As elaborated under the revenue commentary above, the revenue composition for each financial year depends substantially on the M&E engineering projects secured and works that are undertaken which are subsequently recognised during the financial year. However, the gross profit margins for each financial year differs as each project differs in terms of scope, length and costs which will have an effect on our profit margins.

Our overall gross profit margins had increased over the FYE 31 December 2009 to the FYE 31 December 2010, representing approximately 16.0% and 21.1%, respectively, despite the decline in our revenues during the FYE 31 December 2010 as compared to the FYE 31 December 2009. However, our gross profit margin had decreased marginally by approximately 0.4% to 20.7% during the FYE 31 December 2011 as compared to the FYE 31 December 2010. This is mainly due to our exposure to different types of clientele and projects during the past three (3) FYE 31 December 2011, with differing margins.

Our overall gross profit margin had improved substantially by approximately 13.1% to 33.9% during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011, despite a decline in our revenues in the same financial period under review. This is mainly contributed by the upward revision of the gross profit margin for one (1) electrical works contract brought forward from the FYE 31 December 2011 due to the revision of the technical requirements in our scope of work for the said project during the financial period under review.

It is common in the M&E engineering services industry for budgeted costs at the start of a project to change over time as subsequent events occur that prompts our management to adjust the budgeted costs accordingly as a prudent approach. Occassionally, we may also be successful in negotiating to secure additional variation orders from our customers due to such increase in unbudgeted costs. As a result, gross profit margins for each segment may fluctuate from year to year and does not maintain at a certain range level throughout the past three (3) FYE 31 December 2011 and up to the three (3)-month FPE 31 March 2012.

Our Group normally derived more competitive profit margins from projects undertaken for multi-national corporations as compared to local clientele, as multi-national customers normally emphasised the credentials and financial position of the tenderers, amongst others, whilst local corporations generally emphasised on the project costing, which are based on the pricing from tenders.

FYE 31 December 2009

For the FYE 31 December 2009, our gross profit had increased by RM3.30 million, representing approximately 80.1% to RM7.41 million as compared to the FYE 31 December 2008. Our overall gross profit margin for the FYE 31 December 2009 was 16.0% as compared to 10.0% in the FYE 31 December 2008, mainly attributed to the higher gross profit margins we recorded for all three (3) segments.

Our M&E engineering services segment recorded higher gross profit margins of approximately 12.4% for the FYE 31 December 2009, mainly due to the higher profit margins recorded from our M&E engineering services projects involving the following:-

Project	Location	Industry
▪ Electrical works for a sewerage treatment plant	Jelutong, Penang, Malaysia	Water treatment and sewerage
▪ M&E engineering works for Cameron International Malaysia Systems Sdn Bhd's plant (under the Zublin-PSB Joint Venture)	Tanjong Pelepas, Johor, Malaysia	Manufacturing
▪ Upgrading works for Aker Solutions Malaysia Sdn Bhd's manufacturing centre	Pulau Indah, Selangor, Malaysia	Manufacturing

This was partly offset by the lower gross profit margins recorded from our M&E engineering services projects in the following:-

Project	Location	Industry
▪ Electrical works for the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Slope protection works and M&E works for the ancillary buildings	Kepala Batas, Daerah Seberang Perai Utara, Penang, Malaysia	Water treatment and sewerage
▪ M&E works for a pumping station	Kepala Batas, Daerah Seberang Perai Utara, Penang, Malaysia	Water treatment and sewerage

Further, our contract under the Pahang-Selangor raw water transfer project was at its inception stage during the FYE 31 December 2009, hence we obtained a lower gross profit margin from the project due to the lower percentage of scheduled works for completion during the period.

In addition, we recorded a gross profit margin of approximately 5.2% derived from the UAE during the financial year under review as we undertook our first project in the UAE, namely the sewage pumping station project in Abu Dhabi, UAE. For this project, we emphasised on our opportunity to penetrate the UAE market as compared to demanding for a more competitive margin.

Our manufacturing of LV switchboards segment recorded an overall gross profit margin of approximately 57.2% for the FYE 31 December 2009, mainly driven by our contract to supply our LV switchboards to the Salim water treatment plant in Sibu, Sarawak, in the water treatment and sewerage industry.

Overall gross profit margins for our trading of equipment segment for the FYE 31 December 2009 was approximately 27.8%, mainly attributed to higher gross profit margins obtained from our contract to supply transformers to the Petaseh Intake Pumping Station under the Teriang Water Supply Scheme, Negeri Sembilan in the water treatment and sewerage industry.

FYE 31 December 2010

For the FYE 31 December 2010, our gross profit had increased by RM1.14 million, representing approximately 15.4% to RM8.55 million. Our overall gross profit margin for the FYE 31 December 2010 was 21.1% as compared to 16.0% in the FYE 31 December 2009, primarily driven by the higher gross profit margins recorded for our M&E engineering services segment, which was partially offset by the lower gross profit margins recorded for our manufacturing of LV switchboards segment and trading of equipment segment.

Our M&E engineering services segment recorded higher gross profit margins of approximately 22.0% for the FYE 31 December 2010, which was generally attributable to the higher gross profit margins from our M&E engineering services projects involving the following:-

11. FINANCIAL INFORMATION (CONT'D)

Project	Location	Industry
▪ Proposed extension and electrical works for a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ M&E engineering works for Aker Solutions Malaysia Sdn Bhd's manufacturing plant	Pulau Indah, Selangor, Malaysia	Manufacturing
▪ M&E engineering works for a flour mill	Kota Kinabalu, Sabah, Malaysia	Others
▪ Electrical works for the Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage

In addition, the gross profit margin recorded from the Pahang-Selangor raw water transfer project had improved during the financial year as we progressed into the project.

Further, we recorded a 100.0% gross profit margin from the UAE during the FYE 31 December 2010, as we assisted in one (1) tender where we rendered our professional services with no direct costs incurred for our Group. In addition, we recorded a gross profit margin of approximately 96.5% from the sugar industry during the financial year under review mainly attributable to the higher progress billings recognised as compared to contract expenses during the FYE 31 December 2010 for the sugar mill project in Sumatra, Indonesia. The was as a result of the actual costs incurred during the FYE 31 December 2010 which was lesser than revised budgeted costs in the FYE 31 December 2009. The project was completed during the same financial year under review. We also recorded a 100.0% gross profit margin under the palm oil industry due to one (1) project whereby we fully recognised all contract expenses during the previous financial year, and recognised the remainder revenues from the progress billings in the FYE 31 December 2010.

Our manufacturing of LV switchboards segment recorded an overall gross profit margin of approximately 15.0% for the FYE 31 December 2010, mainly driven by our contract to supply our LV switchboards to Shell's petrol kiosks in Malaysia, and to Kingston Metropolitan Area water project in Jamaica in the water treatment and sewerage industry during the FYE 31 December 2010. We obtained lower gross profit margins from our contract for Shell's petrol kiosks in the FYE 31 December 2010 as there were no repair and survey works performed for Shell's petrol kiosks, which commanded higher margins, in the FYE 31 December 2010 as compared to the FYE 31 December 2008 and FYE 31 December 2009. Furthermore, the volume of LV switchboards supplied to Shell's petrol kiosks during the FYE 31 December 2010 was smaller as compared to the FYE 31 December 2008 and FYE 31 December 2009. Our lower gross profit margin derived from our Malaysian customer contributed to the lower overall gross profit margin for our manufacturing of LV switchboards segment.

Overall gross profit margins for our trading of equipment segment was approximately 14.7% for the FYE 31 December 2010, mainly attributed to the lower gross profit margins obtained from our contract to supply equipment to Tambun, Indonesia, in the water treatment and sewerage industry as compared to the higher gross profit margins obtained from our contract to supply transformers to a water treatment plant in Kuantan, Pahang. As a measure to maintain our competitiveness in view that this is a new customer secured by our Group during the financial year under review, we have secured our contract to supply equipment to Tambun, Indonesia at a lower gross profit margin. The average gross profit margins generated by both contracts were lower as compared to the average gross profit margins generated by our contracts in this segment in the FYE 31 December 2009.

FYE 31 December 2011

For the FYE 31 December 2011, our gross profit had decreased by RM3.19 million, representing approximately 37.4% to RM5.35 million. Notwithstanding that, our overall gross profit margin for the FYE 31 December 2011 was marginally lower at approximately 20.7%, as compared to 21.1% in the FYE 31 December 2010.

Our M&E engineering services segment recorded marginally lower gross profit margins of approximately 21.0% for the FYE 31 December 2011, as compared to the previous financial year, mainly due to the decrease in the gross profit margin from the M&E works undertaken for a manufacturing plant in Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia, which was partially offset by the higher gross profit margins obtained from the following:-

Project	Location	Industry
▪ Electrical works for a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ Cables supply to the on-going Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage

There were no direct costs incurred for our Group from rendering our project management services in the UAE, hence we had recorded a 100.0% gross profit margin from the UAE during the FYE 31 December 2011.

In addition, the significant increase in gross profit margin generated from the water treatment and sewerage industry by approximately 13.1% to 29.9% in the FYE 31 December 2011 was mainly attributable to our on-going contract to supply cables to the Pahang-Selangor raw water transfer project. Overall, gross profit margins recorded from the manufacturing industry and other industries were lower during the FYE 31 December 2011 as compared to the previous financial year, as we priced our services and products competitively to encourage continuity in contracts referred from our existing customers, as well as in establishing our credentials amongst new customers.

Our manufacturing of LV switchboards segment recorded an increase in gross profit margins by approximately 6.6% to 21.6% in the FYE 31 December 2011 as compared to the previous financial year, mainly driven by our contract to supply our LV switchboards to Shell's petrol kiosks in Malaysia. We had revised our pricing in the FYE 31 December 2011 due to certain changes to the design of LV switchboards manufactured for Shell's petrol kiosks, which was not prevalent prior to the FYE 31 December 2010.

Overall, gross profit margins for our trading of equipment segment was approximately 14.0% for the FYE 31 December 2011, marginally lower as compared to the previous financial year, mainly attributed to the lower gross profit margins obtained from our contract to supply transformers to our local customer involved in the electrical and electronics trading industry. This was partially offset by the higher gross profit margins obtained from our individual order to supply transformers to a factory in Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, which does not form part of the on-going electrical works under the M&E engineering services segment, undertaken for this customer.

Three (3)-month FPE 31 March 2012

For the three (3)-month FPE 31 March 2012, our gross profit had increased by RM0.17 million as compared to the three (3)-month FPE 31 March 2011, representing approximately 10.9% to RM1.73 million. Our overall gross profit margin for the three (3)-month FPE 31 March 2012 was 33.1% as compared to 20.5% in the three (3)-month FPE 31 March 2011, primarily driven by the higher gross profit margins recorded for our M&E engineering services segment, which was partially offset by the lower gross profit margins recorded for our manufacturing of LV switchboards segment.

Our M&E engineering services segment recorded higher gross profit margins of approximately 39.5% for the three (3)-month FPE 31 March 2012, which was generally attributable to the higher gross profit margins from our M&E engineering services projects involving the following:-

Project	Location	Industry
▪ M&E engineering services and cable supply to the on-going Pahang-Selangor raw water transfer project	Pahang and Selangor, Malaysia	Water treatment and sewerage
▪ Electrical works for a manufacturing plant	Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, Malaysia	Manufacturing
▪ Electrical consulting services (which was completed during the financial period under review)	Indonesia	Water treatment and sewerage

As a result of the projects undertaken above, we recorded an increase in our gross profit margins for the water treatment and sewerage as well as manufacturing industries, in addition to an increase in our gross profit margin to approximately 52.7% from Indonesia.

Our gross profit recorded from the manufacturing industry was lower during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011. Despite an upward revision in the gross profit margin of one (1) electrical works contract brought forward from the FYE 31 December 2011 as mentioned above, our lower gross profits was mainly due to the following:-

i. The completion of two (2) contracts during the financial period under review, whereby the revenue for these contracts were reduced during the three (3)-month FPE 31 March 2012 as our customers no longer require certain works to be undertaken. However, the share of project overhead costs were still recognised; and

ii. The near completion of two (2) contracts during the financial period under review, whereby we revised the estimated costs to be higher as a prudent approach in view of the delay of the projects' completion due to the change in the project schedule.

We had also continued providing our project management services in the UAE in the three (3)-month FPE 31 March 2012 at no direct cost to our Group. Hence, we had recorded a 100.0% gross profit margin from the UAE during the three (3)-month FPE 31 March 2012.

Our manufacturing of LV switchboards segment recorded a gross loss of approximately RM0.03 million during the three (3)-month FPE 31 March 2012 as compared to a gross profit of approximately RM0.01 million during the three (3)-month FPE 31 March 2011. Our profit margins from the manufacturing and supply of LV switchboards to Shell's petrol kiosks and to a water supply project located at Lawas, Sarawak, were affected from the share of fixed overhead expenses incurred over the financial period under review.

We did not secure any orders under our trading of equipment segment during the three (3)-month FPE 31 March 2012.

iv. Other Operating Income

We recorded other operating income of approximately RM1.55 million, RM0.57 million and RM1.32 million for the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011, respectively. Meanwhile, our other operating income for the three (3)-month FPE 31 March 2011 and three (3)-month FPE 31 March 2012 was approximately RM0.20 million.

For the FYE 31 December 2009, our other operating income mainly consists of charges billed for the supply of labour (incurred for professional engineering services and general labour requirements) amounting to approximately RM0.75 million, gain from disposal of equipment amounting to approximately RM0.24 million and fixed deposit interest income amounting to approximately RM0.23 million. Income generated from the supply of labour was higher at RM0.75 million during the financial year as compared to the previous financial year as we have supplied more staff to the Zublin-PSB Joint Venture for the Cameron International Malaysia Systems Sdn Bhd's plant project of which the project commenced in November 2008 and completed in September 2009.

For the FYE 31 December 2010, our other operating income mainly consists of fixed deposit interest income amounting to RM0.19 million, unrealised gain on foreign exchange amounting to RM0.09 million and charges billed for the supply of labour (incurred for professional engineering services and general labour requirements) amounting to approximately RM0.06 million. Our supply of labour income had decreased as we only supplied one (1) staff for the Cameron International Malaysia Systems Sdn Bhd's plant project during the FYE 31 December 2010 as required under the defects liability period.

For the FYE 31 December 2011, our other operating income mainly consists of fixed deposit interest income amounting to RM0.29 million, gain from disposal of our investment in JMT Hidro amounting to RM0.34 million, unrealised gain on foreign exchange amounting to RM0.22 million, accretion of receivables of RM0.21 million and writeback of allowance for impairment of losses on receivables amounting to RM0.18 million.

For the three (3)-month FPE 31 March 2012, our other operating income mainly consists of writeback of allowance for impairment losses on receivables amounting to RM0.11 million and fixed deposit interest income amounting to RM0.08 million. Both the writeback of allowance for impairment losses on receivables and fixed deposit interest income was also the major components of the other operating income of our Group in the three (3)-month FPE 31 March 2011, amounting to RM0.13 million and RM0.05 million, respectively.

v. Operating Expenses

Our operating expenses for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 as well as the three (3)-month FPE 31 March 2012 and the comparative period of the three (3)-month FPE 31 March 2011 are as follows:-

	<-----------FYE 31 December----------->			Three (3)-month FPE 31 March	
	2009	**2010**	**2011**	**2011**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Administrative expenses	2,632	3,311	4,408	813	889
Other operating expenses	1,271	350	319	74	151
	3,903	**3,661**	**4,727**	**887**	**1,040**

For the FYE 31 December 2009 to FYE 31 December 2010, our total operating expenses had decreased, contributed by the decline in our other operating expenses throughout these two (2) financial years. However, our total operating expenses had increased in the FYE 31 December 2011, which was contributed by the increase in administrative expenses mainly due to the listing expenses pertaining to our IPO of approximately RM0.78 million incurred during the financial year, as well as increases in staff costs by approximately RM0.40 million and in rental expense for our staff's accommodation in Abu Dhabi, UAE of approximately RM0.17 million. This was partially offset by a decrease in the amount of Directors' bonus of RM0.10 million, and the decrease in sponsorship fees paid for our branch in Abu Dhabi, UAE by approximately RM0.16 million.

As tabled above, our operating expenses are separated into two categories, namely administrative expenses, which mainly comprised of directors' fees and non-fee emoluments, staff salaries and wages, payments towards statutory contributions, utility, building maintenance and travelling expenses, as well as payments towards professional fees, while our other operating expenses, comprised of allowance for impairment losses on receivables, depreciation charges and amortisation of development expenditure.

As we are mainly a M&E engineering services provider, a significant portion of our administration expenses comprised of staff costs, directors' remunerations and related contributions amounting to RM1.87 million, RM2.00 million and RM2.41 million, representing approximately 47.8%, 54.6%, 54.7% of our total operating expenses for the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011, respectively. The increase in staff costs in the FYE 31 December 2011 as compared to the previous financial year was mainly attributable to staff costs of approximately RM0.36 million incurred for our staff in Abu Dhabi, UAE, as compared to the absence of direct staff expenses for our Abu Dhabi branch during the FYE 31 December 2010.

For the three (3)-month FPE 31 March 2012, our staff costs, directors' remunerations and related contributions amounted to RM0.47 million, or approximately 45.6% of our total operating expenses, which represents a marginal decrease by approximately 5.0% or RM0.03 million, as compared to the three (3)-month FPE 31 March 2011. This was mainly due to the recognition of the remuneration for one (1) Director amounting to RM0.12 million as a direct cost under the electrical consulting services provided to our Indonesian customer, due to his direct involvement in the said project during the financial period under review. The decrease in our staff costs, directors' remunerations and related contributions was partially offset by an increase in the payment of staff salaries, wages and other contributions amounting to approximately RM0.10 million.

On the other hand, our other operating expenses had declined by 72.5% or RM0.92 million to RM0.35 million in the FYE 31 December 2010 as compared to the FYE 31 December 2009, due to the over provision of tax penalty amounting to RM0.50 million, as opposed to the actual tax penalty paid amounting to RM0.04 million during the FYE 31 December 2010. Further, we did not provide for any allowance for impairment losses on receivables during the financial year under review.

Our other operating expenses had further decreased by 8.9% or RM0.03 million to RM0.32 million in the FYE 31 December 2011 as compared to the FYE 31 December 2010, due to the decrease in unrealised and realised foreign exchange losses by RM0.46 million to RM0.08 million in the FYE 31 December 2011, and the absence of any reversal of tax penalty in the FYE 31 December 2011 as compared to the reversal of tax penalty amounting to RM0.50 million in the FYE 31 December 2010.

Our other operating expenses had increased by approximately 104.1% or RM0.08 million, to RM0.15 million during the three (3)-month FPE 31 March 2012 as compared to the three (3)-month FPE 31 March 2011, due to an increase in realised loss on foreign exchange by approximately RM0.10 million, which was partially offset by the absence of amortisation of development expenditure during the three (3)-month FPE 31 March 2012.

vi. Finance Costs

Our finance costs for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011 were RM0.29 million, RM0.19 million and RM0.30 million, respectively. For the three (3)-month FPE 31 March 2012, our finance cost were RM0.03 million as compared to RM0.07 million in the three (3)-month FPE 31 March 2011.

For the FYE 31 December 2009, our finance cost had decreased by RM0.09 million, representing approximately 22.9% to RM0.29 million as compared to the FYE 31 December 2008 due to lower bank charges and interest expenses for bankers' acceptance and bank guarantee facilities.

For the FYE 31 December 2010, our finance cost had decreased by RM0.10 million, representing approximately 35.0% to RM0.19 million as compared to the FYE 31 December 2009, led by the decline in interest expenses towards bank overdraft, letter of credit, trust receipt, bank guarantee and bankers' acceptances, which is in line with the decline in our Group's revenue during the financial year under review.

For the FYE 31 December 2011, our finance cost had increased by RM0.11 million, representing approximately 60.8% to RM0.30 million as compared to the FYE 31 December 2010. This resulted from the increase in interest expense towards bankers' acceptances during the financial year under review. The bankers' acceptances were mainly used for purchases of cables used under our on-going supply of cables to the Pahang-Selangor raw water transfer project, which commenced in May 2010.

For the three (3)-month FPE 31 March 2012, our finance cost had decreased by RM0.04 million, representing approximately 54.1% to RM0.03 million as compared to the three (3)-month FPE 31 March 2011. This resulted from the decrease in interest expense for bankers' acceptances during the financial period under review.

vii. Share of Profit from Joint Venture

Our net share of profit from joint venture was RM1.50 million, RM0.02 million and RM0.21 million for the FYE 31 December 2009, FYE 31 December 2010, FYE 31 December 2011, respectively. For the three (3)-month FPE 31 March 2012, our net share of profit from joint venture was RM0.04 million as compared to nil in the three (3)-month FPE 31 March 2011.

For the FYE 31 December 2009, our net share of profit from joint venture had increased by RM1.12 million, representing approximately 291.9% to RM1.50 million as compared to the FYE 31 December 2008 due to additional works commissioned and completed under our Zublin-PSB Joint Venture during the financial year under review. Our share of profit from the Zublin-PSB Joint Venture was RM3.74 million, which was offset by our expenses of RM2.24 million being the share of profit due to PCSB. This is relation to the Cameron International Malaysia Systems Sdn Bhd's plant in Tanjong Pelepas, Johor project under the Zublin-PSB Joint Venture which was completed during the financial year under review, and other projects jointly undertaken by PSB and PCSB.

For the FYE 31 December 2010, our net share of profit from joint venture had decreased by RM1.49 million, representing approximately 99.0% to RM0.02 million as compared to the FYE 31 December 2009. We had completed our project under the Zublin-PSB Joint Venture during the FYE 31 December 2009, with no further projects entered into under the Zublin-PSB Joint Venture during the FYE 31 December 2010. Our share of profit from joint venture during the FYE 31 December 2010 resulted from the reversal of the provision of costs for the Cameron International Malaysia Systems Sdn Bhd's plant in Tanjong Pelepas, Johor project.

For the FYE 31 December 2011, our net share of profit from joint venture had increased by RM0.19 million, representing approximately 1,280.0% to RM0.21 million as compared to the FYE 31 December 2010. Similar to the previous financial year, this resulted from the reversal of the provision of costs for the Cameron International Malaysia Systems Sdn Bhd's plant in Tanjong Pelepas, Johor project as the defect liability period for the project had ended during the financial year under review.

For the three (3)-month FPE 31 March 2012, our net share of profit from joint venture recorded was RM0.04 million, as compared to nil in the three (3)-month FPE 31 March 2011. This resulted from the share of profit from the Zublin-PSB Joint Venture amounting to RM0.07 million from its involvement in the Cameron International Malaysia Systems Sdn Bhd's plant in Tanjong Pelepas, Johor project, which was offset by the share of profit due to PCSB amounting to RM0.03 million from the same project. The share of profit attributable to our Group resulted from the reversal of the provision of cost for the said project. Notwithstanding the expiry of the defect liability period for the project in the FYE 31 December 2011, a minimal balance of the provision of costs were not fully reversed in the FYE 31 December 2011 as our subcontractors and suppliers had not finalised their claims for the project. These provisions were subsequently reversed in full during the three (3)-month FPE 31 March 2012, after finalisation of claims from our subcontractors and suppliers.

viii. PBT

We recorded a PBT of RM6.25 million, RM5.28 million and RM1.85 million for the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011, respectively. For the three (3)-month FPE 31 March 2012, our PBT recorded was RM0.90 million as compared to RM0.80 million in the three (3)-month FPE 31 March 2011.

For the FYE 31 December 2009, our PBT had improved substantially by RM5.90 million, representing a growth of approximately 1,700.0% from our PBT during the FYE 31 December 2008. This resulted from the increase in gross profit and other operating income as elaborated in Section 11.3 (iii) and (iv) above, and further driven by the increase in the net share of profit from joint venture during the financial year under review.

For the FYE 31 December 2010, our PBT had decreased by RM0.96 million, representing a decline of approximately 15.4% from our PBT during the FYE 31 December 2009. This resulted from the decrease in revenue as elaborated in Section 11.3 (i) above, lower other operating income and share of profit from joint venture, despite a higher gross profit contribution, lower operating expenses and finance costs, during the financial year under review.

For the FYE 31 December 2011, our PBT had decreased by RM3.43 million, representing a decline of approximately 65.0% from our PBT during the FYE 31 December 2010. This resulted from the decrease in revenue as elaborated in Section 11.3 (i) above and higher operating expenses and finance costs, despite a higher other operating income and share of profit from joint venture recorded during the financial year under review.

For the three (3)-month FPE 31 March 2012, our PBT had increased by RM0.10 million to RM0.90 million as compared to the three (3)-month FPE 31 March 2011. This resulted from the increase in gross profit as elaborated in Section 11.3 (iii) above, despite a decrease in revenue and finance cost, which was partially offset by the higher operating expenses during the financial period under review.

ix. Taxation

We recorded effective tax rates of 31.3%, 26.3% and 33.2% for the FYE 31 December 2009, FYE 31 December 2010 and FYE 31 December 2011, respectively. For the three (3)-month FPE 31 March 2012, our effective tax rate was 14.8% as compared to 25.0% in the three (3)-month FPE 31 March 2011. For the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, the applicable statutory tax rates was 25%.

For the FYE 31 December 2009, our effective tax rate is higher than the applicable statutory tax rate due to tax effects on certain non-deductible expenses.

For the FYE 31 December 2010, our effective tax rate is slightly higher as compared to the applicable statutory tax rate due to the under provision of tax expenses for the FYE 31 December 2009.

For the FYE 31 December 2011, our effective tax rate is higher as compared to the applicable statutory tax rate due to the tax effects on certain non-deductible expenses.

For the three (3)-month FPE 31 March 2012, our effective tax rate is lower as compared to the applicable statutory tax rate due to the over provision of tax in the FYE 31 December 2011 amounting to RM0.23 million, and the under-provision for deferred tax of RM0.10 million during the three (3)-month FPE 31 March 2012.

11.3.1 Factors and Trends Affecting Future Financial Condition and Results

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

a) Demand and supply conditions for our services and products as set out in Parts 1.1.3, 1.1.4, 5.1 and 5.3 of Section 7 of this Prospectus;

b) The number of projects awarded by multinational companies, governments and other corporations, in view of the current economic climate. However, the growth of the M&E engineering services industry in our targeted markets as well as the future growth of the M&E engineering services industry, as set out in Parts 1.1.5, 2.2, 3.2, 4.2, 6.2, 6.3, 6.4 and 7.2 of Section 7 of this Prospectus, is expected to benefit our operations and profitability;

c) Our ability to maintain our Class A electrical contractor and switchboard manufacturer registration with the Energy Commission of Malaysia, Class I electrical contractor registration with PKK and G7 Grade contractor status with CIDB, our registrations as electrical works contractor, and supply and services contractor with Tenaga Nasional Berhad, which will in turn affect our ability to secure the M&E projects available. Nevertheless, with such registration licenses, we may be able to secure projects with higher values;

d) Our ability to obtain the services provided by our subcontractors under our M&E engineering services and LV switchboard manufacturing operations. As subcontractor cost is one of the major component of our contract expenses, we have periodically assessed our subcontractors as to their ability to deliver their services in a timely and satisfactory manner as any non-performance of works within the prescribed timeline by our subcontractors may result in claims in damages and penalties against us, which translates into lower profit margins from our projects.

Moreover, historically we have leveraged on our long-term relationship with our customers whereupon we have obtained constant referrals from our existing customers for future projects. As we utilised our subcontractors for our M&E engineering projects which were mostly labour intensive and may require specialised services, we have constantly endeavoured to ensure that our subcontractors deliver their services within the projects' timeline and specifications, as any failure to do so will inadvertently affect our relationship with our customers; and

e) Our ability to retain our existing key management and technical personnel, as well as our ability to attract, hire, train and motivate sufficient skilled personnel. As our Group's involvement in M&E engineering services requires the niche expertise from our employees, which generally comes with the vast experience from involvement in previous projects, it is imperative that we retain and continuously grow our technical employees. Any departure of our key management and technical employees from our establishment may have an adverse effect on our operations.

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

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

Our business transactions are denominated in RM, save for transactions involving our projects in Abu Dhabi, UAE which uses AED for purchases of raw materials and supplies, and sales receipt denominated in AED. Our Group also uses USD for purchases of equipment, and sales receipts denominated in USD. This would therefore provide, to a certain extent, a natural hedge against foreign exchange fluctuations.

Save for our foreign exchange losses amounting to RM0.45 million in the FYE 31 December 2010, our net foreign exchange gain amounting to RM0.14 million in the FYE 31 December 2011 and our net foreign exchange loss amounting to RM0.10 million in the three (3)-month FPE 31 March 2012, there is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

11.3.3 Impact of Inflation

There is no material impact of inflation on our historical profits for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

11.3.4 Government/ Economic/ Fiscal or Monetary Policies

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

There is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

11.4 Liquidity and Capital Resources

11.4.1 Working Capital

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external source of funds mainly comprises of short-term bank borrowings. The principal uses of these funds are for working capital requirements such as purchases of raw materials and payments to subcontractors utilised under our M&E engineering services and manufacturing operations, and purchases of transformers and equipment.

Our Directors are of the opinion that, after taking into consideration the cash flow position, the availability of short-term borrowings to us and the net proceeds from the Public Issue, our Group will have adequate working capital for our existing business as set out in Sections 6.1 and 6.2 of this Propectus, for a period of 12 months from the date of this Prospectus.

11.4.2 Consolidated Cash Flow

A summary of our Group's audited consolidated cash flow statement for the three (3)-month FPE 31 March 2012 based on the audited consolidated cash flow statement as disclosed in Section 13 of this Prospectus is set out below:-

Cash Flow	**Three (3)-month FPE 31 March 2012 RM'000**
Net cash generated from operating activities	3,966
Net cash used in investing activities	(3,468)
Net cash used in financing activities	(736)
Net decrease in cash and cash equivalents	**(238)**

Cash Flow	**Three (3)-month FPE 31 March 2012 RM'000**
Foreign exchange rate adjustment	(41)
Cash and cash equivalents at the beginning of period	16,146
Cash and cash equivalents at end of period	**15,867**

There are no legal or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends. Some of our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

Net Cash Generated From Operating Activities

For the three (3)-month FPE 31 March 2012, the amount generated from operations but before working capital changes was RM1.59 million. During the financial period under review, a net additional RM2.73 million was generated, mainly attributed to the following:-

i. An increase in the deferred income from the supply and leasing of cables to the Pahang-Selangor raw water transfer project amounting to RM2.64 million;

ii. A decrease of RM0.56 million from our Group's contract customers; and

iii. An amount of RM0.25 million was collected as distribution from our joint venture with Zublin for our involvement in the Cameron International Malaysia Sdn Bhd's plant located at Tanjong Pelepas, Johor.

Further, funds used to finance our working capital requirements include, amongst others:-

i. An amount of RM0.52 million was used to repay our Group's trade and other payables. As at the LPD, a total amount of RM0.71 million has been subsequently paid from the debts owing by our Group as at 31 March 2012; and

ii. An amount of RM0.59 million paid as distribution to our joint venture partner, namely PCSB, mainly attributable to projects jointly undertaken by PSB and PCSB, which is for the Aker Solutions Malaysia Sdn Bhd's manufacturing centre and building, both of which are located at Pulau Indah, Selangor, and for Cameron International Malaysia Sdn Bhd's plant located at Tanjong Pelepas, Johor.

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

Net Cash Used In Investing Activities

For the three (3)-month FPE 31 March 2012, the net cash used in investing activities of RM3.47 million were mainly due to the purchases of cables for leasing for the Pahang-Selangor raw water transfer project under our plant and equipment amounting to RM3.42 million during the financial period under review.

Net Cash Used In Financing Activities

For the three (3)-month FPE 31 March 2012, the net cash used in financing activities of RM0.74 million, were mainly due to the payment of listing expenses amounting to RM0.09 million, and a net repayment in bankers' acceptances amounting to RM0.63 million.

11.4.3 Borrowings

Based on our audited consolidated financial statements as at 31 March 2012, our Group had total outstanding bank borrowings amounting to approximately RM3.75 million. The borrowings can be further analysed as follows:-

Outstanding Borrowings	**Amount RM'000**
Short term borrowings	
• Interest bearing	
- Hire purchase payables	82
- Bankers' acceptance	3,339
• Non-interest bearing	-
Long term borrowings	
• Interest bearing	
- Hire purchase payables	326
• Non-interest bearing	-
Total interest-bearing borrowings	**3,747**[*1]
Gearing ratio as at 31 March 2012[*2] (times)	0.19
Gearing ratio after Public Issue and proposed utilisation of proceeds[*3] (times)	0.07

Notes:-

*1 *As at LPD, our outstanding bank borrowings amounted to approximately RM2.42 million*

*2 *Based on borrowings of approximately RM3.75 million and shareholders' equity as at 31 March 2012 of approximately RM19.90 million*

*3 *Based on proforma borrowings of approximately RM2.11 million and proforma shareholders' equity as at 31 March 2012 of approximately RM28.59 million after the Public Issue and proposed utilisation of proceeds*

Our Group has no borrowings in foreign currency.

Our Group is exposed to interest rate fluctuations on interest earned on cash and bank balances placed in fixed deposits, majority of which are denominated in RM. Our Group's debts consisting of bankers' acceptances are also exposed to interest rate fluctuations at the point of utilisation of the facility. However our exposure is minimal, as our Group does not have any significant borrowings and any interest rate fluctuation will not have a material effect on our Group's financial position.

Our Group has not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period thereof up to the LPD.

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

11.4.4 Type of Financial Instruments Used

Our Group is exposed to fluctuations in foreign exchange rates through the revenue earned and purchases made that were transacted in foreign currencies.

During the FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, our Group has not used any financial instruments for hedging purposes as the fluctuation, if any, is immaterial to our Group. However, we will undertake to regularly monitor and review the need to hedge our foreign currency exposure. As at the LPD, we have a foreign exchange spot and forward contract line which allows our Group to hedge against fluctuations in foreign exchange rates for trade related transactions and other financial transactions of up to RM11.5 million.

11.4.5 Treasury Policies and Objectives

We have been financing our operations through cash generated from our operations and external source of funds. Our external source of funds mainly comprise of shareholders' funds and short-term bank borrowings.

We have short-term bank borrowings facilities available to our Group. Our short-term bank borrowings are mainly hire purchases, overdraft, bankers' acceptances and trust receipts, which are used to finance our purchase of motor vehicles, as well as our working capital requirements. The interest rates for our short-term bank borrowings are based on the prevailing base lending rate at the dates of the respective transactions as well as any additional margin over (or net of) the prevailing base lending rate which was agreed upon by our bankers when the respective borrowing facilities were granted.

We transact our operations in RM, as well as other foreign currencies, including AED and USD. Therefore, we maintain cash accounts in RM, AED and USD. Our Group is exposed to fluctuations in foreign exchange rates through the revenue earned and purchases made that are transacted in foreign currencies.

The foreign exchange risk is mitigated to a certain extent as the nature of our operation warrants the use of our foreign currency earnings to pay for the purchases denominated in the same foreign currency in the respective countries which we operate in. This would therefore provide, to a certain extent, a natural hedge against foreign exchange fluctuations.

Our Group has not entered into any interest rate swap to hedge against the fluctuations in the interest rates. We manage our interest rate exposure by maintaining a mix of fixed-rate and floating-rate borrowings.

11.4.6 Material Commitment

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

11.4.7 Material Litigation

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

11.4.8 Contingent Liabilities

Save as disclosed below, as at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business:-

	RM'000
Bank guarantee issued to third (3rd) parties	2,498*1

Note:-

*1 *The bank guarantee stated herein comprise of ten (10) bank guarantees expiring on 22 July 2012, 2 September 2012 (two (2) bank guarantees were issued on the same date), 8 October 2012, 12 October 2012, 31 January 2013, 26 October 2013, 31 October 2013, 15 August 2014 and 28 February 2015*

11.4.9 Key Financial Ratios

The key financial ratios of our Group for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012 have been prepared for illustrative purposes only based on our audited financial statements and on the assumption that the current structure of our Group has been in existence throughout the relevant financial years/ periods under review.

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

	<---FYE 31 December---> 2009	2010	2011	Three (3)-month FPE 31 March 2012
Trade receivables turnover period (days)	90[*1]	98[*1]	140[*1]	141[*4]
Trade payables turnover period (days)	75[*2]	98[*2]	123[*2]	126[*5]
Inventories turnover period (days)	29[*3]	28[*3]	42[*3]	134[*6]
Current ratio[*7] (times)	1.80	2.12	1.85	1.89
Gearing ratio[*8] (times)	0.36	0.16	0.21	0.19

Notes:-

*1 $\frac{\text{(Trade receivables at beginning + trade receivables at end) / 2}}{\text{Revenue}} \times \text{365 days}$

*2 $\frac{\text{(Trade payables at beginning + trade payables at end) / 2}}{\text{Purchases + Subcontractor costs}} \times \text{365 days}$

*3 $\frac{\text{(Inventories at beginning + inventories at end) / 2}}{\text{Purchases}} \times \text{365 days}$

*4 $\frac{\text{(Trade receivables at beginning + trade receivables at end) / 2}}{\text{Revenue}} \times \text{90 days}$

*5 $\frac{\text{(Trade payables at beginning + trade payables at end) / 2}}{\text{Purchases + Subcontractor costs}} \times \text{90 days}$

*6 $\frac{\text{(Inventories at beginning + inventories at end) / 2}}{\text{Purchases}} \times \text{90 days}$

*7 $\frac{\text{Total current assets}}{\text{Total current liabilities}}$

*8 $\frac{\text{Total borrowings}}{\text{Total equity excluding NCI}}$

Trade receivables turnover

Our Group's normal credit period given to our trade debtors ranges from 30 to 90 days while the credit period may be extended up to 365 days in certain cases. 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 customer.

Save for the FYE 31 December 2011 and three (3)-month FPE 31 March 2012, our Group's trade receivables turnover period has generally been within the credit period given to our customers. We generally consider to extend the credit periods granted to our customers due to our close relationship with them, as well as based on the quantum of the amount owing by these customers. We have constantly reminded our customers of the amount due, close to the expiry date of the credit period granted, so as to minimise occurrences for any extension of credit period to trade debtors.

The net amount of trade receivables generally falls within their normal credit period granted by our Group, save for two (2) customers, which the management had consistently attempted to recover the same via regular follow-ups with the customers. Nevertheless, we do not regularly consider to extend the credit periods granted to our customers.

Further, our Group's trade receivables also consist of retention sums in relation to our M&E engineering services projects, which are generally retained over a period between 12 to 24 months from the date of project completion due to the nature of our business.

The higher trade receivables turnover experienced during the FYE 31 December 2011 as compared to the previous financial year, was due to an increase in trade receivables from our on-going electrical works and supply of cables to the Pahang-Selangor raw water transfer project by approximately 95.7% during the FYE 31 December 2011, as compared to the FYE 31 December 2010. This was mainly due to the higher billings issued for the said project in December 2011. Nevertheless, approximately 64.8% of the trade receivables due from the Shimizu-Nishimatsu-UEM-IJM Joint Venture as at 31 December 2011 was subsequently collected up to 31 March 2012.

Similarly, the higher trade receivables turnover experienced during the three (3)-month FPE 31 March 2012 was due to the higher billings issued for our on-going electrical works and supply of cables to the Pahang-Selangor raw water transfer project in February and March 2012, which accounted for approximately 61.7% of the total trade receivables due from the said project. As at the LPD, we had subsequently collected approximately 59.0% of the total trade receivables due from the Shimizu-Nishimatsu-UEM-IJM Joint Venture as at 31 March 2012.

In addition, the marginal increase by approximately one (1) day of our Group's trade receivables turnover period during the three (3)-month FPE 31 March 2012 as compared to our Group's trade receivables turnover period in the FYE 31 December 2011 was also contributed by the billings issued for our electrical works consulting services rendered to our Indonesian customer in March 2012, which accounted for approximately 17.1% of our Group's trade receivables.

Save for the allowance for impairment losses on receivables of RM1.52 million, which was subject to an on-going recovery action taken by our customer against the project proprietor, made in the FYE 31 December 2008, we have not experienced any significant allowances for impairment of trade receivables or debts written off.

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

11. FINANCIAL INFORMATION (CONT'D)

The aging analysis of the trade receivables of our Group as at 31 March 2012 and the subsequent collections and balance of trade receivables as at the LPD are set out below:-

	Within normal credit period			Within extended credit period		Exceeded extended credit period	
Credit Period	**0 – 30 days RM'000**	**31 – 60 days RM'000**	**61 – 90 days RM'000**	**91 – 180 days RM'000**	**181 – 365 days RM'000**	**Over 365 days RM'000**	**Total RM'000**
As at 31 March 2012:-							
Trade receivables	3,973	627	180	803	1,085	1,520	8,188
% of total trade receivables	48.5	7.6	2.2	9.8	13.3	18.6	100.0
As at LPD:-							
Subsequent collections	2,972	623	39	63	-	136	3,833
Net trade receivables	**1,001**	**4**	**141**	**740**	**1,085**	**1,384**	**4,355**
% of total net trade receivables	23.0	0.1	3.2	17.0	24.9	31.8	100.0
Retention sum	**181**	**3**	**7**	**1**	**220**	**800**	**1,212**
% of total retention sum out of net trade receivables	18.1	75.0	5.0	0.1	20.3	57.8	27.8
Net trade receivables less retention sum	**820**	**1**	**134**	**739**	**865**	**584**	**3,143**
% of total net trade receivables less retention sum	26.1	*1	4.3	23.5	27.5	18.6	100.0

Note:-

*1 *Less than 0.1%*

As at the LPD, 46.8% or RM3.83 million of the total trade receivables for the three (3)-month FPE 31 March 2012 has been subsequently collected. Based on the above, approximately 73.7% or RM3.21 million of our net trade receivables fall within our extended and exceeded extended credit period, of which approximately 43.1% or RM1.38 million pertains to those which have exceeded the extended credit period.

In addition, approximately RM0.22 million representing 12.1% out of our net trade receivables which falls under our extended credit period consist of retention sums, whilst the remaining balance net trade receivables of approximately RM1.60 million representing 87.9% under this category are made up of four (4) trade debtors. Out of the RM1.60 million outstanding, approximately 85.2% or RM1.37 million was due from our on-going cables supply to the Pahang-Selangor raw water transfer project. Payment for this amount is pending for finalisation of our customer's review of our claims. As for the balance three (3) trade debtors amounting to approximately 14.8% or RM0.23 million of the above RM1.60 million, we have been following up closely with the customers for payment and our Board is confident that these amounts are recoverable, based on our long-term relationship with these debtors.

Out of our net trade receivables less retention sum which falls under our exceeded extended credit period amounting to approximately RM0.58 million, approximately 94.7% was due from the additional variation orders for our on-going electrical works for the Pahang-Selangor raw water transfer project. Due to the continuous additional variation orders required by our customer and undertaken by our Group, payments for all additional variation orders undertaken for this project shall only be determined upon finalisation of the total scope of additional electrical works required. Moreover, as the project is still on-going, and these works were commissioned under a conglomerate of reputable companies, our Board is confident that this amount is recoverable.

As for our net trade receivables totalling RM1.15 million which falls within our Group's normal credit period, approximately RM0.19 million representing 16.7% of this net trade receivables category comprise of retention sum. The amount of retention sum made up approximately 18.1%, 75.0% and 51.0% of our net trade receivables which fall under the receivables aging periods from nil to 30 days, from 31 to 60 days, and from 61 to 90 days, respectively.

It is our management's practice to follow-up on our collections from customers with outstanding trade receivables exceeding 60 days albeit our normal credit period given to our trade debtors of between 30 to 90 days. We also constantly review and ensure sufficiency of our Group's credit facilities to support our working capital requirements.

Trade payables turnover

The normal credit terms granted to us by our trade suppliers range from 30 to 120 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period. For the FYE 31 December 2009 to FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, our trade payables comprised of suppliers of generator sets, cables, electrical components used in the manufacturing of our LV switchboards, and suppliers for transformers used for our M&E engineering services projects and subcontractors.

Our Group's trade payable turnover has remained within the credit period granted during the FYE 31 December 2009. However, our Group's trade payables turnover period had increased during the FYE 31 December 2010 and the FYE 31 December 2011 mainly due to an amount of RM0.58 milion owing to one (1) supplier, representing 21.0% of our Group's trade payables as at FYE 31 December 2011. We had withheld payment to this supplier during the financial year due to the dispute over the products. The amount had subsequently been paid as at the LPD.

In addition, the increase in the trade payables turnover period was also contributed from the lower amount of trade payables as at 31 December 2011 as compared to the previous financial year, against a lower amount of purchases and subcontractor costs incurred for the FYE 31 December 2011 as compared to the previous financial year. Our Group had recorded a lower amount of raw material purchases due to the lesser projects undertaken during the FYE 31 December 2011 in addition to the lesser requirement for supply and installation sub-contractors, as most M&E projects undertaken during the FYE 31 December 2011 pertains to electrical works. Further, we held a higher proportion of retention sums as at 31 December 2011 constituting approximately 12.2% of the trade payables as compared to retention sums of approximately 7.4% held out of the trade payables as at 31 December 2010.

Our Group's trade payables turnover period had increased by approximately three (3) days to 126 days in the three (3)-month FPE 31 March 2012 as compared to the FYE 31 December 2011. The raw material requirements for our four (4) projects which contributed approximately 70.1% of our Group's revenue during the three (3)-month FPE 31 March 2012, namely the following:-

i. The on-going M&E engineering services for the Pahang-Selangor raw water transfer project;

ii. The supply of cables to the Pahang-Selangor raw water transfer project;

iii. Our on-going electrical works for a manufacturing plant at Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor; and

iv. The provision of electrical consulting services to our Indonesian customer,

were generally lower as compared to the remaining projects undertaken by our Group during the financial period under review. As such, our Group's trade payables had decreased by approximately 40.3% or RM1.1 million during the three (3)-month FPE 31 March 2012, as compared to the FYE 31 December 2011, against a smaller amount of raw material purchases amounting to RM0.90 million during the three (3)-month FPE 31 March 2012. Our Group's total purchases in the three (3)-month FPE 31 March 2012 was significantly lower as compared to our total purchases amounting to RM12.38 million incurred in the FYE 31 December 2011.

We have also not experienced any disruptions in supplies from our suppliers notwithstanding the longer payment period extended to us as our suppliers generally understand the nature of our business.

11. FINANCIAL INFORMATION (CONT'D)

The aging analysis of the trade payables of our Group as at 31 March 2012 are set out below:-

Credit period	Within credit period				Exceeding credit period	
	0 – 30 days RM'000	**31 – 60 days RM'000**	**61 – 90 days RM'000**	**91 – 120 days RM'000**	**Over 120 days RM'000**	**Total RM'000**
Trade payables	470	312	137	218	526	1,663
% of total trade payables	28.3	18.8	8.2	13.1	31.6	100.0
Retention sum	**8**	**1**	**1**	**8**	**204**	**222**
% of retention sum out of total trade payables	1.7	0.3	0.7	3.7	38.7	13.3
Trade payables net of retention sum	**462**	**311**	**136**	**210**	**322**	**1,441**
% of total trade payables net of retention sum	32.1	21.6	9.4	14.6	22.3	100.0

Based on the above, approximately RM0.53 million representing 31.6% of our trade payables exceeded the credit period granted of 120 days. Out of this amount, approximately 38.7% or RM0.20 million of this amount represents retention sums generally held by us over a period of between 12 to 24 months, and these sums will be released to these trade creditors upon expiry of the defect liability period.

Approximately 59.6% or RM0.19 million of our net trade payables which exceeded the credit period of 120 days pertains to the amount owing to one (1) supplier, as explained above, which had subsequently been paid as at LPD.

There was no significant matter in dispute with respect to trade payables for the financial years under review, neither was there any legal action initiated by any of our suppliers to demand for payment for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

Inventories turnover

Our inventories mainly comprise of cables, metal sheets, copper busbar, electrical components and others. Due to the nature of our business, our raw materials, particularly cables, are purchased based on the contracts secured, as well as pursuant to our project and production schedules. Moreover, with our established good working relationships with our current suppliers, any potential interruptions in raw material supplies are minimised.

Whilst our inventories turnover period remained below 30 days during the FYE 31 December 2009 and 31 December 2010, our inventories turnover period had increased significantly by approximately 14 days to 42 days in the FYE 31 December 2011, and by approximately 92 days from the FYE 31 December 2011 to 134 days in the three (3)-month FPE 31 March 2012. Approximately 79.1% or RM1.12 million of our total inventories as at the FYE 31 December 2011 comprise of inventories for our manufacturing of LV switchboards segment, such as electrical components, copper busbar and metal sheets. The continuous decrease in revenue from our manufacturing of LV switchboards segment over the past three (3) FYE 31 December 2011 had resulted in the lower utilisation of these inventories, which were purchased in bulk due to the competitive pricing of these materials. Nevertheless, as these are common inventories used for our manufacturing of LV switchboards operations, there is a low risk of the inventories being obsolete.

Our inventories turnover period of 134 days for the three (3)-month FPE 31 March 2012 was significantly higher by approximately 92 days, as compared to the FYE 31 December 2011. We had experienced slower movements in our inventories during the financial period under review, which were generally affected by our projects' requirements, as well as the demand from our manufacturing of LV switchboards segment. In this regard, the raw material requirements for our four (4) projects which contributed approximately 70.1% of our Group's revenue during the three (3)-month FPE 31 March 2012, namely the following:-

i. The on-going M&E engineering services for the Pahang-Selangor raw water transfer project;

ii. The supply of cables to the Pahang-Selangor raw water transfer project;

iii. Our on-going electrical works for a manufacturing plant at Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor; and

iv. The provision of electrical consulting services to our Indonesian customer,

were generally lower as compared to the remaining projects undertaken by our Group during the financial period under review. This resulted in a lower amount of purchases incurred by our Group during the three (3)-month FPE 31 March 2012 amounting to RM0.90 million as compared to our Group's total purchases amounting to RM12.38 million in the FYE 31 December 2011.

Moreover, where possible, we had utilised our existing inventories under our manufacturing contracts, and as such, reduced the requirement to purchase new raw materials for the contracts. Nevertheless, the lower amount of raw material purchases made by our Group during the financial period under review is in line with the decrease in our Group's inventories level during the three (3)-month FPE 31 March 2012, as compared to the FYE 31 December 2011.

We are of the view that there are no material slow-moving or obsolete inventories during the three (3)-month FPE 31 March 2012.

Current ratio

Our current ratio had decreased to 1.80 times in the FYE 31 December 2009 as compared to 2.25 times in the FYE 31 December 2008, which was mainly due to the increase in our trade and other payables and accruals in the FYE 31 December 2009.

Notwithstanding the higher trade payables incurred in the FYE 31 December 2009, which is tantamount to our higher direct costs during the financial year under review, our trade payables' turnover rate remain unchanged as per the previous financial year. The increase in our other accruals in the FYE 31 December 2009 was mainly due to the accrued payments of our Directors' bonus of RM0.40 million, and the accrued income tax penalty amounting to RM0.54 million.

Our current ratio had subsequently increased to 2.10 times in the FYE 31 December 2010, which was mainly contributed by the settlement of our bank borrowings involving trust receipts during the financial year under review.

Our current ratio decreased to 1.85 times in the FYE 31 December 2011 which was mainly attributable to the decrease in trade receivables by approximately RM3.45 million and the increase in deferred income of approximately RM3.43 million. This was partially offset by the decrease in trade payables by approximately RM4.26 million.

Our current ratio had increased marginally to 1.89 times in the three (3)-month FPE 31 March 2012 as compared to the FYE 31 December 2011, which was mainly attributed to the decrease in trade payables by approximately RM1.12 million, decrease in amount owing by contract customers amounting to RM0.56 million and decrease in short term borrowings by approximately RM0.60 million. This was partially offset by a decrease in the amount owing to joint venture partner amounting to RM0.56 million.

Gearing ratio

The declining trend in our gearing ratio up to the FYE 31 December 2010 was mainly driven by the continuous decline in our Group's total borrowings from the FYE 31 December 2009 to the FYE 31 December 2010.

Our interest-bearing borrowings had declined by approximately 14.2% in the FYE 31 December 2009 as compared to the FYE 31 December 2008, which was mainly due to a decline in the amount of bankers' acceptances utilised for our operations, which resulted from our improved operating cash flow. This was partially offset by the trust receipts amounting to RM3.27 million utilised for our project in Abu Dhabi, UAE.

Our borrowings had further declined by approximately 51.2% in the FYE 31 December 2010 as compared to the FYE 31 December 2009, as we did not utilise any trust receipts during the financial year under review due to the completion of our project in Abu Dhabi, UAE in the FYE 31 December 2009.

For the FYE 31 December 2011, our gearing ratio had increased by approximately 31.3% as compared to the FYE 31 December 2010, which was contributed by the increase in the amount of bankers' acceptances used during the financial year under review for working capital purposes, mainly due to the purchases of cables for our on-going supply of cables to the Pahang-Selangor raw water transfer project.

For the three (3)-month FPE 31 March 2012, our gearing ratio had decreased by approximately 9.5% as compared to the FYE 31 December 2011, which was mainly contributed by the decrease in the amount of bankers' acceptances used during the financial period under review for purchases of cables for our on-going supply of cables to the Pahang-Selangor raw water transfer project and other raw materials.

11.5 State of Our Order Book

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, we have been able to secure notable projects under government agencies and from other large corporations locally and overseas, either directly or via joint ventures.

Our sales cycle generally takes a long period from the time of proposing a design for our customers, to the implementation phase. This could take approximately six (6) to 12 months depending on the size and complexity of the projects.

As the revenue from our M&E projects is recognised based on the percentage-of-completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised as revenue.

As at the LPD, the state of our orderbook by segments are set out below:-

	M&E Engineering Services RM'million	Manufacturing of LV Switchboards RM'million	Trading of Equipment RM'million	Total RM'million
By Existing or New Contracts:-				
Contracts/ orders brought forward from the three (3)-month FPE 31 March 2012	64.57	0.24	0.90	65.71
New contracts/ orders secured from April 2012 up to LPD	1.77	0.15	0.28	2.20
	66.34	**0.39**	**1.18**	**67.91**
By Expected Completion Period:-				
Contracts/ orders to be completed in the FYE 31 December 2012	34.41	0.39	1.18	35.98
Contracts/ orders to be completed in the FYE 31 December 2013 and FYE 31 December 2014	31.93[*1]	-	-	31.93
	66.34	**0.39**	**1.18**	**67.91**

Note:-

[*1] *The contracts which will be completed within the subsequent two (2) years up to the FYE 31 December 2014, pertains to three (3) on-going projects, namely the Pahang-Selangor raw water transfer project, electrical works for a graphite electrode and cathode plant in Mukim Tanjung Dua Belas, District of Kuala Langat, Selangor, and electrical works for a property development project located at Ara Damansara, Selangor*

Our order book for the manufacturing and supply of LV switchboards and trading of equipment above are on stand-alone contract basis. Save for the manufacturing of LV switchboards and equipment supplies that falls under our M&E engineering services projects, we do not maintain a substantial order book under our manufacturing and trading segments as these contracts are generally short-term in nature which are completed within a period of two (2) to six (6) months from the date orders are received.

Other than direct orders received from customers, we have also participated in project tenders for a total of 23 projects valued at approximately RM54.98 million collectively from April 2012 up to the LPD, of which eight (8) projects valued at approximately RM1.57 million have been secured as at the LPD. It should be noted that there may be variations from the amount submitted during a tender exercise as compared to the final secured tender amount resulting from further discussions with potential clients, which would normally take place after our tender has been shortlisted.

11.6 Trend Information

Based on our segmental analysis of revenue and profitability by our business activities, the state of our order book and our overview of operations for the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012, we anticipate the following trends:-

i. We expect our Group's financial position and performance to remain sustainable, driven by our M&E engineering services segment, after taking into consideration the projects we participated in tenders and our current order book as at the LPD of RM67.91 million.

   Although our Group's revenue had declined to approximately RM25.82 million in the FYE 31 December 2011, we expect our revenue to recover due to our established presence as a niche M&E engineering services provider in the water treatment and sewerage industry. Moreover, the share of revenue from our local engagements as compared to our overseas projects have gradually increased over the past three (3) FYE 31 December 2011 and the three (3)-month FPE 31 March 2012.

ii. A large portion of our contract expenses comprise of raw material purchases and purchase of equipment, which mainly consists of cables and transformers purchases. The costs for these materials are driven by factors such as market demand and supply, commodity prices particularly steel and copper, as well as the global economic conditions. Our Board believes that with our consistent monitoring of the price movements of our raw materials, we expect to be able to minimise the effects of any fluctuation of raw material prices, and ensuring consistency in the supply of our raw materials. For instance, we will endeavour to purchase cables in advance for our on-going projects in the event that we anticipate an increase in copper prices.

Our Board also expects our subcontractors to continue to play an important role in projects under our M&E engineering services and manufacturing operations, wherein our projects are generally labour intensive. With our prudent monitoring policy in place in terms of assessing our subcontractors' performances, our Board believes that we are able to control the cost of subcontractors.

iii. Our Board expects our overall gross profit margin to be maintained and enhanced by leveraging on our key strengths as highlighted under Section 6.4 of this Prospectus. In particular, our Board believes that:-

a) by focusing on our three (3) business activities as disclosed under Section 6.1 of this Prospectus, we shall be able to leverage on our M&E engineering expertise and focus on projects that provide higher gross profit margins, subject to the prevailing market condition;

b) with our existing manufacturing operations, we aim to offer comprehensive services for our customers in providing M&E engineering services and equipment, which includes LV switchboards, with the objective of increasing our market presence when we tender for our M&E projects in the future; and

c) our practice in maintaining good relationships with our suppliers and subcontractors enables us to have the flexibility in negotiating better pricing for our raw materials and ensuring the consistency of the quality of services from our subcontractors, respectively.

iv. The main components of our operating expenses comprise of staff salaries, depreciation of plant and equipment, and in addition to our finance costs, amongst others. Whilst our Board believes that there may be no material changes to total staff salaries and depreciation expenses, other than those incurred over the ordinary course of our business, in the near future, our finance costs are contingent upon our level of operations, and the prevailing economic conditions.

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

Information on our Group's business and financial prospects, significant trends in revenue, production and costs are set out in this section and Sections 4, 5 and 6 of this Prospectus. Discussion on the overview of the M&E engineering services industry, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

Given the outlook of the M&E engineering services industry as set out in Section 7 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.4 of this Prospectus and our future plans and strategies as set out in Section 6.19 of this Prospectus, our Board is optimistic about the future prospects of our Group.

11.7 Directors' Declaration on Financial Performance

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

i. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;

ii. material commitment for capital expenditure and contingent liabilities as disclosed in Sections 11.4.6 and 11.4.8 of this Prospectus;

iii. unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 4 of this Prospectus;

iv. known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/ or profits save for those that have been disclosed in this section, future plans and strategies as set out in Section 6.19 of this Prospectus and industry overview as set out in Section 7 of this Prospectus;

v. known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and

vi. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

11.8 Dividend Policy

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

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

(Prepared for inclusion in this Prospectus)

Crowe Horwath™

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Date: 20 JULY 2012

The Board of Directors
Pasukhas Group Berhad
Lot 5815-A, Jalan Mawar
Taman Bukit Serdang
Seksyen 9
43300 Seri Kembangan
Selangor Darul Ehsan.

Dear Sirs/Madam

PASUKHAS GROUP BERHAD ("PGB" OR "THE COMPANY")
ACCOUNTANTS' REPORT

1. PURPOSE OF REPORT

This report has been prepared by Messrs Crowe Horwath, an approved company auditor, for inclusion in this Prospectus of PGB dated 2 August 2012 in connection with the listing of PGB on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

2. INTRODUCTION

2.1 THE COMPANY

PGB was initially incorporated in Malaysia on 29 March 2005 under the Companies Act 1965, as a public limited company under the name of Pasukhas Corporation Berhad. The Company subsequently converted into a private limited company on 4 May 2007. On 11 February 2010, the Company changed its name to Pasukhas Group Sdn Bhd and subsequently converted into a public limited company on 1 April 2011.

On 26 April 2010, PGB sub-divided its ordinary shares with par value of RM0.50 each to RM0.10 each. Consequently, the authorised share capital of PGB was sub-divided into 25,000,000 ordinary shares of RM0.10 each whereas the issued and paid-up capital was sub-divided into 1,000 ordinary shares of RM0.10 each.

As at 31 March 2012, PGB had an authorised share capital of RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each in PGB ("PGB Shares" or "Shares"), of which RM20,500,100 comprising 205,001,000 PGB Shares have been issued and fully paid-up.

PGB is principally engaged in the business of investment holding and the provision of management services.

2.2 LISTING SCHEME

In conjunction with, and as an integral part of the listing of PGB on the ACE Market of Bursa Securities, PGB is undertaking the following transactions:-

1. Restructuring Scheme

In conjunction with, and as an integral part of the listing exercise, PGB and its subsidiary ("PGB Group" or "the Group") have implemented a restructuring exercise prior to the listing exercise, which are set out as follows:-

(a) Share Split

On 26 April 2010, PGB implemented a share split of 200 ordinary shares to 1,000 ordinary shares by sub-dividing the par value of the ordinary shares of RM0.50 per share in the Company to RM0.10 per share.

(b) Emergence of Modal Khas Holdings Sdn Bhd ("Modal Khas") as PGB's Shareholder

On 9 August 2010, the existing two shareholders of PGB transferred their entire shareholdings in PGB to Modal Khas, resulting in PGB becoming a wholly-owned subsidiary of Modal Khas.

(c) Acquisition

On 18 May 2011, PGB entered into a Sale and Purchase Agreement to acquire 10,000,000 ordinary shares of RM1.00 each in Pasukhas Sdn Bhd ("PSB") ("PSB Shares"), representing 100.0% of the issued and paid-up share capital of PSB for a purchase consideration of RM20,500,000 ("Acquisition of PSB"), which was based on the consolidated audited accounts of PSB for the FYE 31 December 2010.

The purchase consideration for the Acquisition of PSB was arrived at on a willing-buyer willing-seller basis based on the audited net assets of PSB as at 31 December 2010 of RM20,235,789.

The Acquisition of PSB was completed on 18 May 2011.

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2.2 LISTING SCHEME (CONT'D)

2. Public Issue

Public issue of 90,000,000 new PGB Shares, representing approximately 30.5% of the enlarged issued and paid-up share capital, at an issue price of RM0.12 per PGB share, to be allocated in the following manner:-

(a) 10,000,000 Shares will be made available for application by the Malaysian Public;

(b) 25,000,000 Shares will be made available for application by the eligible Directors and employees of the Group and persons who have contributed to the success of the Group; and

(c) 55,000,000 Shares will be made available for application by way of private placement to identified investors.

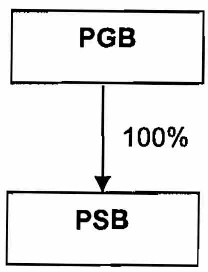
(hereinafter referred to as the "Public Issue")

3. Listing

PGB shall be admitted to the official list of Bursa Securities, and the entire enlarged issued and paid-up share capital of RM29,500,100 comprising 295,001,000 PGB Shares shall be listed and quoted on the ACE Market of Bursa Securities upon completion of the Public Issue.

3. THE STRUCTURE OF PGB GROUP

The structure of PGB and its subsidiary is as follows:-



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3. THE STRUCTURE OF PGB GROUP (CONT'D)

Details of the subsidiary are as follows:-

Name of Company	Date of Incorporation	Country of Incorporation	Issued Paid- up Capital RM'000	Equity Interest	Principal Activities
Pasukhas Sdn. Bhd. ("PSB")	23 September 1985	Malaysia	10,000	100%	Design, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries.

4. RELEVANT FINANCIAL PERIODS AND AUDITORS

The relevant financial periods of the audited financial statements provided in this report ("Relevant Financial Periods") and the auditors of the respective companies for the Relevant Financial Periods are as follows:-

Company	Relevant Financial Periods	Auditors	Auditors' Report
PGB	Financial year ended ("FY") 31 December 2009 to 31 December 2011, Financial period ("FP") from 1 January 2012 to 31 March 2012	Messrs. Crowe Horwath	Appendix I
PSB	Financial year ended ("FY") 31 December 2009 to 31 December 2011, Financial period ("FP") from 1 January 2012 to 31 March 2012	Messrs. Crowe Horwath	Appendix II

The audited financial statements of PGB and PSB for the Relevant Financial Periods under review were not subject to any audit qualification.

5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION

PGB Group only existed on 8 May 2011, upon completion of the acquisition of PSB. Hence, there are no consolidated financial statements of the Group for FY 2009 and FY 2010. For the purpose of this report, the audited financial statements of PSB for FY 2009 to FY 2011 and FP 2012 are also presented as the results of PSB itself forms more than 75% of PGB Group's proforma profit before taxation for the Relevant Financial Periods.

The financial information of the PGB and PSB as presented in Section 6.1 and Section 6.2 respectively are based on the audited financial statements, modified as appropriate, for the purpose of this report. The details of the restatement to the audited financial statements of PGB and PSB are disclosed in Section 6.1.38 and 6.2.40 respectively.

The audited financial statements of PGB and PSB for the Relevant Financial Periods under review were not subject to any audit qualification or emphasis of matter.

The unaudited financial statements of PGB and PSB for the financial period from 1 January 2011 to 31 March 2011 are presented solely for comparison purposes to the audited financial statements of PGB and PSB for the FP 2012.

The unaudited consolidated financial statements of PGB Group for the financial period from 1 January 2011 to 31 March 2011 were presented based on the financial statements of PSB accounted for using the merger method of accounting, as PSB was under common control by the same parties both before and after the acquisition by PGB, and control is not transitory.

The financial statements of the PGB and PSB are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Companies Act 1965 in Malaysia and Malaysian Financial Reporting Standards ("MFRS"), which is in line with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Prior to 1 January 2012, PGB and PSB prepared its financial statements using Financial Reporting Standards ("FRS") in Malaysia. The change of accounting standards did not have any material financial effects upon their initial adoption.

The accounting policies set out in Section 5.3 have been applied consistently to the financial statements of the Group for the financial period ended 31 March 2012 and in preparing the comparative information presented in the financial statements, unless otherwise stated.

5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION (CONT'D)

The Group has early adopted the amendments to MFRS 101, Presentation of Financial Statements, which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

(a) During FP 2012, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

MFRSs and IC Interpretations (including the Consequential Amendments)

MFRS 124 (Revised) Related Party Disclosures

Amendments to MFRS 1 (Revised): Severe Hyperinflation and Removal of Fixed dates for First-time Adopters

Amendments to MFRS 7: Disclosures – Transfers of Financial Assets

Amendments to MFRS 112: Recovery of Underlying Assets

IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

5. ACCOUNTING STANDARDS AND POLICIES

5.1 BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for FP 2012:-

MFRS and IC Interpretations (including the Consequential Amendments)	**Effective Date**
MFRS 9 Financial instruments	1 January 2015
MRFS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 (Revised) Employee Benefits	1 January 2013
MFRS 127 (2011) Separate Financial Statements	1 January 2013
MFRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

5.2 CONSISTENCY OF APPLICATION OF ACCOUNTING POLICIES

This report is prepared on a basis consistent with the accounting policies adopted by PGB and PSB as disclosed in Section 5.3 below. There were no changes in the significant accounting policies adopted by PGB and PSB during the Relevant Financial Periods other than the adoption of MFRS in FP 2012, which is in line with International Financial Reporting Standards issued by the IASB that are relevant to its operations, as detailed in Section 5.1 above.

5.3 SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its plant and equipment will be significant and have been taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(ii) Construction Contracts (Cont'd)

(a) Contract Revenue

Construction contracts accounting requires variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the probability of the contract on an individual basis at any particular time.

(iii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final 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 period in which such determination is made.

(iv) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Amortisation of Development Expenditure

Changes in the expected level of usage and technological development could impact the economic useful lives therefore future amortisation charges could be revised.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) **Critical Accounting Estimates And Judgements (Cont'd)**

(vi) *Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vii) *Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(viii) *Impairment of Available-for-sale Financial Assets*

The Group review its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(ix) *Fair Value Estimates for Certain Financial Assets and Liabilities*

The Group carry certain financial assets and liabilities at fair value, which require extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

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

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Loans and Receivables Financial Assets*

  Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

  Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Financial Instruments (Cont'd)

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies (Cont'd)

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary up to 31 March 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits therefrom.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

The subsidiary under section 6.1.8 to the report is acquired under a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by PGB Group to account for such common control business combinations.

(i) Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) **Basis of Consolidation (Cont'd)**

(ii) **Purchase method of accounting for non-common control business combinations**

Under the purchase method, subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Basis of Consolidation (Cont'd)

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

(e) Development Expenditure

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years, commencing when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the statement of comprehensive income.

(g) Jointly Controlled Operations

A joint venture represents a business arrangement formed under a contract with a third party to undertake specific projects.

Jointly controlled operations are operations which involve the use of the assets and other resources of the venturers.

The Group recognised its interests in jointly controlled operations based on the terms set out in the joint venture agreements, which include:-

i) the assets that it controls and the liabilities that it incurs; and

ii) the expenses that it incurs and its share of the income that it earns from the sale of goods or render of services to the joint venture.

The assets, liabilities, income and expenses of the jointly controlled operations were not separately presented because they are all recognised in the financial statements of the Group.

The billings raised by the Group to the jointly controlled operations are recognised in accordance with the percentage of completion method as detailed under Section 5.3(t)(i) to the financial statements.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Plant and machinery	10%
Office equipment, furniture and fittings	10%
Motor vehicles	20%
Renovation	10%
Cables	over the remaining project duration

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and 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.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Impairment (Cont'd)

(i) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised in profit or loss.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) **Assets under Hire Purchase**

Equipment acquired under hire purchase are capitalised in the financial statements.

Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the profit or loss over the period of the respective hire purchase agreements.

Equipment acquired under hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the hire purchase terms and their useful lives.

(k) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(l) **Provisions**

Provisions are recognised when the Group has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Amounts Owing By/To Contract Customers

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(n) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(o) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Taxes (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

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5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted

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

(q) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits pledged with financial institutions, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(r) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in the profit or loss in the period to which they relate. Once the contributions have been paid, the Group have no further liability in respect of the defined contribution plans.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
  (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  (b) has an interest in the entity that gives it significant influence over the entity; or
  (c) has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

5.3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Revenue Recognition

(i) Contract Income

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contracts cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on the following:-

(i) the survey of work performed;

(ii) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or

(iii) the completion of a physical proportion of contract work;

whichever is applicable.

(ii) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(iii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iv) Rental and Interest Income

Rental income and interest income are recognised on an accrual basis.

(v) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

6. AUDITED FINANCIAL STATEMENTS

PGB Group only existed on 8 May 2011, upon completion of the acquisition of PSB. Hence, there are no consolidated financial statements of the Group for FY 2009 and FY 2010. For the purpose of this report, the audited financial statements of PSB for FY 2009 to FY 2011 and FP 2012 are also presented as the results of PSB itself forms more than 75% of PGB Group's proforma profit before taxation for the Relevant Financial Periods.

The financial information of PGB and PSB as presented in Section 6.1 and Section 6.2 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except those in *italics* which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

6.1 PGB

6.1.1 STATEMENTS OF COMPREHENSIVE INCOME

		The Company					The Group		
		Audited FY 2009	Audited FY 2010	Audited FY 2011	Unaudited FP 2011	Audited FP 2012	Audited FY 2011	Unaudited FP 2011	Audited FP 2012
	Section	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	6.1.5	-	-	2,100	-	-	25,821	7,615	5,244
Contract expenses		-	-	-	-	-	(20,470)	(6,051)	(3,510)
Gross profit ("GP")		-	-	2,100	-	-	5,351	1,564	1,734
Other operating income		-	-	-	-	-	1,317	197	200
		-	-	2,100	-	-	6,668	1,761	1,934
Administrative expenses		(105)	(111)	(799)	(4)	(102)	(4,408)	(813)	(889)
Other expenses		-	-	-	-	-	(319)	(74)	(151)
Finance costs		-	-	-	-	-	(299)	(74)	(34)
Share of profits from joint ventures (net)		-	-	-	-	-	207	-	43
(Loss)/Profit before taxation	6.1.6	(105)	(111)	1,301	(4)	(102)	1,849	800	903
Income tax expense	6.1.7	-	-	-	-	-	(615)	(200)	(134)
(Loss)/Profit after taxation		(105)	(111)	1,301	(4)	(102)	1,234	600	769
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive (expenses)/ income for the financial year		(105)	(111)	1,301	(4)	(102)	1,234	600	769

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.1 STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
(Loss)/Profit after taxation attributable to:-								
Owners of the Company	(105)	(111)	1,301	(4)	(102)	1,295	617	769
Non-controlling interest	-	-	-	-	-	(61)	(17)	-
	(105)	(111)	1,301	(4)	(102)	1,234	600	769
Total comprehensive (expenses)/ income attributable to:-								
Owners of the Company	(105)	(111)	1,301	(4)	(102)	1,295	617	769
Non-controlling interest	-	-	-	-	-	(61)	(17)	-
	(105)	(111)	1,301	(4)	(102)	1,234	600	769

	The Company					The Group		
	Audited FY 2009	Audited FY 2010	Audited FY 2011	Unaudited FP 2011	Audited FP 2012	Audited FY 2011	Unaudited FP 2011	Audited FP 2012
GP margin (%)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*20.7*	*20.5*	*33.1*
PBT margin (%)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*7.2*	*10.5*	*17.2*
PAT margin (%)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*4.8*	*7.9*	*14.7*
Effective tax rate (%)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*33.3*	*25.0*	*14.8*
Interest coverage (times)	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*8.1*	*13.5*	*44.0*
Weighted average number of ordinary shares in issue of:-								
- RM0.50 each ('000)	#	-	-	-	-	-	-	-
- RM0.10 each ('000)	-	*1*	*205,001*	*1*	*205,001*	*205,001*	*205,001*	*205,001*
Gross EPS (Sen)*	*N/A*	*N/A*	*0.6*	*N/A*	*(0.05)*	*0.9*	*0.4*	*0.4*
Net EPS (Sen)*	*N/A*	*N/A*	*0.6*	*N/A*	*(0.05)*	*0.6*	*0.3*	*0.4*
Gross dividend rate (%)	-	-	-	-	-	*10.2%*	-	-

Notes:-

\# - *200 ordinary shares*

* - *The Gross EPS and Net EPS (excluding non-controlling interests) were computed using the PBT and PAT divided by the weighted average number of ordinary shares in issue during the respective financial year.*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.2 STATEMENTS OF FINANCIAL POSITION

	Section	The Company				The Group	
		Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
ASSETS							
NON-CURRENT ASSETS							
Investment in a subsidiary	6.1.8	-	-	20,500	20,500	-	-
Plant and equipment	6.1.9	-	-	-	-	9,881	13,029
Deferred tax assets	6.1.10	-	-	-	-	1,641	2,289
Other investments	6.1.11	-	-	-	-	107	107
		-	-	20,500	20,500	11,629	15,425
CURRENT ASSETS							
Inventories	6.1.13	-	-	-	-	1,410	1,282
Amount owing by contract customers	6.1.14	-	-	-	-	2,783	2,228
Trade receivables	6.1.15	-	-	-	-	8,199	8,188
Other receivables, deposits and prepayments		-	-	458	498	812	802
Amount owing by joint ventures	6.1.16	-	-	-	-	463	111
Amount owing by related parties	6.1.17	-	-	-	-	60	8
Fixed deposits with licensed banks	6.1.18	-	-	-	-	12,728	12,254
Cash and bank balances		#	#	#	#	3,418	3,613
		#	#	458	498	29,873	28,486
TOTAL ASSETS		#	#	20,958	20,998	41,502	43,911
EQUITY AND LIABILITIES							
EQUITY							
Share capital	6.1.19	#	#	20,500	20,500	20,500	20,500
Merger deficit	6.1.20	-	-	-	-	(10,500)	(10,500)
Fair value reserve	6.1.21	-	-	-	-	17	17
(Accumulated losses)/ Retained profits		(187)	(298)	(1,097)	(1,199)	9,115	9,884
TOTAL EQUITY		(187)	(298)	19,403	19,301	19,132	19,901

Note:-

 # - RM100

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.2 STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Section	The Company				The Group	
		Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
NON-CURRENT LIABILITIES							
Hire purchase payables	6.1.22	-	-	-	-	72	326
Deferred income	6.1.23	-	-	-	-	6,143	8,573
		-	-	-	-	6,215	8,899
CURRENT LIABILITIES							
Trade payables	6.1.24	-	-	-	-	2,786	1,664
Other payables and accruals	6.1.25	187	5	464	534	3,436	4,043
Amount owing to a subsidiary	6.1.26	-	-	1,091	1,163	-	-
Amount owing to a related company	6.1.27	-	293	-	-	-	-
Amount owing to related parties	6.1.17	-	-	-	-	99	62
Amount owing to joint venture partner	6.1.28	-	-	-	-	578	20
Provision for taxation		-	-	-	-	629	1,078
Short-term borrowings	6.1.29	-	-	-	-	4,019	3,421
Deferred Income	6.1.23	-	-	-	-	4,608	4,823
		187	298	1,555	1,697	16,155	15,111
TOTAL LIABILITIES		187	298	1,555	1,697	22,370	24,010
TOTAL EQUITY AND LIABILITIES		#	#	20,958	20,998	41,502	43,911

	Audited FY 2009	Audited FY 2010	Audited FY 2011	Audited FP 2012	Audited FY 2011	Audited FP 2012
Weighted average number of ordinary shares in issue of:-						
- RM0.50 each ('000)	^	-	-	-	-	-
- RM0.10 each ('000)	-	*1*	*205,001*	*205,001*	*205,001*	*205,001*
Net liabilities ("NL")/ Net assets* ("NA") (RM'000)*	*(187)*	*(298)*	*19,403*	*19,301*	*19,132*	*19,901*
(NL)/NA per ordinary share (sen)	*(93,525)*	*(29,855)*	*9.5*	*9.4*	*9.3*	*9.7*
Gearing ratio (times)	-	-	-	-	*0.2*	*0.2*

Note:-

\# - *RM100*

* - *Excluding non-controlling interest*

^ - *200 ordinary shares*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.3 STATEMENTS OF CASH FLOWS

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES								
(Loss)/Profit before taxation	(105)	(111)	1,301	(4)	(102)	1,849	800	903
Adjustments for:-								
Accretion of trade receivables	-	-	-	-	-	(205)	-	-
Amortisation of development expenditure	-	-	-	-	-	23	23	-
Bad debts written off	-	-	-	-	-	44	-	-
Depreciation of plant and equipment	-	-	-	-	-	1,457	981	701
Dividend income	-	-	(2,100)	-	-	-	-	-
Unrealised (gain)/loss on foreign exchange	-	-	-	-	-	(218)	#	103
Interest expense	-	-	-	-	-	261	64	21
Gain on disposal of investment in a subsidiary	-	-	-	-	-	(343)	-	-
Listing expenses written off	102	108	782	-	94	782	-	94
Interest income	-	-	-	-	-	(320)	(56)	(81)
Share of profits from joint ventures (net)	-	-	-	-	-	(207)	-	(43)
Writeback of allowance for impairment losses on trade receivables	-	-	-	-	-	(183)	(134)	(112)
Operating (loss)/profit before working capital changes carried forward	(3)	(3)	(17)	(4)	(8)	2,940	1,678	1,586

Note:-

 # - negligible

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.3 STATEMENTS OF CASH FLOWS (CONT'D)

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
Operating (loss)/profit before working capital changes carried forward	(3)	(3)	(17)	(4)	(8)	2,940	1,678	1,586
Decrease/(Increase) in amount owing by contract customers	-	-	-	-	-	273	(1,694)	555
Decrease in inventories	-	-	-	-	-	51	-	128
(Increase)/Decrease in trade and other receivables	-	-	(458)	-	(40)	2,700	(510)	70
Increase/(Decrease) in trade and other payables	105	(182)	460	4	70	(3,814)	(1,164)	(515)
Increase in deferred income	-	-	-	-	-	6,838	1,024	2,645
Decrease in amount owing by joint ventures	-	-	-	-	-	13	1,092	177
Net decrease/(increase) in amount owing by related parties	-	-	-	-	-	295	(380)	15
Increase in amount owing by shareholder of subsidiary	-	-	-	-	-	(500)	(500)	-
Distribution received from joint ventures	-	-	-	-	-	152	-	247
Distribution paid to joint venture partner	-	-	-	-	-	(1,100)	-	(588)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES	102	(185)	(15)	-	22	7,848	(454)	4,320
Interest paid	-	-	-	-	-	(261)	(64)	(21)
Income tax paid	-	-	-	-	-	(902)	(330)	(333)
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD	102	(185)	(15)	-	22	6,685	(848)	3,966

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.3 STATEMENTS OF CASH FLOWS (CONT'D)

	Section	The Company					The Group		
		Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
NET CASH (FOR)/FROM OPERATING ACTIVITIES CARRIED FORWARD		102	(185)	(15)	-	22	6,685	(848)	3,966
CASH FLOWS FOR INVESTING ACTIVITIES									
Repayment from joint venture		-	-	-	-	-	204	-	-
Repayment from a related party		-	-	-	-	-	80	-	-
Interest received		-	-	-	-	-	320	56	81
Net cash inflow on acquisition of a subsidiary	6.1.30	-	-	-	-	-	151	151	-
Purchase of plant and equipment		-	-	-	-	-	(7,498)	(2,117)	(3,549)
Net cash outflow from disposal of a subsidiary	6.1.31	-	-	-	-	-	(535)	-	-
CASH FLOWS FOR INVESTING ACTIVITIES		-	-	-	-	-	(7,278)	(1,910)	(3,468)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES									
Advances from a subsidiary		-	-	-	-	72	-	-	-
Repayment to holding company		-	-	-	-	-	(49)	(49)	-
Advance from a related company		-	293	-	-	-	-	-	-
Advance from a subsidiary		-	-	797	-	-	-	-	-
Net drawdown/(repayment) in bankers' acceptances		-	-	-	-	-	953	2,216	(631)
Repayment of hire purchase obligations		-	-	-	-	-	(46)	(11)	(12)
Repayment (to)/by a related party		-	-	-	-	-	(189)	(213)	1
Listing expenses paid		(102)	(108)	(782)	-	(94)	(782)	-	(94)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		(102)	185	15	-	(22)	(113)	1,943	(736)
NET DECREASE IN CASH AND CASH EQUIVALENTS		-	-	-	-	-	(706)	(815)	(238)
FOREIGN EXCHANGE RATE ADJUSTMENT		-	-	-	-	-	84	-	(41)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		#	#	#	#	#	16,768	16,768	16,146
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	6.1.33	#	#	#	#	#	16,146	15,953	15,867

Note:-

 # - RM100

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.4 STATEMENTS OF CHANGES IN EQUITY

Audited The Company	Section	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1.1.2009		#	(82)	(82)
Loss after taxation/Total comprehensive expenses for the financial year		-	(105)	(105)
Balance at 31.12.2009/1.1.2010		#	(187)	(187)
Loss after taxation/Total comprehensive expenses for the financial year		-	(111)	(111)
Balance at 31.12.2010/1.1.2011		#	(298)	(298)
Profit after taxation/Total comprehensive income for the financial year		-	1,301	1,301
Contributions by and distribution to owners of the Company:				
- Issue of shares		20,500	-	20,500
- Dividend	6.1.32	-	(2,100)	(2,100)
Balance at 31.12.2011/1.1.2012		20,500	(1,097)	19,403
Loss after taxation/Total comprehensive expenses for the financial period		-	(102)	(102)
Balance at 31.3.2012		20,500	(1,199)	19,301

Unaudited The Company	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
Balance at 1.1.2011	#	(298)	(298)
Loss after taxation/Total comprehensive expenses for the financial period	-	(4)	(4)
Balance at 31.3.2011	#	(302)	(302)

Note:-

 # - RM100

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.4 STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Audited The Group	Section	Attributable To Owners Of The Company — Non-Distributable: Share Capital RM'000	Fair Value Reserve RM'000	Merger Deficit RM'000	Distributable: Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1.1.2011		20,500	17	(10,500)	9,920	19,937	-	19,937
Acquisition of subsidiary		-	-	-	-	-	969	969
Disposal of subsidiary		-	-	-	-	-	(908)	(908)
Profit after taxation/Total comprehensive income for the financial year		-	-	-	1,295	1,295	(61)	1,234
Distributions to owners: - Dividend	6.1.32	-	-	-	(2,100)	(2,100)	-	(2,100)
Balance at 31.12.2011/1.1.2012		20,500	17	(10,500)	9,115	19,132	-	19,132
Profit after taxation/Total comprehensive income for the financial year		-	-	-	769	769	-	769
Balance at 31.3.2012		20,500	17	(10,500)	9,884	19,901	-	19,901

Unaudited The Group	Attributable To Owners Of The Company — Non-Distributable: Share Capital RM'000	Fair Value Reserve RM'000	Merger Deficit RM'000	Distributable: Retained Profits RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
Balance at 1.1.2011	20,500	17	(10,500)	9,920	19,937	-	19,937
Profit after taxation/Total comprehensive income for the financial year	-	-	-	617	617	(17)	600
Acquisition of subsidiary	-	-	-	-	-	968	968
Balance at 31.3.2011	20,500	17	(10,500)	10,537	20,554	951	21,505

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.5 REVENUE

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
Contract revenue	-	-	-	-	-	24,007	7,388	5,094
Sale of goods and rendering of services	-	-	-	-	-	1,814	227	150
Dividend income	-	-	2,100	-	-	-	-	-
	-	-	2,100	-	-	25,821	7,615	5,244

6.1.6 (LOSS)/PROFIT BEFORE TAXATION

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-								
Accretion of non-current trade receivables	-	-	-	-	-	(205)	-	-
Amortisation of development expenditure	-	-	-	-	-	23	23	-
Audit fee:								
- for the financial year	1	1	1	-	#	32	-	8
Bad debts written off	-	-	-	-	-	44	-	-
Directors' remuneration:								
- fee	-	-	-	-	-	216	54	54
- salaries, bonus and allowances	-	-	-	-	-	1,974	479	508
- defined contribution plan	-	-	-	-	-	295	53	70
- other benefits	-	-	-	-	-	1	-	#
Depreciation of plant and equipment	-	-	-	-	-	1,457	981	701
Hiring charges	-	-	-	-	-	23	5	5

Note:-

 # - negligible

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.6 (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-								
Interest expense:								
- bank overdraft	-	-	-	-	-	9	-	-
- bankers' acceptances	-	-	-	-	-	195	57	17
- bank guarantee	-	-	-	-	-	41	-	#
- hire purchase	-	-	-	-	-	9	3	2
- letters of credit	-	-	-	-	-	7	4	2
Loss/(Gain) on foreign exchange:								
- realised	-	-	-	-	-	82	-	-
- unrealised	-	-	-	-	-	(218)	#	103
Rental of premises	-	-	-	-	-	808	102	141
Staff costs:								
- salaries, bonus and allowances	-	-	-	-	-	2,682	537	609
- defined contribution plan	-	-	-	-	-	238	35	58
- other benefits	-	-	-	-	-	126	29	49
Listing expenses written off	102	108	782	-	94	782	-	94
Gain on disposal of investment in a subsidiary	-	-	-	-	-	(343)	-	-
Interest income	-	-	-	-	-	(320)	(56)	(81)
Writeback of allowance for impairment losses on trade receivables	-	-	-	-	-	(183)	(134)	(112)

Note:-

 # - negligible

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.7 INCOME TAX EXPENSE

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
Current tax:								
- for the current financial year	-	-	-	-	-	1,754	200	1,012
- overprovision in the previous financial year	-	-	-	-	-	(53)	-	(230)
	-	-	-	-	-	1,701	200	782
Deferred tax assets (Section 6.1.10):								
- for the financial year	-	-	-	-	-	(1,048)	-	(746)
- (over)/underprovision in the previous financial year	-	-	-	-	-	(38)	-	98
	-	-	-	-	-	(1,086)	-	(648)
	-	-	-			615	200	134

The corporate tax rate for the relevant financial years under review is 25%.

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

	The Company					The Group		
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Unaudited FP 2011 RM'000	Audited FP 2012 RM'000
(Loss)/Profit before taxation for the financial year	(105)	(111)	1,301	(4)	(102)	1,849	800	903
Tax at the applicable statutory tax	(26)	(28)	325	(1)	(25)	462	200	226
Tax effects of:-								
Non-taxable gain	-	-	(525)	-	-	(138)	(25)	(28)
Non-deductible expenses	26	28	200	1	25	382	25	68
(over)/underprovision in the previous financial year								
- current tax	-	-	-	-	-	(53)	-	(230)
- deferred tax	-	-	-	-	-	(38)	-	98
	-	-	-	-	-	615	200	134

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.8 INVESTMENT IN A SUBSIDIARY

	The Company			
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Unquoted shares, at cost	-	-	20,500	20,500

Details of the subsidiary, which is incorporated in Malaysia, are as follows:-

Name of Company	Equity Interest				Principal Activity
	The Company				
	Audited FY 2009	Audited FY 2010	Audited FY 2011	Audited FP 2012	
Pasukhas Sdn. Bhd.	-	-	100%	100%	Design, system integration, fabrication, installation, testing and commissioning of electrical and mechanical works for specified industries.

6.1.9 PLANT AND EQUIPMENT

The Group	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Signboard RM'000	Cables RM'000	Total RM'000
Net book value							
At 1.1.2011	82	430	173	49	-	3,106	3,840
Additions	-	76	-	1	5	7,416	7,498
Depreciation charge	(18)	(79)	(68)	(5)	#	(1,287)	(1,457)
At 31.12.2011/1.1.2012	64	427	105	45	5	9,235	9,881
Additions	-	11	418	-	-	3,420	3,849
Depreciation charge	(4)	(18)	(24)	(2)	#	(653)	(701)
At 31.3.2012	60	420	499	43	5	12,002	13,029

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.9 PLANT AND EQUIPMENT (CONT'D)

The Group	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Cables RM'000	Signboard RM'000	Total RM'000
At 31.12.2011							
At cost	1,093	1,197	499	54	10,915	5	13,763
Accumulated depreciation	(1,029)	(770)	(394)	(9)	(1,680)	#	(3,882)
Net book value	64	427	105	45	9,235	5	9,881
At 31.3.2012							
At cost	1,093	1,208	917	54	14,335	5	17,612
Accumulated depreciation	(1,033)	(788)	(418)	(11)	(2,333)	#	(4,583)
Net book value	60	420	499	43	12,002	5	13,029

Note:-

\# - *Negligible*

Included in plant and equipment are the following assets acquired under hire purchase terms:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Motor vehicles	-	-	-	-	106	513

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.10 DEFERRED TAX ASSETS

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Opening balance	-	-	-	-	555	1,641
Recognised in profit or loss (Section 6.1.7)						
- for the financial year	-	-	-	-	1,048	746
- over/(under)provision in the previous financial year	-	-	-	-	38	(98)
Closing balance	-	-	-	-	1,641	2,289
The components of the deferred tax assets are as follows:-						
Deferred income	-	-	-	-	2,688	3,349
Other deductible temporary differences	-	-	-	-	89	65
Accelerated capital allowances on qualifying plant and equipment	-	-	-	-	(1,081)	(1,125)
Other taxable temporary differences	-	-	-	-	(55)	-
	-	-	-	-	1,641	2,289

6.1.11 OTHER INVESTMENTS

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Quoted shares	-	-	-	-	12	12
Transferable club membership	-	-	-	-	100	100
	-	-	-	-	112	112
Allowance for impairment losses	-	-	-	-	(5)	(5)
	-	-	-	-	107	107
Represented by:-						
At fair value	-	-	-	-	107	107

Other investments are designated as available-for-sale financial assets and are measured at fair value.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.12 DEVELOPMENT EXPENDITURE

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
At Cost:	-	-	-	-	818	818
Accumulated amortisation:-						
Opening balance	-	-	-	-	(795)	(818)
Addition during the financial year	-	-	-	-	(23)	-
Closing balance	-	-	-	-	(818)	(818)
	-	-	-	-	-	-

6.1.13 INVENTORIES

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Materials and electrical parts, at cost	-	-	-	-	1,410	1,282

None of the inventories is carried at net realisable value.

6.1.14 AMOUNTS OWING BY CONTRACT CUSTOMERS

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Contract costs incurred	-	-	-	-	38,349	37,928
Attributable profits	-	-	-	-	9,159	9,119
	-	-	-	-	47,508	47,047
Progress billings	-	-	-	-	(44,725)	(44,819)
Amount owing by contract customers	-	-	-	-	2,783	2,228

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.15 TRADE RECEIVABLES

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Gross trade receivables	-	-	-	-	9,984	9,861
Allowance for impairment losses:-						
- Opening balance	-	-	-	-	(2,173)	(1,785)
- Accretion during the financial year	-	-	-	-	205	-
- Writeback during the financial year	-	-	-	-	183	112
- Closing balance	-	-	-	-	(1,785)	(1,673)
	-	-	-	-	8,199	8,188

Included in trade receivables are retention sums, as follows:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Retention sums	-	-	-		3,019	1,348

Retention monies represent a portion of progress billings which are due and receivable upon expiry of the warranty period and the satisfaction of conditions specified in the relevant contracts.

The Group's normal trade credit terms range from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.16 AMOUNT OWING BY JOINT VENTURES

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Trade balance	-	-	-	-	213	36
Undistributed share of profit from joint ventures	-	-	-	-	250	75
	-	-	-	-	463	111

The Group's normal trade credit terms range from 30 to 90 days.

The undistributed share of profits relates to the following joint ventures:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Zublin-Pasukhas Joint Venture						
Opening balance	-	-	-	-	(64)	250
Share of profits from joint venture*	-	-	-	-	314	72
Distribution received from joint venture	-	-	-	-	-	(247)
Closing balance	-	-	-	-	250	75
Pasukhas-Jancos Joint Venture						
Opening balance	-	-	-	-	132	-
Share of profit from joint venture **	-	-	-	-	20	-
Distribution received from joint venture	-	-	-	-	(152)	-
Closing balance	-	-	-	-	-	-
	-	-	-	-	250	75

* - *percentage of profit sharing by the Group from the joint ventures range between 49% and 50% according to each individual project jointly undertaken.*

** - *percentage of profit sharing by the Group from the joint venture is 55%.*

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.17 AMOUNT OWING BY/(TO) RELATED PARTIES

The amount owing by related parties is as follows:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Trade balances	-	-	-	-	60	8

The amount owing to related parties is as follows:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Trade balances	-	-	-	-	(99)	(62)

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 days.

The non-trade balances are unsecured, interest-free and repayable on demand. The amount owing will be settled in cash.

Included in amount owing to related parties as at the end of the reporting period are retention sums, as follows:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Retention sum	-	-	-	-	51	62

6. AUDITED FINANCIAL STATEMENTS (CONT'D)

6.1 PGB (CONT'D)

6.1.18 FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits were the following deposits pledged to banks as security for banking facilities granted to the Group:-

	The Company				The Group	
	Audited FY 2009 RM'000	Audited FY 2010 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000	Audited FY 2011 RM'000	Audited FP 2012 RM'000
Deposits	-	-	-	-	11,255	11,332

The effective interest rates of the fixed deposits at the end of the Relevant Financial Periods are as follows:-

	The Company				The Group	
	Audited FY 2009	Audited FY 2010	Audited FY 2011	Audited FP 2012	Audited FY 2011	Audited FP 2012
Effective interest rates per annum	-	-	-	-	0.03% to 3.30%	0.03% to 3.30%

The maturity periods of fixed deposits are as follows:-

	The Company				The Group	
	Audited FY 2009	Audited FY 2010	Audited FY 2011	Audited FP 2012	Audited FY 2011	Audited FP 2012
Maturity periods	-	-	-	-	1 to 12 months	1 to 12 months