

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF TSR CAPITAL BERHAD (*FORMERLY KNOWN AS AIMPLEX BERHAD*) ("TSR" OR "COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN FALSE OR MISLEADING.

COMMERCE INTERNATIONAL MERCHANT BANKERS BERHAD, AS THE ADVISER FOR **THE PUBLIC ISSUE OF 13,300,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.30 PER SHARE ("PUBLIC ISSUE") AND RESTRICTED ISSUE OF 6,000,000 NEW ORDINARY SHARES OF RM1.00 EACH AT AN ISSUE PRICE OF RM1.30 PER SHARE ("RESTRICTED ISSUE")** AND MANAGING UNDERWRITER OF THE **PUBLIC ISSUE** ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE PUBLIC ISSUE AND RESTRICTED ISSUE AND IS SATISFIED THAT THE PROFIT ESTIMATE AND FORECAST (FOR WHICH THE DIRECTORS OF TSR ARE FULLY RESPONSIBLE) PREPARED FOR INCLUSION IN THIS PROSPECTUS HAVE BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE PUBLIC ISSUE AND RESTRICTED ISSUE, BUT THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE, RESTRICTED ISSUE AND/OR THE FLOTATION OF TSR ON THE KUALA LUMPUR STOCK EXCHANGE ("KLSE"). THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS.

THE VALUATION ACCEPTED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE CORPORATE PROPOSALS SUBMITTED TO THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE ASSET FOR ANY OTHER PURPOSES.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. THE KLSE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF KLSE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE COMPANY OR OF ITS SECURITIES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

Opening date	:	20 February 2002
Last date for acceptance and payment	:	5 March 2002*
The tentative date for balloting of applications	:	8 March 2002
The tentative date for allotment of securities	:	19 March 2002
The tentative date of listing	:	25 March 2002

Note:-

* *The Directors of TSR may, at their absolute discretion, decide to extend the last date and time for acceptance and payment for the Public Issue to a further date or dates.*

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

"Acquisitions"	:	TSRB Acquisition, TSRCP Acquisition, TGEO Acquisition and TPROP Acquisition collectively
"ADA"	:	Authorised Depository Agent
"ADA Code"	:	ADA (Broker) Code
"Application"	:	The application for the Public Issue Shares by way of Application Forms or by way of Electronic Share Application
"Application Form"	:	The printed application form for the application for the Public Issue Shares
"ATM"	:	Automated Teller Machine
"Board"	:	Board of Directors
"CDS"	:	Central Depository System
"CIDB"	:	Construction Industry Development Board
"D&B"	:	Design and build
"CIMB"	:	Commerce International Merchant Bankers Berhad (Company No.: 18417-M)
"EBIDTA"	:	Earnings before interest, depreciation, taxation and amortisation
"Electronic Share Application"	:	The application for the Public Issue Shares through a Participating Financial Institution's ATM
"EPS"	:	Earnings per share
"FELCRA"	:	Federal Land Consolidation and Rehabilitation Authority
"FELDA"	:	Federal Land Development Authority
"FIC"	:	Foreign Investment Committee
"JKR"	:	Jabatan Kerja Raya ("Public Works Department")
"KLSE"	:	Kuala Lumpur Stock Exchange (Company No.: 30632-P)
"Listing"	:	The listing of and quotation for the entire issued and paid-up share capital of TSR on the Main Board of the KLSE
"MCD"	:	Malaysian Central Depository Sdn. Bhd. (Company No.: 165570-W), a subsidiary of the KLSE
"MI"	:	Minority interests
"MIH"	:	Malaysian Issuing House Sdn. Bhd. (Company No.: 258345-X)
"MITI"	:	Ministry of International Trade and Industry
"NTA"	:	Net tangible assets
"Participating Financial Institution(s)"	:	The participating financial institution(s) for Electronic Share Application as listed in paragraph 2.4 of Section XVII of this Prospectus
"PAT"	:	Profit after taxation

DEFINITIONS (Cont'd)

"PBT"	:	Profit before taxation
"PE Multiple"	:	Price earnings multiple
"PKB"	:	Permodalan Kedah Berhad (287561-V)
"Placement Agent"	:	CIMB
"Public Issue"	:	The public issue of 13,300,000 new Shares each at an issue price of RM1.30 per Share to the Malaysian public and the eligible employees of the Group, subject to the terms and conditions of this Prospectus
"Public Issue Shares"	:	The 13,300,000 new Shares to be issued in relation to the Public Issue to the Malaysian public and the eligible employees of the TSR Group
"Restricted Issue"	:	The restricted issue of 6,000,000 new Shares each at an issue price of RM1.30 per Share to PKB
"Restricted Issue Shares"	:	The 6,000,000 new Shares to be issued in relation to the Restricted Issue
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"SC"	:	Securities Commission
"Segi"	:	Segi Satria Sdn. Bhd. (555840-M)
"Share(s)" or "TSR Share(s)"	:	Ordinary share(s) of RM1.00 each in TSR
"SIRIM"	:	Standards and Industrial Research Institute of Malaysia
"sq. ft."	:	Square feet
"TGEO"	:	TSR Geotechnics Sdn. Bhd. (366881-M)
"TGEO Acquisition"	:	Acquisition by TSR of the entire issued and paid-up share capital of TGEO comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM1,775,388 satisfied by the issuance of 1,494,000 new Shares at an issue price of approximately RM1.19 per Share credited as fully paid-up
"TPROP"	:	TSR Properties Sdn. Bhd. (357648-T)
"TPROP Acquisition"	:	Acquisition by TSR of the entire issued and paid-up share capital of TPROP comprising 2,050,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,041,533 satisfied by the issuance of 1,718,000 new Shares at an issue price of approximately RM1.19 per Share credited as fully paid-up
"TSR" or "Company"	:	TSR Capital Berhad (<i>formerly known as Aimplex Berhad</i>) (Company No.: 541149-W)
"TSR Group" or "Group"	:	TSR and its subsidiaries collectively
"TSRB"	:	TSR Bina Sdn. Bhd. (220440-W)
"TSRB Acquisition"	:	Acquisition by TSR of the entire issued and paid-up share capital of TSRB comprising 10,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM44,535,695 satisfied by the issuance of 37,476,000 new Shares at an issue price of approximately RM1.19 per Share credited as fully paid-up

DEFINITIONS (*Cont'd*)

"TSRCP"	:	TSR Concrete Products Sdn. Bhd. (405476-U)
"TSRCP Acquisition"	:	Acquisition by TSR of the entire issued and paid-up share capital of TSRCP comprising 1,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM4,411,438 satisfied by the issuance of 3,712,000 new Shares at an issue price of approximately RM1.19 per Share credited as fully paid-up
"TSRCPK"	:	TSR Concrete Products (Kedah) Sdn. Bhd. (<i>formerly known as Plus Motive Sdn. Bhd.</i>) (521426-A)
"TSRU"	:	TSR Usahasama Sdn. Bhd. (503065-K)
"UDA"	:	UDA Holdings Berhad (347508-T)
"UKAS"	:	United Kingdom Accreditation Services
"USA"	:	United States of America
"UUM"	:	Universiti Utara Malaysia, situated in Sintok, Kedah Darul Aman

CONTENTS

	PAGE
I. CORPORATE DIRECTORY	1
II. INFORMATION SUMMARY	
1. History and business	4
2. Shareholdings of major shareholders, directors, key management and key technical personnel	5
3. Financial highlights	7
4. Summary Proforma Consolidated Balance Sheets	8
5. Risk factors	9
6. Principal statistics	9
7. Proceeds from the Public Issue and Restricted Issue and the utilisation thereof	11
8. Contingent liabilities and capital commitments	12
9. Material litigation.....	12
III. PARTICULARS OF THE PUBLIC ISSUE	
1. Introduction	13
2. Share capital and rights attaching to the Public Issue Shares and Restricted Issue Shares	14
3. Particulars of the Public Issue and Restricted Issue.....	15
4. Public shareholding spread	16
5. Critical dates for the Public Issue	16
6. Opening and closing of Application Lists	16
7. Purposes of the Public Issue	16
8. Basis of arriving at the Issue Price	16
9. Proceeds from the Public Issue and Restricted Issue and the utilisation thereof	17
10. Financial impact from utilisation of proceeds.....	18
11. Brokerage, Underwriting Commission and Placement Fees.....	18
12. Details of Underwriting Agreement.....	18
IV. RISK FACTORS	21
V. INDUSTRY OVERVIEW	25
VI. INFORMATION ON THE TSR GROUP	
1. Information on TSR	28
2. Restructuring Exercise	28
3. Business Overview	31
4. Subsidiaries	42
5. Landed Properties.....	48
6. Employees	49
VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP.....	50
VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS	55
IX. APPROVALS AND CONDITIONS.....	64
X. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS	67
XI. LICENCES AND PERMITS	68

CONTENTS (Cont'd)

	PAGE
XII. FINANCIAL INFORMATION	
1. Proforma Consolidated Income Statement	71
2. Working capital, borrowings, contingent liabilities, capital commitments and material litigation	75
3. Consolidated Profit Estimate and Forecast.....	76
4. Reporting Accountants' letter on the Consolidated Profit Estimate and Forecast	79
5. Dividend forecast	85
6. Sensitivity analysis.....	85
7. Proforma Consolidated Balance Sheets	87
8. Reporting Accountants' letter on the Proforma Consolidated Balance Sheets	90
XIII. ACCOUNTANTS' REPORT	91
XIV. VALUER'S LETTER.....	125
XV. DIRECTORS' REPORT.....	127
XVI. STATUTORY AND OTHER INFORMATION	128
XVII. PROCEDURE FOR APPLICATION AND ACCEPTANCE	145
XVIII. LIST OF ADAs	157

I. CORPORATE DIRECTORY**DIRECTORS**

The Board of TSR is as follows:-

Name	Address	Occupation	Nationality
Datuk Yaakob bin Hj. Mohammad <i>(Chairman)</i>	No. 93, Jalan Setiamurni 9 Bukit Damansara 50490 Kuala Lumpur	Director	Malaysian
Tengku Datuk Mustapha bin Tengku Mohamed <i>(Managing Director)</i>	No. 46, Jalan Setiaraya Bukit Damansara 50490 Kuala Lumpur	Director	Malaysian
Rahaimi bin Abdul Rahman <i>(Executive Director)</i>	A1-22, Jalan Padi Malinja 1 Bandar Baru Uda 81200 Johor Bahru Johor Darul Takzim	Director	Malaysian
Tan Chin Siong <i>(Executive Director)</i>	No. 6, Lorong CP8/23 Perdana Park 43200 Batu 9, Cheras Selangor Darul Ehsan	Director	Malaysian
Tuan Haji Ibrahim bin Hamzah <i>(Independent Non-Executive Director)</i>	No. 2, SS4B/3 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan	Director	Malaysian
Tan En Chong <i>(Independent Non-Executive Director)</i>	No. 4, Jalan Ceylon 50200 Kuala Lumpur	Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Tuan Haji Ibrahim bin Hamzah	Chairman of the Committee	Independent Non-Executive
Tengku Datuk Mustapha bin Tengku Mohamed	Member of the Committee	Managing Director
Tan En Chong	Member of the Committee	Independent Non-Executive

I. CORPORATE DIRECTORY (Cont'd)

COMPANY SECRETARY	:	Mah Wai Har, ACIS MAICSA 7015519 No.13, Jalan Pinggiran 3/11 Pinggiran Batu Caves 68100 Batu Caves Selangor Darul Ehsan
REGISTERED OFFICE AND MANAGEMENT OFFICE	:	No. 2-2, Jalan 4/62D Medan Putra Business Centre Bandar Manjalara Off Jalan Damansara 52200 Kuala Lumpur Tel. No.: 03-6277 8135
E-MAIL	:	tsrbina@tm.net.my
PRINCIPAL BANKERS	:	Arab-Malaysian Merchant Bank Berhad 24th Floor, Bangunan Arab-Malaysian 55, Jalan Raja Chulan 50200 Kuala Lumpur
	:	Bumiputra-Commerce Bank Berhad 7th Floor, Wisma Bandar 18, Jalan Tunku Abdul Rahman 50100 Kuala Lumpur
	:	EON Bank Berhad No. 166 & 168, Jalan 2/3A Off Km 12 Jalan Ipoh 68100 Batu Caves
	:	Public Bank Berhad No. 29 & 31, Wisma Mepro Cawangan Chow Kit Ground & Mezzanine Floor Jalan Ipoh 51200 Kuala Lumpur
AUDITORS & REPORTING ACCOUNTANTS	:	Horwath Mok & Poon Level 16, Tower C Megan Phileo Avenue 12, Jalan Yap Kwan Seng 50450 Kuala Lumpur
REGISTRAR	:	Insurban Corporate Services Sdn. Bhd. 149, Jalan Aminuddin Baki Taman Tun Dr. Ismail 60000 Kuala Lumpur
SOLICITORS FOR THE LISTING EXERCISE	:	Teh & Lee Unit 23-3, 3rd Floor The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur
ISSUING HOUSE	:	Malaysian Issuing House Sdn. Bhd. 27th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur

I. CORPORATE DIRECTORY (Cont'd)

VALUER	:	City Valuers & Consultants Sdn. Bhd. No. 8, 3rd Floor Jalan Tengku Ampuan Zabedah D 9/D Section 9 40100 Shah Alam Selangor Darul Ehsan
ADVISER MANAGING UNDERWRITER AND PLACEMENT AGENT	:	Commerce International Merchant Bankers Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
UNDERWRITERS	:	Commerce International Merchant Bankers Berhad 10th Floor, Bangunan CIMB Jalan Semantan Damansara Heights 50490 Kuala Lumpur
	:	HLG Securities Sdn. Bhd. Level 5, Wisma Kia Peng No. 3, Jalan Kia Peng 50450 Kuala Lumpur
LISTING SOUGHT	:	Main Board of the KLSE

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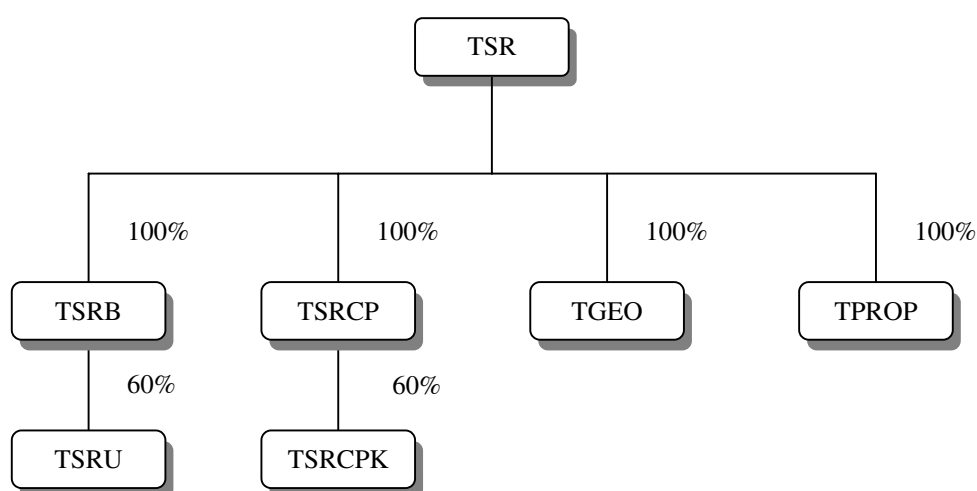
II. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE TSR GROUP. INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER TO INVEST IN THE SECURITIES OF TSR.

1. HISTORY AND BUSINESS

TSR was incorporated in Malaysia on 7 March 2001 under the Companies Act, 1965 as a private limited company under the name of Aimplex Sdn. Bhd.. It was subsequently converted into a public limited company on 13 April 2001. On 21 June 2001, the company changed its name to TSR Capital Berhad.

The present corporate structure of the TSR Group as well as the principal activities of the individual companies in the TSR Group are set out below:-



Company	Principal Activities
TSR	Investment holding
TSRB	Construction and civil engineering works
TSRCP	Manufacture and marketing of precast concrete products
TGEO	Construction/geotechnical works
TPROP	Investment holding
TSRU	Building construction and civil engineering works
TSRCPK	Manufacture of and trading in precast concrete products

TSR currently does not have any associated companies.

As at 15 January 2002, the Group has completed projects worth approximately RM285.0 million comprising primarily of infrastructure-based projects and has on-going projects worth approximately RM535.4 million.

For further information on the history and activities of the TSR Group, please refer to Section VI of this Prospectus.

II. INFORMATION SUMMARY (Cont'd)

2. SHAREHOLDINGS OF MAJOR SHAREHOLDERS, DIRECTORS, KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

2.1 Major Shareholders and Promoters

The major shareholders of TSR and their respective shareholdings in the Company, after the Public Issue and Restricted Issue, are as follows:-

Name	Shareholdings after the			
	<-----Public Issue and Restricted Issue----->			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares held	%	No. of Shares held	%
Segi	31,978,000	49.97	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	-	-	*31,978,000	49.97
Rahaimi bin Abdul Rahman	-	-	*31,978,000	49.97
Tan Chin Siong	9,672,000	15.11	-	-
PKB	6,000,000	9.38	-	-

Note:-

* 18,532,000 new Shares and 13,446,000 new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman respectively pursuant to the Acquisitions. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. By virtue of their substantial shareholdings in Segi, they will be deemed as major shareholders of TSR. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.

Tengku Datuk Mustapha bin Tengku Mohamed, Rahaimi bin Abdul Rahman and Tan Chin Siong are the promoters of the TSR Group.

2.2 Board of Directors, Key Management and Key Technical Personnel

Board of Directors

The Directors of TSR and their shareholdings in the Company, after the Public Issue and Restricted Issue, are as follows:-

Name	Position in TSR	Shareholdings after the			
		<-----Public Issue and Restricted Issue----->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares held	%	No. of Shares held	%
Datuk Yaakob bin Hj. Mohammad	Non-Executive Chairman	-	-	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	Managing Director	-	-	*31,978,000	49.97
Rahaimi bin Abdul Rahman	Executive Director	-	-	*31,978,000	49.97
Tan Chin Siong	Executive Director	9,672,000	15.11	-	-
Tuan Haji Ibrahim bin Hamzah	Independent Director	-	-	-	-
Tan En Chong	Independent Director	-	-	-	-

II. INFORMATION SUMMARY (Cont'd)**Note:-**

* 18,532,000 new Shares and 13,446,000 new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman respectively pursuant to the Acquisitions. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.

Key Management and Key Technical Personnel

The key management and key technical personnel of the TSR Group and their shareholdings in TSR after the Public Issue and Restricted Issue, on the assumption that they fully subscribe to their respective allocation of the Public Issue Shares reserved for the eligible employees of the TSR Group, are as follows:-

Name	Position in Group	Shareholdings after the <---Public Issue and Restricted Issue--->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares held	%	No. of Shares held	%
Key Management Personnel					
Tee Cheong Yau	Deputy Chief Executive Officer of TSR Group	10,000	0.02	-	-
Mohd Rosli bin Ismail	General Manager of TSRB	10,000	0.02	-	-
Mazidi bin Ngah	Assistant General Manager of TSRB	10,000	0.02	-	-
Ng Wu Sin	Assistant General Manager of TGEO	8,000	0.01	-	-
Liew Ming Mei	Corporate Planning Manager of TSRB	10,000	0.02	-	-
Key Technical Personnel					
Sulaiman bin Hashim	Senior Project Manager of TSRB	8,000	0.01	-	-
Che Oum bte Mohd Ali	Senior Quantity Surveyor of TSRB	9,000	0.01	-	-
Hamizan bin Hambali	Project Manager of TSRB	7,000	0.01	-	-
Chua Kim Biow	Contracts Manager of TSRB	5,000	0.01	-	-
Ng Kim Keong	Senior Accountant of TSRB	10,000	0.02	-	-

Detailed information on the major shareholders, promoters, Directors, key management and key technical personnel of the TSR Group are set out in Section VIII of this Prospectus.

II. INFORMATION SUMMARY (Cont'd)

3. FINANCIAL HIGHLIGHTS

The table below sets out a summary of the proforma consolidated income statement of TSR for the five (5) financial years ended 31 December 2000 and the eight (8) months financial period ended 31 August 2001, prepared based on the assumption that the current structure of the Group has been in existence throughout the period under review. The proforma consolidated income statement are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section XIII of this Prospectus.

	<-----Years ended 31 December----->					8 months ended 31 August 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Turnover	37,864	40,328	53,209	56,165	79,991	67,661
EBIDTA	5,257	8,428	10,339	14,118	21,132	14,367
Interest	(140)	(348)	(386)	(177)	(166)	(72)
Depreciation	(1,368)	(2,148)	(1,775)	(3,516)	(3,858)	(2,289)
PBT	3,749	5,932	8,178	10,425	17,108	12,006
Taxation	(1,125)	(1,867)	(2,214)	-	(5,596)	(4,110)
PAT	2,624	4,065	5,964	10,425	11,512	7,896
MI	-	-	-	-	4	(564)
PAT and MI	2,624	4,065	5,964	10,425	11,516	7,332
No. of Shares assumed in issue ('000) ^{*i}	44,700	44,700	44,700	44,700	44,700	44,700
Gross EPS (RM) ^{*ii}	0.08	0.13	0.18	0.23	0.38	^{*iv} 0.38
Net EPS (RM) ^{*iii}	0.06	0.09	0.13	0.23	0.26	^{*iv} 0.25
Fully diluted gross EPS (RM) ^{*v}	0.06	0.09	0.13	0.16	0.27	^{*iv} 0.28
Fully diluted net EPS (RM) ^{*v}	0.04	0.06	0.09	0.16	0.18	^{*iv} 0.17
Dividend rate (%)	-	-	-	-	-	-

Notes:-

(1) There were no exceptional items or extraordinary items during the period under review.

^{*i} The number of Shares assumed in issue is based on the issued and paid-up share capital of TSR after the Acquisitions.

^{*ii} The gross EPS are computed based on PBT but after MI and divided by the number of Shares assumed in issue.

^{*iii} The net EPS are computed based on PAT and MI divided by the number of Shares assumed in issue.

^{*iv} Annualised.

^{*v} Based on TSR's enlarged issued and paid-up share capital of 64,000,000 Shares.

Detailed information on the financial performance of the Group is set out in Sections XII and XIII of this Prospectus.

3.1 Audit Qualifications in the Audited Accounts for the Past Five (5) Financial Years

The accounts of the TSR Group for the past five (5) financial years were reported on without any qualification.

II. INFORMATION SUMMARY (Cont'd)

4. SUMMARY PROFORMA CONSOLIDATED BALANCE SHEETS

The proforma consolidated balance sheets of TSR as at 31 August 2001 set out below have been prepared solely to illustrate the proforma effects of the Acquisitions, Public Issue and Restricted Issue on the assumption that these transactions were effected on that date and should be read with the notes and assumptions to the proforma consolidated balance sheets set out in Section XII(7) of this Prospectus.

	Audited as at 31 August 2001 RM'000	I After the Acquisitions RM'000	II After I and the Restricted Issue RM'000	After II and the Public Issue RM'000
Plant and equipment	-	7,913	7,913	7,913
Other assets	-	3,357	3,357	3,357
Intangible assets	588	588	588	-
	<u>588</u>	<u>11,858</u>	<u>11,858</u>	<u>11,270</u>
Current assets				
Inventories	-	1,029	1,029	1,029
Amount owing by contract customers	-	34,344	34,344	34,344
Trade debtors	-	34,657	34,657	34,657
Other debtors and deposit	-	3,238	3,238	3,238
Amount owing by a related party	-	327	327	327
Fixed deposits with licensed bank	-	8,842	8,842	8,842
Cash and bank balances	7	144	7,944	23,622
Total current assets	<u>7</u>	<u>82,581</u>	<u>90,381</u>	<u>106,059</u>
Current liabilities				
Trade creditors	-	17,202	17,202	17,202
Other creditors and accruals	-	1,889	1,889	1,889
Amount owing to a related company	311	-	-	-
Hire purchase creditors	-	983	983	983
Provision for taxation	-	11,399	11,399	11,399
Total current liabilities	<u>311</u>	<u>31,473</u>	<u>31,473</u>	<u>31,473</u>
Net current (liabilities)/assets	<u>(304)</u>	<u>51,108</u>	<u>58,908</u>	<u>74,586</u>
	<u>284</u>	<u>62,966</u>	<u>70,766</u>	<u>85,856</u>
Financed by:				
Share capital	300	44,700	50,700	64,000
Share premium	-	8,364	10,164	11,954
Reserve on consolidation	-	7,348	7,348	7,348
Accumulated loss	(16)	(16)	(16)	(16)
Shareholders' equity	<u>284</u>	<u>60,396</u>	<u>68,196</u>	<u>83,286</u>
Minority interests	-	680	680	680
Hire purchase creditors	-	1,211	1,211	1,211
Deferred taxation	-	679	679	679
	<u>284</u>	<u>62,966</u>	<u>70,766</u>	<u>85,856</u>
Number of Shares in issue ('000)	<u>300</u>	<u>44,700</u>	<u>50,700</u>	<u>64,000</u>
(Net Tangible Liabilities)/NTA per Share (RM)	<u>(1.01)</u>	<u>1.34</u>	<u>1.33</u>	<u>1.30</u>

II. INFORMATION SUMMARY (Cont'd)

5. RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following risks factors summarised from Section IV of this Prospectus, in addition to the other information contained elsewhere in this Prospectus, before applying for the Public Issue Shares:-

- (i) No prior market for TSR Shares;
- (ii) Control by major shareholders;
- (iii) Business risks;
- (iv) Political and economic considerations;
- (v) Suppliers'/sub-contractors' contracts;
- (vi) Delay in completion of projects;
- (vii) Competition;
- (viii) Dependence on key personnel;
- (ix) Profit estimate and forecast;
- (x) New products and markets;
- (xi) Forward looking statements;
- (xii) Defects liability;
- (xiii) Failure/delay in the Listing exercise;
- (xiv) Adequacy of insurance coverage on the Group's assets;
- (xv) Supply and cost of raw materials;
- (xvi) Competition from new entrants;
- (xvii) Regulatory framework; and
- (xviii) Rapid technological change.

6. PRINCIPAL STATISTICS

(i) Share Capital	RM
<i>Authorised</i>	
100,000,000 Shares	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
44,700,000 Shares	44,700,000
<i>To be issued pursuant to the Restricted Issue</i>	
6,000,000 new Shares	6,000,000
<i>To be issued pursuant to the Public Issue</i>	
13,300,000 new Shares	13,300,000
<i>Enlarged issued and fully paid-up upon listing</i>	
64,000,000 Shares	64,000,000

II. INFORMATION SUMMARY (Cont'd)**(ii) Classes of shares and ranking**

There is only one class of shares in the Company, being ordinary shares of RM1.00 each. The Public Issue Shares and Restricted Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of this Prospectus.

For further details, please refer to Section III(2) of this Prospectus.

(iii) Issue price for each Public Issue Share/Restricted Issue Share RM1.30

(iv) Proforma Group NTA as at 31 August 2001

Proforma Group NTA RM83,286,000
(after deducting total estimated listing expenses amounting to RM2,200,000)

Proforma Group NTA per Share RM1.30
(based on the enlarged issued share capital of 64,000,000 Shares)

Detailed calculation of the Proforma Group NTA is set out in Section XII(7) of this Prospectus.

(v) Consolidated Profit Estimate and Forecast for the Financial Year Ended 31 December 2001 and the Financial Year Ending 31 December 2002

Financial years ended/ending 31 December	Estimate	Forecast
	2001	2002
	RM'000	RM'000
Turnover	96,580	204,577
Consolidated PBT	17,778	36,835
Taxation	(5,768)	(11,750)
Consolidated PAT	12,010	25,085
MI	(450)	(670)
Consolidated PAT and MI	11,560	24,415
Less: Pre-acquisition profits	(9,745)	-
Profit attributable to shareholders	1,815	24,415
Based on the weighted average number of Shares in issue		
*i Gross EPS (RM)	*iii 0.37	*iv 0.57
*ii Net EPS (RM) (excluding pre-acquisition profits)	*iii 0.24	*iv 0.39
*ii Net EPS (RM) (including pre-acquisition profits)	1.51	N/A
*v Gross PE Multiple (times)	3.51	2.28
*v Net PE Multiple based on net EPS excluding pre-acquisition profits (times)	5.42	3.33
Based on the enlarged issued and paid-up share capital of the Company of 64,000,000 Shares		
Gross EPS (RM) (excluding pre-acquisition profits)	0.04	0.56
Net EPS (RM) (excluding pre-acquisition profits)	0.03	0.38
Net EPS (RM) (including pre-acquisition profits)	0.18	N/A
*v Gross PE Multiple (times)	32.5	23.2
*v Net PE Multiple (times)	*vi 7.22	3.42

II. INFORMATION SUMMARY (Cont'd)**Notes:-**

- *i Calculated based on consolidated PBT but after MI.
- *ii Calculated based on consolidated PAT and MI.
- *iii Based on 7,638,904 Shares, being the weighted average number of Shares in issue after taking into account that the Acquisitions had been completed on 1 November 2001.
- *iv Based on 62,360,822 Shares, being the weighted average number of Shares in issue, on the assumption that the Public Issue and Restricted Issue had been completed on 1 February 2002.
- *v Based on the issue price of RM1.30 per Share.
- *vi Based on net EPS including pre-acquisition profits.

For further details, please refer to Section XII(3) of this Prospectus.

(vi) Dividend Forecast For the Financial Year Ending 31 December 2002

The dividend forecast for the financial year ending 31 December 2002 is as follows:-

Gross dividend per Share	5.0 sen
Net dividend per Share	3.6 sen
Gross dividend yield (based on the issue price of RM1.30 per new Share)	3.85%
Net dividend yield (based on the issue price of RM1.30 per new Share)	2.77%
Net dividend cover (based on PAT and MI forecast for the financial year ending 31 December 2002 of RM24.42 million)	10.60 times

The Directors of TSR will not be declaring any dividend for the financial year ended 31 December 2001.

For further details, please refer to Section XII(5) of this Prospectus.

7. PROCEEDS FROM THE PUBLIC ISSUE AND RESTRICTED ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by the TSR Group from the Public Issue and Restricted Issue and the summary of the utilisation thereof are as follows:-

	RM'000
Purchase of corporate office	3,150
Purchase of construction equipment	2,000
Financing of on-going projects:-	
- Construction of a polytechnic in Kota Kinabalu, Sabah	5,000
- Construction of a new prison complex in Kluang, Johor Darul Takzim	9,000
- Construction of a students' residence campus at UUM	3,000
Working capital	740
Estimated listing expenses	2,200
TOTAL	25,090

Further details of the utilisation of the gross proceeds receivable from the Public Issue and Restricted Issue are set-out in Section III(9) of this Prospectus.

II. INFORMATION SUMMARY *(Cont'd)*

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

8.1 Contingent Liabilities

As at 15 January 2002 (being the latest practicable date prior to the issue of this Prospectus), the Directors of TSR are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the TSR Group.

8.2 Capital Commitments

As at 15 January 2002 (being the latest practicable date prior to the issue of this Prospectus), save for an amount of RM3.15 million allocated for the purchase of the Group's corporate office and an amount of RM3.5 million allocated for the purchase of new construction equipment and machinery, the Directors of TSR are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

Further details on the above are set out in Section XII(2) of this Prospectus.

9. MATERIAL LITIGATION

Save as disclosed below, neither TSR nor its subsidiaries are engaged in any litigation, either as plaintiff or defendant, which have a material effect on the financial position of TSR or its subsidiaries and the Directors of TSR do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of TSR or its subsidiaries.

There is a claim of RM0.9 million by Hong Leong Finance Berhad ("HLFB") against TSRB. This claim is due to a sub-contractor, engaged by TSRB to construct internal roads and drains in Mukim Setul, Seremban, who had factored the amount due from TSRB of RM0.9 million to HLFB. However, the sub-contractor failed to complete the work and TSRB had to complete the work at its own expense. Hence, the Directors of TSR are of the opinion that this claim by HLFB is not valid as the sub-contractor has not performed the work.

This case is pending full trial in the Kuala Lumpur High Court. The Group's lawyers are of the opinion that the Group has grounds to contest the suit, but being prudent, TSRB has provided for the full amount, including interest and the incidental cost of the claim in the Group's accounts.

Further details on the above material litigation are set out in Section XII(2) of this Prospectus.

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III. PARTICULARS OF THE PUBLIC ISSUE

1. INTRODUCTION

This Prospectus is dated 20 February 2002.

A copy of this Prospectus has been registered by the SC and lodged with the ROC and neither the SC nor the ROC takes any responsibility for its contents.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the KLSE has prescribed TSR Shares as a prescribed security. In consequence thereof, the shares offered through this Prospectus will be deposited directly with the MCD and any dealings in these shares will be carried out in accordance with the aforesaid Acts and the Rules of MCD.

An application will be made to the KLSE within three (3) market days from the date of this Prospectus for admission to the Official List of the Main Board of the KLSE and for permission to deal in and the listing and quotation of the entire issued and paid-up ordinary shares of TSR, including the Public Issue Shares and Restricted Issue Shares which are the subject of this Prospectus, on the Main Board of the KLSE. These ordinary shares will be admitted to the Official List of the Main Board of the KLSE and official quotation will commence upon receipt of confirmation from the MCD that all CDS accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of the applications will be conditional upon permission being granted by the KLSE to deal in and for the quotation of the entire enlarged issued and fully paid-up ordinary shares of TSR on the Main Board of the KLSE. Accordingly, monies paid in respect of any application accepted from the applications will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the KLSE within the aforesaid timeframe.

Pursuant to the Policies and Guidelines on Issue/Offer of Securities issued by the SC, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 1,000 shares each, of which at least 750 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue and at the point of listing. In the event that the above requirement is not met pursuant to the Public Issue and Restricted Issue, the Company may not be allowed to proceed with its listing on the Main Board of the KLSE. In the event thereof, monies paid in respect of all applications will be returned if the said permission is not granted.

In the case of an application by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form only if he/she presently has such an account. Where an applicant does not presently have a CDS account, he/she should state in the Application Form his/her preferred ADA Code. Where an applicant already has a CDS account, he/she should not complete the preferred ADA Code. In the case of an application by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institution by way of keying in his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him/her to do so. A corporation or institution cannot apply for the Public Issue Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and Restricted Issue and if given or made, such information or representation must not be relied upon as having been authorised by TSR. Neither the delivery of this Prospectus nor any issue and/or offer made in relation with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of TSR or the Group since the date hereof.

III. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any Public Issue Shares in any jurisdiction where such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the sale of the Public Issue Shares in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restriction.

The SC and KLSE assume no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Prospectus. Admission to the Official List of the Main Board of the KLSE is not to be taken as an indication of the merits of the TSR or of its ordinary shares.

If you are in doubt about this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant or any other professional adviser.

2. SHARE CAPITAL AND RIGHTS ATTACHING TO THE PUBLIC ISSUE SHARES AND RESTRICTED ISSUE SHARES

	RM
<i>Authorised</i>	
100,000,000 Shares	100,000,000
<i>Issued and fully paid-up as at the date of this Prospectus</i>	
44,700,000 Shares	44,700,000
<i>To be issued pursuant to the Restricted Issue</i>	
6,000,000 new Shares	6,000,000
<i>To be issued pursuant to the Public Issue</i>	
13,300,000 new Shares	13,300,000
<i>Enlarged issued and fully paid-up upon listing</i>	
64,000,000 Shares	64,000,000

The issue price of RM1.30 for each Public Issue Share is payable in full on application.

There is only one class of shares in the Company, being ordinary shares of RM1.00 each. The Public Issue Shares and Restricted Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of this Prospectus.

III. PARTICULARS OF THE PUBLIC ISSUE *(Cont'd)*

At any general meeting of the Company, each shareholder shall be entitled to vote in person or by proxy or by attorney and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company.

Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distribution and the whole of any surplus in the event of liquidation of the Company in accordance with the Articles of Association of the Company.

3. PARTICULARS OF THE PUBLIC ISSUE AND RESTRICTED ISSUE

3.1 Public Issue at an Issue Price of RM1.30 per Share

The Public Issue is subject to the terms and conditions of this Prospectus and upon acceptance, the 13,300,000 Public Issue Shares will be allotted/allocated in the following manner:-

(i) **Employees of the Group**

371,000 Public Issue Shares have been reserved for the eligible employees of the TSR Group.

(ii) **Private Placement**

10,000,000 Public Issue Shares will be placed with Malaysian private and/or institutional investors by the Placement Agent.

(iii) **Malaysian Public**

2,929,000 Public Issue Shares are available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

The issue price of RM1.30 per Public Issue Share is payable in full upon acceptance on the terms and conditions as set out in this Prospectus.

The Public Issue Shares made available to the eligible employees of the TSR Group and the Malaysian public as stipulated in paragraphs (i) and (iii) above respectively have been fully underwritten. Any Public Issue Shares not subscribed for under paragraph (i) will subsequently be offered to the Malaysian public.

3.2 Restricted Issue at an Issue Price of RM1.30 per Share

The 6,000,000 Restricted Issue Shares have been reserved for issuance to PKB. As PKB has undertaken to subscribe for the Restricted Issue Shares, the said Shares are not required to be underwritten.

III. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

4. PUBLIC SHAREHOLDING SPREAD

Pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 1,000 Shares each, of which at least 750 shareholders are members of the public who are not employees of the Company, upon completion of the Public Issue and at the point of listing. Upon completion of the Public Issue and at the point of listing, the Company is expected to have not less than 1,000 shareholders.

5. CRITICAL DATES FOR THE PUBLIC ISSUE

Opening date	:	20 February 2002
Last date for acceptance and payment	:	5 March 2002*
The tentative date for balloting of applications	:	8 March 2002
The tentative date for allotment of securities	:	19 March 2002
The tentative date of listing	:	25 March 2002

Note: -

* *The Directors of TSR may, at their absolute discretion, decide to extend the last date and time for acceptance and payment for the Public Issue to a further date or dates.*

6. OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists will open at 10.00 a.m. on 5 March 2002 and will remain open until 8.00 p.m. on 5 March 2002 or for such further period or periods as the Directors of the Company in their absolute discretion may decide.

7. PURPOSES OF THE PUBLIC ISSUE

The purposes of the Public Issue are as follows:-

- (i) To provide an opportunity for the Malaysian public and eligible employees of the TSR Group to participate in the continuing growth of the TSR Group by way of equity participation;
- (ii) To enable TSR to gain access to the capital market to tap external sources of equity funds for the future expansion and continued growth of the Group;
- (iii) To obtain a listing of and quotation for the entire issued and paid-up share capital of TSR on the Main Board of the KLSE; and
- (iv) To provide additional funds to meet the Group's capital expenditure and working capital requirements.

8. BASIS OF ARRIVING AT THE ISSUE PRICE

The issue price of RM1.30 per Public Issue Issue/Restricted Issue Share was determined and agreed upon by the Company and CIMB, as Adviser and Managing Underwriter, after taking into consideration the following factors:-

- (i) The Group's financial and operating history and conditions;
- (ii) The prospects of the construction industry and the TSR Group as outlined in Sections V and VII of this Prospectus respectively;

III. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

- (iii) The estimated and forecast net PE Multiples of 7.22 times and 3.42 times based on the enlarged issued share capital of 64,000,000 Shares for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively; and
- (iv) The proforma Group NTA per share of RM1.30 as at 31 August 2001.

However, investors should also note that the market prices of the Shares upon and subsequent to listing on the Main Board of the KLSE are subject to the vagaries of the market forces and other uncertainties, which may affect the price of Shares being traded. Investors should also bear in mind the risk factors as set out in Section IV of this Prospectus before deciding on whether or not to invest in the Shares.

9. PROCEEDS FROM THE PUBLIC ISSUE AND RESTRICTED ISSUE AND THE UTILISATION THEREOF

The total gross proceeds receivable by the TSR Group from the Public Issue and Restricted Issue of RM25.09 million will be utilised as follows:-

	Notes	RM'000
Purchase of corporate office	(i)	3,150
Purchase of construction equipment	(ii)	2,000
Financing of on-going projects:-	(iii)	
- Construction of a polytechnic in Kota Kinabalu, Sabah		5,000
- Construction of a new prison complex in Kluang, Johor Darul Takzim		9,000
- Construction of a students' residence campus for 4,500 students at UUM		3,000
Working capital	(iv)	740
Estimated listing expenses	(v)	2,200
TOTAL		<u>25,090</u>

Notes:-

- (i) *RM3.15 million will be utilised for the purchase of a 4-storey building bearing the title HS(D) 64699, Lot PT 8592, Mukim Batu, Wilayah Persekutuan. The property has a built-up area of approximately 15,654 sq. ft.. Currently, the Group is renting the building as its corporate office for RM120,000 per annum. The rental tenancy is for a period of six (6) months or until the completion of the purchase of the said building, whichever is later. Purchase of the building by the TSR Group is expected to provide significant rental savings for the Group.*
- (ii) *RM2.0 million will be utilised for the purchase of some construction-related machinery such as excavators, tractors and concrete mixers which are required in view of the increase in the Group's construction activities.*
- (iii) *RM17.0 million will be utilised to finance the Group's on-going projects.*
- During the last two (2) years, the Group secured three (3) major projects, namely the Kota Kinabalu Polytechnic, Sabah (contract value-RM152.3 million), the Kluang prison in Johor Darul Takzim (contract value-RM223.5 million) and the students' residence campus at UUM (contract value-RM100.0 million). All these large projects are currently in the initial stage of construction and require significant cash outlay for design, earthwork and purchase of building and construction materials. The Group is also currently tendering/negotiating for additional new contracts. Hence, cashflow requirements are expected to increase in the future.*
- In view of the Group's low gearing ratio, the Group can finance these projects via bank borrowings. However, due to the conservative nature of the management, the Group wants to raise funds for the projects from the equity market and maintain the Group's operations at a low gearing level.*
- (iv) *The proceeds from the Public Issue and Restricted Issue allocated for the working capital requirements will be utilised to fund the Group's general working capital and administrative requirements.*

III. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

(v)	<i>The estimated listing expenses amounting to RM2.2 million consist of the following:-</i>	RM'000
	<i>Professional fees</i>	1,000
	<i>Fees payable to the SC</i>	70
	<i>Fees payable to KLSE</i>	30
	<i>Underwriting commission and placement fees</i>	250
	<i>Brokerage fees</i>	175
	<i>Issuing house fee</i>	100
	<i>Printing and advertisement of Prospectus</i>	275
	<i>Contingencies</i>	300
	<i>Total</i>	2,200

The utilisation of proceeds from the Public Issue and Restricted Issue is expected to be fully completed by end 2002.

10. FINANCIAL IMPACT FROM UTILISATION OF PROCEEDS

The total gross proceeds from the Public Issue and Restricted Issue amounts to RM25.09 million. An amount of RM3.15 million is earmarked for the purchase of the Group's corporate office which is currently being rented. The said acquisition is expected to be completed by mid-2002 and will provide the Group with rental savings. The Group has allocated a total of RM19.0 million for the purchase of construction equipment and to finance its on-going projects. Although the Group can finance such requirements through bank borrowings, the management has decided to raise the funds from the equity market and not incur interest cost on any borrowings which would reduce the Group's future profits.

The Public Issue and Restricted Issue are also expected to raise an additional RM740,000 for working capital which is expected to improve the liquidity and cashflow position of the TSR Group.

11. BROKERAGE, UNDERWRITING COMMISSION AND PLACEMENT FEES

Brokerage is payable by the Company at the rate of 1.0% of the issue price of RM1.30 per Public Issue Share in respect of successful applications which bear the stamps of CIMB, member companies of the KLSE, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIH.

The Managing Underwriter and the Underwriters as mentioned herein have agreed to underwrite 3,300,000 Public Issue Shares which are available for application by the Malaysian public and eligible employees of the Group. Underwriting commission is payable by the Company at the rate of 3% of the issue price of RM1.30 per Public Issue Share.

Placement fees shall be payable by the Company to the Placement Agent at the rate of 0.75% of the issue price of RM1.30 per Public Issue Share in respect of the 10,000,000 Public Issue Shares to be placed with Malaysian private and/or institutional investors.

12. DETAILS OF THE UNDERWRITING AGREEMENT

The 3,300,000 Public Issue Shares available for application by the Malaysian public and eligible employees of the Group are underwritten by CIMB and HLG Securities Sdn. Bhd.. Underwriting commission payable by the Company for the 3,300,000 Public Issue Shares shall be at the rate of 3% of the issue price of RM1.30 per Public Issue Share and amounts to RM128,700.

III. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

Pursuant to the underwriting agreement dated 12 January 2002 ("Underwriting Agreement"), in the event of any breach of the warranties or representations set out herein or failure on the part of the Company to perform any of the obligations herein contained or any change rendering any of the said warranties or representations inaccurate in any respect or if any material information shall have been withheld and coming to the notice of the Underwriters prior to the closing date of the Public Issue ("Closing Date"), each of the Underwriters shall be entitled (but not bound) by notice to the Managing Underwriter to elect to treat such breach, failure or change as releasing or discharging it from its obligations hereunder.

Some of the salient terms of the Underwriting Agreement are summarised as follows:-

- (i) The several obligations of the Underwriters under the Underwriting Agreement shall further be conditional upon:-
 - (a) the issue of the Public Issue Shares and Restricted Issue Shares having been approved by the shareholders of the Company in an Extraordinary General Meeting to be convened by the Company;
 - (b) the lodgement and registration with the ROC of the Prospectus together with copies of all documents required under Section 42 of the Companies Act, 1965 prior to the issuance of the Prospectus to the public;
 - (c) the issuance of the Prospectus to the public, advertisement of the Prospectus and all other procedures, requirements, letters and documents required under Chapter 3 of the KLSE's Listing Requirements have been complied with;
 - (d) the KLSE agreeing in principle to the listing of and quotation for (on terms satisfactory to the Managing Underwriter) the entire issued and paid-up share capital of the Company prior to the Closing Date, or the Underwriters being reasonably satisfied that such listing and quotation will be granted three (3) market days (or such other days as the KLSE may permit) after the submission to the KLSE of the relevant documents required for such listing and quotation for the entire issued and paid-up share capital of the Company have been accepted and the respective Shares are deposited in or transferred to the securities account maintained by the entitled shareholders under the Securities Industry (Central Depository) Act, 1991;
 - (e) there having been, as at any time from the date of the Underwriting Agreement up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of the Company (which in the reasonable opinion of the Underwriters are or will be material in the context of the issue of the Public Issue Shares) from that set forth in the Prospectus, nor the occurrence of any extent nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1 and 3.2 if they are repeated on and as of the Closing Date;
 - (f) the issue, offering and subscription of the Public Issue Shares in accordance with the provisions of the Underwriting Agreement not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including the KLSE);
 - (g) all necessary approvals and consents required in relation to the Company's initial public offering including but not limited to governmental approvals having been obtained and are in full force and effect;
 - (h) the Underwriters having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 13 of the Underwriting Agreement.

III. PARTICULARS OF THE PUBLIC ISSUE (Cont'd)

In the event any of the conditions set forth in Clause 4.1 are not satisfied, the Underwriters shall, subject as mentioned below, thereupon be entitled but not bound to terminate the Underwriting Agreement by notice given to the Company not later than the Closing Date and upon such termination, the liabilities of the Company and the Underwriters shall become null and void and none of the parties shall have a claim against the other save that each party shall return any and all moneys paid to the other or others under the Underwriting Agreement within seventy-two (72) hours of the receipt of such notice (except for monies paid by the Company for the payment of any expenses incurred). The Underwriters reserve the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriters' rights under the Underwriting Agreement.

- (ii) The agreement of the Underwriters to underwrite the 3,300,000 Public Issue Shares is entered into on the basis of the aforesaid representations, warranties and undertakings being true and accurate in all material respects up to and including listing of the Company. Without prejudice to the other rights and remedies of the Underwriters, the Company undertakes with the Underwriters that it shall hold each of the Underwriters harmless and keep each of them fully and effectually indemnified against any losses, claims, damages or liabilities to which the Underwriters may become subject under any statute, at common law or otherwise, and reimbursing each of the Underwriters for any legal or other relevant expenses (including the cost of any investigation and preparation) reasonably incurred by it in disputing or defending any claim or action or other proceeding in connection with any litigation, whether or not resulting in any liability, insofar as such losses, claims, damages, untrue statement or a material fact contained in the Prospectus or any omission or alleged omission to state therein a material fact required or necessary to be stated therein or to make statements therein misleading or any misrepresentation or breach or alleged breach of any of the aforesaid representation, warranties or undertakings by the Company and such indemnity shall extend to include all costs, charges and expenses which the Underwriters may reasonably pay or incur in disputing or defending any claim or action or other proceeding in respect of which indemnity may be sought against the Company.
- (iii) The rights and remedies conferred upon the Underwriters by the aforesaid representations, warranties, agreements and indemnities shall continue in full force and effect for a period of six (6) months from the date on which the shares of the Company are listed on the KLSE notwithstanding completion of the issue and application of the Company's initial public offering and notwithstanding any investigations by or on behalf of the Underwriters.

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IV. RISK FACTORS

Applicants for the Public Issue Shares should carefully consider the following in addition to other information contained in this Prospectus, before applying for the Public Issue Shares:-

(i) No prior market for TSR Shares

Prior to the Public Issue and Restricted Issue, there has been no public market for TSR Shares. There can be no assurance that an active market for TSR Shares will develop upon listing or, if it develops, that such a market will be sustained.

There is also no assurance that the market price of the TSR Shares will not decline below the issue price of RM1.30 per Share. The market price of the TSR Shares could be subject to significant fluctuations due to various external factors and events, including the liquidity of the TSR Shares in the market, difference between the Company's actual financial or operating results and those expected by the investors and analysts, the general market conditions, the construction industry and broad market fluctuations.

(ii) Control by major shareholders

Upon its listing on the KLSE, the Company would have three (3) major shareholders, namely, Segi, Tan Chin Siong and PKB who will collectively hold 47,650,000 Shares representing 74.45% of the Company's enlarged issued and paid-up share capital. As a result, it is likely that the said major shareholders will be able to effectively control the business direction and the outcome of certain matters of the Company by virtue of their shareholdings and/or directorships in the Company, unless they are required to abstain from voting by law and/or by the relevant authorities.

(iii) Business risks

Like many other business enterprises, the TSR Group is subject to certain business risks inherent in the construction industry. These may include shortages of labour and raw materials, increases in the costs of labour and raw materials, rapid changes in technology, increase in capital investment, changes in the general economic, political, business and credit conditions, deferment of contracts and changes in interest rates.

Although the Group seeks to limit these risks through, inter-alia, having contractual terms for projects undertaken, a diversified range of suppliers and customers and prudent management policies, no assurance can be given that any change to these factors will not have a material adverse effect on the Group's business.

The Group's involvement in various industries such as road, infrastructure, educational and water supply projects where payments tend to be regular from the public sector also allows the Group to minimise the impact of an economic downturn.

(iv) Political and economic considerations

Given the nature of the industry in which the TSR Group competes, the Group's operations are closely linked to the economic performance of Malaysia. Any adverse developments in the political and economic environment and uncertainties in Malaysia can materially and adversely affect the financial performance of the Group. These include the risks of war, global economic downturn and unfavourable changes in the Government's policy such as changes in methods of taxation or introduction of new regulations.

Although the Group operates in an industry which is cyclical in nature, it has been able to remain profitable during the recent economic slowdown. This is substantially due to the Group's prudent policy of ensuring that the credit risk of its clients is low by engaging mainly in projects with its regular or repeat clientele. Furthermore, the Group operates at a low gearing ratio, thus allowing it to escape the burden of high financing costs experienced by many companies during the recent economic downturn.

IV. RISK FACTORS (Cont'd)

(v) Suppliers'/Subcontractors' Contracts

The Group does not have any long-term contracts with either its suppliers or sub-contractors. Although the Group seeks to limit this risk by establishing a large pool of suppliers and a large sub-contractor base, there is no assurance that the Group will be able to maintain continuous supplies or services with its suppliers or sub-contractors in the future.

(vi) Delay in completion of projects

The Group has continuously endeavoured to complete projects awarded within the time scheduled. However, since construction projects are dependent on many external factors including, among others, obtaining the relevant regulatory approvals, sourcing of materials on a timely basis and at cost competitive prices, securing credit and the satisfactory performance of the various sub-contractors, no assurance can be given that these factors will not lead to delays in the completion of projects. Payment of liquidated damages for late completion is normally stipulated in construction contracts. Any delay in the completion of a project and claims for liquidated damages for late completion may significantly and adversely affect the Group's future cashflow position and profitability.

(vii) Competition

TSRB is registered as a Class "A" Bumiputera contractor with Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development and is a Class G7 contractor with the CIDB. These registrations allow TSRB to tender for government and private sector projects of any size and amount. The TSR Group faces competition from various competitors in the construction industry in securing projects. In addition, with the impending liberalisation of the services sector, foreign construction companies will be allowed to compete for construction projects in the local market. This may have material adverse effects on the Malaysian construction industry and hence, the TSR Group's business.

Although the TSR Group seeks to stay competitive by taking steps in its endeavours to secure new contracts, no assurance can be given that the TSR Group will be able to maintain its existing competitive edge and existing market share in the future.

(viii) Dependence on key personnel

The TSR Group believes that its continued success depends, to a significant extent, upon the abilities and continued efforts of its existing Directors, senior management and skilled personnel. However, every effort is presently being made to groom the younger members of the senior management to slowly take over from the senior members to ensure a smooth transition in the management team should changes occur and to maintain the TSR Group's continued ability to compete in the construction industry.

(ix) Profit estimate and forecast

The profit estimate and forecast of the TSR Group as set out in this Prospectus are based on assumptions which the Directors of TSR believe to be reasonable. However, these assumptions are subject to uncertainties and contingencies. Because of the subjective judgements and inherent uncertainties underlying the estimate and forecast and because events and circumstances may not occur as expected, there can be no assurance that the profit estimate and forecast contained herein will be realised and actual results may be materially different from those stated herein. Investors are deemed to have read and understood the assumptions and uncertainties underlying the estimate and forecast contained herein.

IV. RISK FACTORS (Cont'd)

(x) New products and markets

The TSR Group intends to introduce new concrete products to the market in the next six (6) months, such as pre-stressed hollow beams for the replacement of old bridges in Malaysia and low-cost precast slabs to accommodate the growing market for medium and low-cost residential housing projects.

In early 2001, the TSR Group set up a precast concrete plant in Gurun, Kedah Darul Aman to manufacture such new products. Although there is an existing market demand for TSR's products and the TSR Group is confident that it will not face significant difficulty in selling these products in the markets, there is no assurance that the TSR Group will be able to successfully market these new products in the future.

(xi) Forward looking statements

This Prospectus contains forward looking statements, which are other than statements of historical fact. Although the Group believes that the expectations reflected in such future statements are reasonable at this time, there can be no assurance that such expectations will prove to be correct. Any differences in the expectation of the Group from its actual performance may result in the Group's financial and business performance and plans to be materially different from those anticipated.

(xii) Defects Liability

Common in construction contracts is the stipulation of a defects liability period, usually for fifteen (15) months from official handing over. This is to allow for the contractor to be liable for this period of time for any work of repair, reconstruction or rectification of any fault or defects which may surface or be identified only during such periods. However, there is no assurance that such disputes will not have a material impact on the Group's financial performance.

(xiii) Failure/Delay in the Listing Exercise

The Listing exercise is also exposed to the risk that it may fail or be delayed should the following events occur:-

- (a) The places under the private placement fail to subscribe to the portion of Public Issue Shares allocated to them;
- (b) The eligible employees of TSR Group fail to subscribe to the portion of Public Issue Shares allocated to them; and
- (c) The Company is unable to meet the public spread requirements i.e. at least 25% of the issued and paid-up capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 1,000 Shares each upon completion of the Public Issue and at the point of listing.

(xiv) Adequacy of insurance coverage on the Group's assets

As at 15 January 2002, the net book value of fixed assets is approximately RM8.07 million which have insurance coverage amounting to approximately RM5.96 million. Although the Group has taken the necessary measures to ensure that all its assets are adequately covered by insurance, there can be no assurance that the insurance coverage would be adequate for the replacement cost of the assets or any consequential loss arising therefrom.

IV. RISK FACTORS (Cont'd)

(xv) Supply and cost of raw materials

For the eight (8) months ended 31 August 2001, the TSR Group's cost of raw materials is approximately RM49.0 million. The Group does not foresee any difficulty in the procurement of the raw materials in view that it sources its supplies from a large base of suppliers. There is also no over-dependence on any single supplier. However, there can be no assurance that any change to these factors will not have any material adverse impact on the Group's business.

(xvi) Competition from new entrants

The TSR Group operates in a competitive market with a large number of players. However, the construction sector is by nature fragmented with many several sub-sectors. The level of competition varies from one sub-sector to another. The relatively more competitive sectors are the markets for the construction of low and medium-cost housing where there are many small and large players competing amongst one another.

In theory, barriers of entry into the construction industry are low. However, in reality every construction company needs access to substantial financial resources and backing and have strong knowledge and project management skills. With its strong financial base and experienced and knowledgeable personnel, the Board of TSR believes that the Group has the necessary attributes to further excel in the construction sector in the future. However, no assurance can be given that the Group will be able to compete effectively with current and new entrants into the construction industry in the future.

(xvii) Regulatory Framework

The Group's operations are subject to jurisdiction of several governmental agencies. Apart from the rules and regulations of Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development and the CIDB, the Group is also subject to the requirements of the Bomba and legislation such as the Occupational Safety and Health Act, 1994 and the Environmental Quality Act, 1974 (Act 127).

The Group has always worked to ensure that it strictly complies with all the rules and regulations under which it has to operate. The Group intends to continue its strict compliance with all the rules and regulations in the future. However, no assurance can be given that any future changes to the present regulations or introduction of new regulations will not have a material impact on the Group's business.

(xviii) Rapid Technological Change

The TSR Group is, to a certain extent, subject to the risks related to rapid technological change. The Group seeks to minimise these risks by actively and continuously pursuing technological innovation and industry best practices. For example, the Group's reinforced concrete piles and precast reinforced concrete box culverts have been accredited with ISO 9002 certification by SIRIM. The Group also provides continuous staff development to align their skills and knowledge with the requirements of the latest technology in the industry in which the Group operates.

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V. INDUSTRY OVERVIEW

1. OVERVIEW OF THE CONSTRUCTION SECTOR

Between 1990 to 1997, the construction sector grew by an average 14.8% per annum, peaking in 1995 when the sector expanded by 21.1%. However, with the economic downturn in the late-1990s, the construction sector contracted substantially by 23.0% in 1998 and a more gentle 5.6% in 1999. The sector subsequently turned around in 2000 to record a growth of 1.1%, due primarily to government spending under the fiscal stimulus programme, privatised infrastructure projects and residential housing development, especially for affordable housing development. In contrast, construction activity in the non-residential sub-sector remained subdued, constrained by excess capacity given the large overhang of office and retail space.

The civil engineering sub-sector benefited from the large increase in Federal Government development expenditure, part of which was expended on construction of projects mainly in the transportation, education, public utilities and housing sub-sectors. Growth in construction activity also emanated from the revival of several privatised projects during 1999 and on-going projects related to roads, rail, water and sewerage, ports and waste disposal.

(Source :Economic Report 2000/2001 and Bank Negara Malaysia Annual Report 2000)

For 2001, growth in the construction sector is expected to further improve by 4.9% with the expansion in fiscal spending and the recovery in private sector investment. The demand for housing, in particular low and medium-cost units as well as infrastructure projects in the health and education sub-sectors and rural development from the RM3 billion pre-emptive measures in March 2001 and the more recent RM4.3 billion package in September 2001 will also contribute towards further growth in the construction sector.

(Source:- Economic Report 2001/2002)

For the nine (9) months period to 30 September 2001, the construction sector had benefited from the fiscal stimulus programme and the low interest rate environment during the third quarter. Value added was sustained at 2.6%, reflecting increased spending by the public sector on infrastructure projects including roads and schools as well as continuing growth in construction activity in the residential sub-sector.

(Source:- Bank Negara Press Release dated 23 November 2001)

2. INDUSTRY PLAYERS AND COMPETITION

The TSR Group operates in a competitive market with a large number of players. Among the key players in the construction sector in Peninsular Malaysia are IJM Corporation Berhad, Gamuda Berhad and Road Builders (M) Holdings Berhad. Although there are a large number of players in the construction sector, the sector is by nature fragmented with many several sub-sectors. The level of competition varies from one sub-sector to another. The relatively more competitive sectors are the markets for the construction of low and medium-cost housing where there are many small and large players competing amongst one another.

The TSR Group specialises in infrastructure projects, specifically in the construction of large buildings such as institutes of higher learning and prison complexes. The Board of TSR believes that the competition in this sub-sector is less than the competition in the markets for the construction of low and medium-cost housing. With its strong financial base and experienced and knowledgeable personnel, the Board of TSR believes that the Group has the necessary attributes to further excel in the construction sector in the future.

V. INDUSTRY OVERVIEW (Cont'd)

3. GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES

The Group is generally governed by legislation such as the Malaysian Construction Industry Development Board Act, 1994 which are responsible for regulating and improving the industry by means of providing consultancy, quality accreditation, research and development, promoting of high technology as well as manpower training services.

The TSR Group is also governed by the terms of the licences awarded by government bodies which set out the types and nature of activities which a construction company can undertake. TSRB, which is the Group's main construction arm, is currently registered as a Class "A" Bumiputera contractor with Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development and is a Class G7 contractor with the CIDB. These registrations allow TRSB to tender for government and private sector projects of any size and amount.

Apart from the abovementioned, the Group is also subject to environmental legislation such as the Occupational Safety and Health Act, 1994, the Environmental Quality Act, 1974 and the Environmental Quality (Clean Air) Regulations 1978.

4. CONTRIBUTION TO ECONOMIC GROWTH

The construction sector can be considered as an important contributor to the Malaysian economy. The sector, for example, is instrumental in improving the country's infrastructure and provides a relatively high number of jobs for the country's workforce. In addition to its own activities, the sector contributes to various supporting industries which include the manufacturing industry such as the manufacturing of cement, steel bars and other building materials, the transportation industry such as the transportation of building materials to the project site and consultancy services such as engineering consultation and architectural designs and other secondary industries.

5. INDUSTRY LIFE-CYCLE

The performance of the construction industry is cyclical in nature and is linked to the state of the general Malaysian economy. Its growth is highly correlated to the economic health and political stability of the country. With its numerous linkages to other sectors of the Malaysian economy, the construction is used as a tool to support the national economy. The Government has, for example, announced two (2) fiscal stimulus packages in 2001 totalling RM7.3 billion concentrated on construction and related activities to act as pre-emptive measures to help support the Malaysian economy weather the effects of the global economic slowdown.

6. EASE OF ENTRY OF NEW PLAYERS

The construction industry is a very disparate industry which sees the large and small construction firms existing side-by-side. Possible barriers of entry to new players into the construction industry to be a competitor to the TSR Group are as follows:-

- (a) A main contractor providing comprehensive construction and engineering services requires years of active market penetration;
- (b) Availability of highly skilled and experienced technical manpower with extensive construction experience;
- (c) Established market presence with a track record in the successful delivery of projects;
- (d) Substantial requirements for capital outlay and strong financial position; and
- (e) Substantial goodwill built-up over the years with its clients, suppliers and sub-contractors alike.

V. INDUSTRY OVERVIEW (Cont'd)

7. RELIANCE ON AND VULNERABILITY TO IMPORTS

The local construction industry is not reliant on imports from abroad. Amongst the main raw materials used by the Group in its operations are aggregates and steel bars, which can easily be sourced from established manufacturers and traders throughout Malaysia. No particular manufacturer is thought to be able to dictate the pricing of the raw materials and the market for the supplies can be considered relatively competitive.

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VI. INFORMATION ON THE TSR GROUP

1. INFORMATION ON TSR

1.1 Incorporation

TSR was incorporated in Malaysia under the Companies Act, 1965 on 7 March 2001 as a private limited company under the name of Aimplex Sdn. Bhd.. It was subsequently converted into a public limited company on 13 April 2001 and assumed its present name of TSR Capital Berhad on 21 June 2001. TSR is an investment holding company. Its subsidiaries are principally involved in construction and civil engineering works, geotechnical works as well as the manufacture, marketing and trading of precast concrete products.

1.2 Changes in share capital

The present authorised share capital of TSR is RM100,000,000 comprising 100,000,000 Shares. The present issued and paid-up share capital of TSR is RM44,700,000 comprising 44,700,000 Shares.

The changes in the issued and paid-up share capital of TSR since its incorporation are as follows:-

Date of allotment	No. of Shares allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
07.03.2001	2	Subscribers' shares	2
09.04.2001	299,998	Cash	300,000
01.11.2001	37,476,000	Issued for the TSRB Acquisition	37,776,000
01.11.2001	3,712,000	Issued for the TSRCP Acquisition	41,488,000
01.11.2001	1,494,000	Issued for the TGEO Acquisition	42,982,000
01.11.2001	1,718,000	Issued for the TPROP Acquisition	44,700,000

2. RESTRUCTURING EXERCISE

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of TSR on the Main Board of the KLSE, the Company undertook a restructuring exercise which was approved by the MITI on 8 August 2001, the FIC on 20 June 2001 and the SC on 5 October 2001 and 7 February 2002, involving the following inter-conditional transactions:-

(i) TSRB Acquisition

On 26 April 2001, TSR entered into a conditional Sale and Purchase Agreement with the vendors of TSRB as mentioned below for the acquisition of 100%-equity interest in TSRB comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM44,535,695 satisfied by the issuance of 37,476,000 new Shares at an issue price of approximately RM1.19 per Share. Details of the share exchange are as follows:-

Name of vendors of TSRB	No. of TSRB shares acquired	Purchase consideration RM	No. of new Shares issued as consideration
Tengku Datuk Mustapha bin Tengku Mohamed	3,999,997	17,813,803	*14,990,000
Rahaimi bin Abdul Rahman	3,325,003	14,808,392	*12,461,000
Tan Chin Siong	2,200,000	9,798,185	8,245,000
Suhana Abdul Wahab	475,000	2,115,315	1,780,000
	10,000,000	44,535,695	37,476,000

VI. INFORMATION ON THE TSR GROUP (Cont'd)

Note:-

- * *The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.*

The purchase consideration of RM44,535,695 for the TSRB Acquisition was arrived at based on the audited NTA of TSRB as at 31 December 2000. The TSRB Acquisition was completed on 1 November 2001.

(ii) TSRCP Acquisition

On 26 April 2001, TSR entered into a conditional Sale and Purchase Agreement with the vendors of TSRCP as mentioned below for the acquisition of 100%-equity interest in TSRCP comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM4,411,438 satisfied by the issuance of 3,712,000 new Shares at an issue price of approximately RM1.19 per Share. Details of the share exchange are as follows:-

Name of vendors of TSRCP	No. of TSRCP shares acquired	Purchase consideration RM	No. of new Shares issued as consideration
Tengku Datuk Mustapha bin Tengku Mohamed	350,000	1,543,766	*1,299,000
Rahaimi bin Abdul Rahman	180,000	793,868	*668,000
Tan Chin Siong	220,000	970,944	817,000
Suhana Abdul Wahab	250,000	1,102,860	928,000
	1,000,000	4,411,438	3,712,000

Note:-

- * *The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.*

The purchase consideration of RM4,411,438 for the TSRCP Acquisition was arrived at based on the audited NTA of TSRCP as at 31 December 2000. The TSRCP Acquisition was completed on 1 November 2001.

(iii) TGEO Acquisition

On 26 April 2001, TSR entered into a conditional Sale and Purchase Agreement with the vendors of TGEO as mentioned below for the acquisition of 100%-equity interest in TGEO comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,775,388 satisfied by the issuance of 1,494,000 new Shares at an issue price of approximately RM1.19 per Share. Details of the share exchange are as follows:-

Name of vendors of TGEO	No. of TGEO shares acquired	Purchase consideration RM	No. of new Shares issued as consideration
Tengku Datuk Mustapha bin Tengku Mohamed	800,000	1,421,262	*1,196,000
Rahaimi bin Abdul Rahman	100,000	177,063	*149,000
Tan Chin Siong	100,000	177,063	149,000
	1,000,000	1,775,388	1,494,000

VI. INFORMATION ON THE TSR GROUP (Cont'd)**Note:-**

* *The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.*

The purchase consideration of RM1,775,388 for the TGEO Acquisition was arrived at based on the audited NTA of TGEO as at 31 December 2000. The TGEO Acquisition was completed on 1 November 2001.

(iv) TPROP Acquisition

On 26 April 2001, TSR entered into a conditional Sale and Purchase Agreement with the vendors of TPROP as mentioned below for the acquisition of 100%-equity interest in TPROP comprising 2,050,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,041,533 satisfied by the issuance of 1,718,000 new Shares at an issue price of approximately RM1.19 per Share. Details of the share exchange are as follows:-

Name of vendors of TPROP	No. of TPROP shares acquired	Purchase consideration RM	No. of new Shares issued as consideration
Tengku Datuk Mustapha bin Tengku Mohamed	1,250,000	1,244,171	*1,047,000
Rahaimi bin Abdul Rahman	200,000	199,638	*168,000
Tan Chin Siong	550,000	547,815	461,000
Suhana binti Abdul Wahab	50,000	49,909	42,000
	2,050,000	2,041,533	1,718,000

Note:-

* *The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.*

The purchase consideration of RM2,041,533 for the TPROP Acquisition was arrived at based on the audited NTA of TPROP as at 31 December 2000. The TPROP Acquisition was completed on 1 November 2001.

(v) Restricted Issue

TSR is implementing a restricted issue of 6,000,000 new Shares to PKB at an issue price of RM1.30 per Share which will be concurrently implemented with the Public Issue. The 6,000,000 Restricted Issue Shares will rank parri passu in all respects with each other and with the existing Shares.

(vi) Public Issue

In conjunction with the listing of TSR on the Main Board of the KLSE, the Company is implementing a public issue of 13,300,000 new Shares at an issue price of RM1.30 per new Share. The 13,300,000 Public Issue Shares will rank parri passu in all respects with each other and with the existing Shares.

(vii) Listing and Quotation

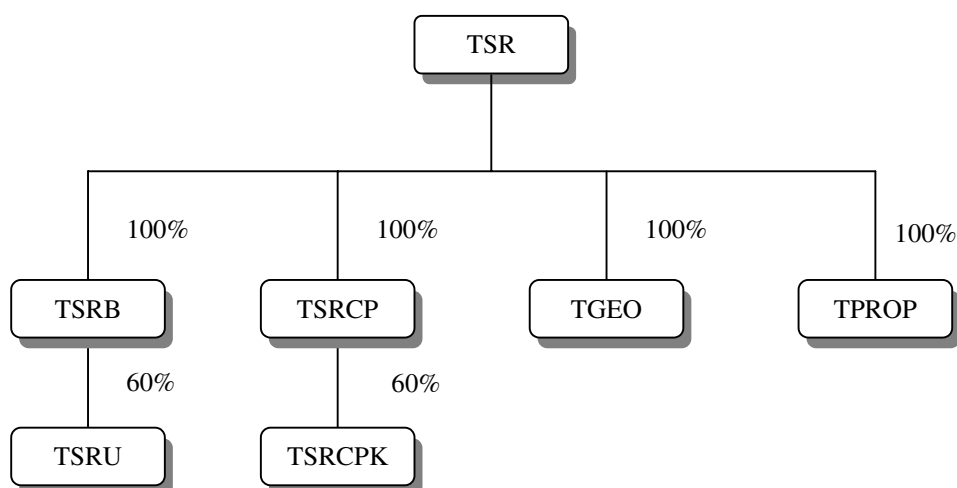
The listing of and quotation for the entire issued and paid-up share capital of TSR comprising 64,000,000 Shares on the Main Board of the KLSE.

VI. INFORMATION ON THE TSR GROUP *(Cont'd)*

3. BUSINESS OVERVIEW

3.1 Background Information

TSR is an investment holding company with six (6) subsidiaries whose core business activities include construction, civil engineering and geotechnical works as well as the manufacture, trading and marketing of precast concrete products. The structure of the TSR Group is as follows:-



TSRB is the main contributor to the Group's income. The company is involved in general construction, in particular civil engineering and building works. The civil engineering works include the construction of roads and reservoirs, condominiums, high-rise office buildings, industrial factories and hotels whilst the building works generally comprise of the construction of Government, quasi-Government and private sector projects which include the construction of universities, polytechnics, hostels and residential colleges, and specialised projects such as the construction of prison complexes. TSRB has recently been involved in several "D&B" projects where TSRB works closely with its clients and other professionals to design the buildings before undertaking the construction work.

TSRB is the main contractor in most of the construction projects undertaken by the Group. This enables the Group to undertake and supervise the overall construction works efficiently and ensure the timely completion of the projects within the budget allocated. The TSR Group is principally based in Kuala Lumpur. The Group does not restrict its operations to a particular area and has successfully undertaken projects in various states and places such as Kuala Lumpur, Selangor, Sarawak, Terengganu, Pahang, Johor, Kedah, Sabah and Negeri Sembilan.

Presently, the TSR Group adopts a policy of being selective when tendering for private sector projects due to the credit risk and unstable payment patterns frequently associated with private sector projects. With such prudent emphasis adopted by the management, a big portion of the projects currently being undertaken by the TSR Group are Government and quasi-Government related contracts. The management believes that this prudent policy has helped the TSR Group avoid significant levels of borrowings and operate in near zero gearing levels.

Although the TSR Group is able to provide almost all stages of construction work, for efficiency and cost purposes, the Group often sub-contracts a portion of the construction work to third parties, particularly work which are labour intensive in nature. This allows the Group to fully utilise its capabilities and resources to undertake other lucrative construction jobs.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

To complement its existing construction activities and make the Group more competitive when bidding for projects, the TSR Group has diversified its activities both vertically and horizontally. Through TSRCP, the TSR Group has diversified upstream into the manufacture and sale of precast concrete products which include reinforced concrete piles, box culverts, beams, open U-shaped drains and L-shaped drains. Its manufacturing facilities are located in Kemaman, Terengganu Darul Iman and Gurun, Kedah Darul Aman.

The Group has also expanded its activities horizontally via TGEO into the provision of specialised geotechnical services for soil treatment and slope stabilisation. In addition, the Group has, via TSRB, also ventured into mechanical and electrical engineering activities for its on-going projects such as the installation of highly specialised security systems for the prison complex in Kluang, Johor Darul Takzim.

The management of the TSR Group believes its diversified activities provide a competitive advantage to the Group. Its most recent business activities complement the Group's core construction activities and provide synergy to the Group as the Group is able to enhance its earnings by undertaking most of the tasks in a construction project.

Apart from cost savings in terms of operational and administrative expenses, the TSR Group is also able to diversify its income stream through additional business activities. TSRCP, for example, also sells 30% of its concrete products to external clients. The management of TSR Group foresees an increasing demand for its concrete products, particularly in Kedah Darul Aman, where its joint-venture investment with PKB in TSRCPK allows the TSR Group to supply concrete products to PKB-related projects within the state. This relationship with PKB will also enable the TSR Group to supply concrete products to other Kedah state government projects.

The Group has, through TSRU, also established another joint-venture project with UDA. The company has been awarded the contract to build a prison complex in Kluang, Johor Darul Takzim. In the future, the Group expects to be able to capitalise on its strategic partnership with UDA to undertake new development and/or redevelopment projects.

To-date, the Group has completed projects worth approximately RM285.0 million and has on-going projects worth approximately RM535.4 million. Further details on the Group's completed and on-going projects are disclosed in Sections VI(3.2) and VI(3.3) of this Prospectus.

3.2 Completed Projects

The projects completed by the Group as at 15 January 2002 can be broadly categorised into two (2) classes, namely projects related to the Malaysian Government/quasi-Government institutions and projects related to the private sector as follows:-

(i) Malaysian Government/Quasi-Government Institutions

No.	Client	Project	Contract value RM'000	Completion date
1.	FELDA	Construction of an agricultural road, drainage and ancillary work at Ladang Felda Sampadi 4, Lundu, Sarawak	4,145	May 1997
2.	Kontena Nasional Bhd.	Construction of an office and warehouse in Lot 126, Kawasan Perindustrian Gebeng, Kuantan, Pahang Darul Makmur	15,562	October 1997

VI. INFORMATION ON THE TSR GROUP (Cont'd)

No.	Client	Project	Contract value RM'000	Completion date
3.	Universiti Putra Malaysia	Construction of the Central Academic Complex, Universiti Putra Malaysia in Selangor Darul Ehsan	8,900	June 2001
4.	Johor Technopark Sdn. Bhd.	Construction of Phases 6 and 4B, Kawasan Perindustrian, Tanjung Langsat, Johor Darul Takzim	3,554	September 2001
5.	Johor Technopark Sdn. Bhd.	Construction of Tanjung Langsat Port, Johor Darul Takzim	2,200	October 2001
		Total Government/Quasi-Government related projects	34,361	

(ii) Private Sector

No.	Client	Project	Contract value RM'000	Completion date
1.	Pembinaan Roslee Ibrahim Sdn. Bhd.	Construction of an agricultural road and drainage at Ladang Felda Sampadi 5, Lundu, Sarawak	2,848	March 1994
2.	Pembinaan Roslee Ibrahim Sdn. Bhd.	Earthwork and ancillary work at Lot 13567 (Parcel 5 and 25), Mukim Batu, Batu Caves, Selangor Darul Ehsan	4,525	May 1994
3.	Pembinaan Hamid Abdul Rahman Sdn. Bhd.	Construction of two (2) blocks of 18 floor condominiums with swimming pool and ancillary works at Parcel H2 Lot PT 1855 in Desa Pandan, Mukim Ampang, Kuala Lumpur	8,717	December 1994
4.	Pembinaan Roslee Ibrahim Sdn. Bhd.	Construction of a three (3)-storey office and a factory on Lot 12, Jalan U1/20, Seksyen U1, Shah Alam, Selangor Darul Ehsan	3,402	April 1996
5.	Pembinaan FRG Sdn. Bhd.	Super-structure, roof and metal works for a paper factory on Lot 7090, Mk 12, Daerah Kuala Langat, Selangor Darul Ehsan	6,182	September 1996
6.	Pembinaan Hamid Abdul Rahman Sdn. Bhd.	Construction of main infrastructure work, drainage and ancillary work on Lots 530, 532, 1143, 2748 and 2749 at Permaipura Golf Course at Bedong, Mukim Sungai Petani, Kedah Darul Aman	16,825	March 1997
7.	Aksi Nakhoda Sdn. Bhd.	Earth and infrastructure development work at Cadangan Bandar Pelancongan Pantai Kijal at Lot PT2851 Tanah Tabung Amanah Warisan Terengganu, Kijal, Terengganu	15,150	March 1997
8.	Era Sanubari Sdn. Bhd.	Construction of internal roads, roadside drains, sewerage reticulation and water reticulation works (Phase 1) in Mukim Setul, District of Seremban, Negeri Sembilan Darul Khusus	8,558	November 1997
9.	Era Sanubari Sdn. Bhd.	Construction and completion of internal roads, roadside drains, (Phase 2) in Mukim Setul, District of Seremban, Negeri Sembilan Darul Khusus	2,862	December 1997
10.	Pembinaan Hamid Abdul Rahman Sdn. Bhd.	Construction of a bridge, fly-over and superstructure including retaining walls and other ancillary work at Ring Road, Project II, Package 9B, Kuala Lumpur	33,941	January 1998

VI. INFORMATION ON THE TSR GROUP (Cont'd)

No.	Client	Project	Contract value RM'000	Completion date
11.	Pristine Kiara Sdn. Bhd.	Construction work on a 18ML Reservoir at Bukit Jelutong, Shah Alam, Selangor Darul Ehsan	3,622	May 1998
12.	EKD Construction Sdn. Bhd.	Piling work from Station to Decks, Auditorium and Precinct F of KL Sentral, Kuala Lumpur	28,737	January 1999
13.	Pembinaan Bukit Timah Sdn. Bhd.	Infrastructure development of roads, drains and structures at Central Terminal Area, Kuala Lumpur International Airport Package	21,740	April 1999
14.	Primatene Sdn. Bhd.	Development of a hotel, 19 units of shop-houses, a cultural centre and marine museum (Phase 1A), in Mukim Kedawang, Daerah Langkawi, Kedah Darul Aman	29,000	July 1999
15.	Karun Bestari Sdn. Bhd.	Building a workshop and a three (3)-storey office on Lot 8, Jalan Kecapi 33/2, Elite Industrial Estate, Shah Alam, Selangor Darul Ehsan	9,547	July 2000
16.	Pembinaan FRG Sdn. Bhd.	Earthwork and infrastructure work in Indahpura, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	39,873	September 2000
17.	Aksi Nakhoda Sdn. Bhd.	Design and build of 560 units of low-cost houses in Sungai Pandan, Mukim Kuala Kuantan, Kuantan, Pahang Darul Makmur	15,094	December 2000
Total private sector-related projects			250,623	

3.3 On-going Projects

The TSR Group presently has a secured book order of approximately RM535.4 million. These projects are expected to provide a stable and sustained revenue for the TSR Group until 2004. Details of the projects are as follows:-

Company	Client	Project	Contract value RM'000	Commencement date	Estimated completion date
TSRB	Ministry of Education	Construction of Kota Kinabalu Polytechnic Campus in Sabah	152,344	February 2000	August 2002
TSRB	Pembinaan Sintok Sdn. Bhd.	Construction of a students' residence campus for 4,500 students at UUM	100,000	May 2001	November 2002
TSRB	Ministry of Public Works	Construction of fisheries research centre in Jelebu, Negeri Sembilan Darul Khusus	59,550	August 2001	July 2003
TSRU	Ministry of Home Affairs	Construction of the prison complex in Kluang, Johor Darul Takzim	223,500	March 2001	March 2004
TOTAL			535,394		

VI. INFORMATION ON THE TSR GROUP (Cont'd)

Although the Group's on-going projects will proceed until 2004, the Board of TSR is currently in the midst of negotiating for additional contracts to increase the Group's expected future profits.

3.4 Operational and Marketing Strategies**3.4.1 Operational Strategies**

The TSR Group understands that the construction industry is cyclical in nature and believes that the Group should not venture aggressively into construction activities requiring high fixed cost expenditure which will increase the Group's gearing and exposure. The TSR Group observes its cash flow status and has adopted a policy of meeting its funding needs via the Group's internally generated funds. This is why the Group only tenders for projects which have stable prospective cash flow and which will be sufficient to provide the Group with the necessary funds to finance its operations. The Board of TSR believes that this policy has helped the Group maintain a low gearing ratio and avoid the financial difficulties experienced by some of its competitors during the economic crisis of the late-1990s.

3.4.2 Marketing Strategies

In general, the TSR Group secures its appointment as the main contractor for construction projects via direct negotiations or by way of tender. To-date, the Group has completed projects worth approximately RM285.0 million and has on-going projects worth more than RM535.4 million. The Board of TSR believes that its success in securing the contracts have been due to the following:-

- (i) The TSR Group's good reputation and past performance;
- (ii) Repeat businesses or referrals from existing and previous clients;
- (iii) The successful submission of competitive tenders and innovative proposals; and
- (iv) The TSR Group's integrated abilities, having a geotechnical engineering arm and a concrete manufacturing arm to add-value to and complement its core building activities.

3.5 Competitive Advantages of the Group**(i) Soil Improvement**

In terms of competitiveness in the construction industry, the Group believes that its edge lies in its technical expertise in the treatment of difficult soil. Over the years, the TSR Group has acquired significant experience in handling difficult soil conditions, namely soft ground and wetlands. Instead of subcontracting soil improvement work to others, the management of the TSR Group has built-up the necessary knowledge and expertise to undertake geotechnical engineering and related work itself.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

TGEO commenced operations in 1999 and has since widely utilised its geotechnical expertise in the following projects:-

- (a) Pelabuhan Tanjung Langsat, Johor Darul Takzim-Prefabricated Vertical Drains ("PVD") were used to drain excess pore water to accelerate the rate of settlement of the land/foundation on soft land in Tanjung Langsat.
- (b) The on-going construction of a polytechnic in Kota Kinabalu, Sabah-Geotechnical exploration has led to further soil improvement and upgrading of reinforced concrete piles to enhance building stability.
- (c) The on-going construction of the prison complex in Kluang, Johor Darul Takzim-Utilising its geotechnical expertise, a cost effective foundation with optimum piles has been developed. This shortens the construction period and has led to additional cost savings to the client.

The TSR Group's ability to provide geotechnical engineering allows cost effectiveness and certain flexibility in the design of the projects awarded to the TSR Group translating into higher construction efficiency.

(ii) Design and Build

Under the D&B system, the contractor participates with the architect and engineering consultants from the design stage of the construction project allowing them all to contribute their building expertise and practical knowledge to enhance the conception of the project and to resolve potential problem areas before construction commences. This results in higher construction efficiency for the project, a shorter project duration, less material wastage and potential cost savings. Owing to the flexibility in the construction methodology, the profit margins for D&B projects are normally higher than conventional building projects.

Costs may however not be the primary consideration for the award of D&B projects since attention is also given to architectural aesthetics, design innovation, functionality and the quality of the design.

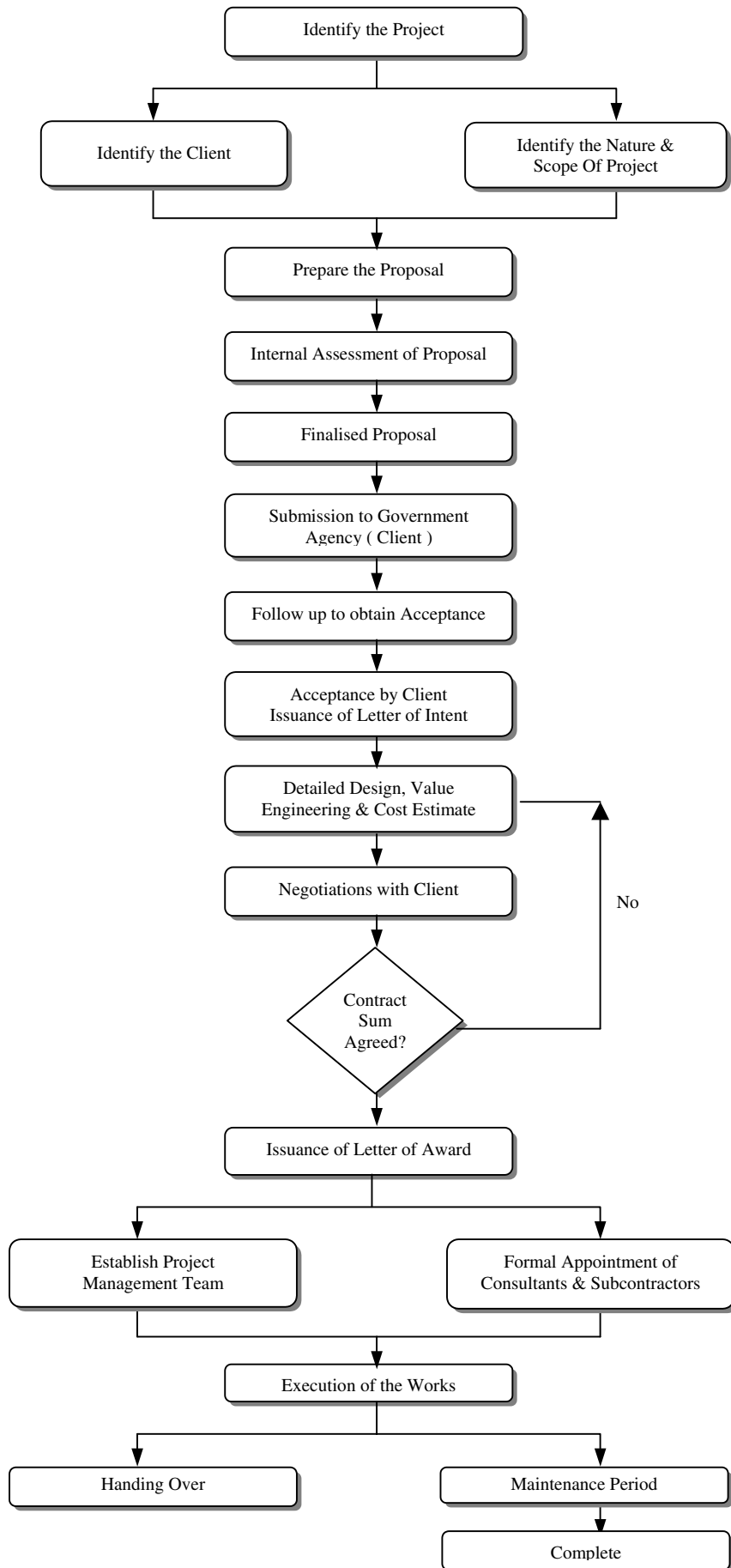
The TSR Group has the ability to undertake projects on a D&B basis based on its capable, experienced and professionally qualified personnel. Presently, the Group has seven (7) qualified engineers and three (3) quantity surveyors who are able to work on D&B projects. These D&B personnel have gained extensive experience from working with various project consultants on a project-to-project basis.

Currently, the TSR Group has two (2) on-going projects which were approved under the D&B basis as follows:-

- (a) The prison complex in Kluang, Johor Darul Takzim; and
- (b) The students' residence campus at UUM.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

A flow-chart of the Group's D&B process is as follows:-



VI. INFORMATION ON THE TSR GROUP (Cont'd)

(iii) Business Development

The TSR Group's success in securing Government projects, especially D&B projects, via direct negotiation is based on the proactive attitude of its Board and key personnel. The management is involved from the initial stages in preparing conceptual studies and the technical feasibility of such proposals, right up to the direct negotiation stage with Government personnel. Such intense collaboration and negotiation between the management and Government personnel, culminates in establishing a close rapport and working relationships between the parties.

Emphasis is placed on business development. Each operating company has its own business development department to seek for opportunities within the industry both from the Government and private sectors. This allows for the allocation of specialised resources and concentration by the various business development units.

(iv) Established relationships with Consultants, Suppliers and Sub-contractors

The management has built a good understanding of the importance of cultivating good working relationships with all its business associates in order to foster greater co-operation and efficiency in completing its projects within the stipulated time-frame.

The TSR Group's timely payments to its suppliers and sub-contractors contribute to the strong relationships and allows the TSR Group to have a good credit standing amongst its suppliers and sub-contractors. The Group's involvement in different parts of Malaysia has also enabled it to build a large base of suppliers and sub-contractors.

With very close working relationships with its suppliers and sub-contractors who have given their strong support, the TSR Group has been able to maintain its competitiveness in pricing and timely delivery.

(v) Strategic partners

The TSR Group has formed joint-ventures with UDA and PKB. Such joint-ventures allow the Group to leverage on the expertise and strengths of their respective strategic partners.

TSRU, a 60%-owned subsidiary of TSRB, is a joint venture company with UDA. Together with UDA, the Group has, via TSRU, negotiated and successfully tendered for the construction of a new prison complex in Kluang, Johor Darul Takzim with a contract amount of RM223.5 million.

UDA is also widely recognised as one of the market leaders in property development with its sizeable land bank in strategic locations. This strategic partnership would allow for future collaboration between the TSR Group and UDA in new development or re-development projects.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

PKB is an investment arm and wholly-owned subsidiary of the State Government of Kedah Darul Aman. The Group has set-up a joint-venture company with PKB, namely, TSRCPK, to supply concrete products from its plant in Gurun to various projects within Kedah Darul Aman which involve the State Government of Kedah, its associates or subsidiaries.

3.6 Quality Control

The TSR Group is committed to providing reliable and quality products and services for all its construction projects and concrete products. The Group has put in place a set of plans and objectives to maintain the high quality of its products and services.

In respect of its construction activities, the Group has established the following objectives for its quality management system:-

- (i) To ensure that quality standards in workmanship are achieved through periodic site inspections conducted by an assigned project team;
- (ii) To minimise work defects and reworks through constant monitoring by an assigned project team to ensure that construction works are carried out in accordance with the drawing plans and contract specifications;
- (iii) To minimise unnecessary wastage and spoilage of materials;
- (iv) To raise productivity in order to complete all projects within the time-frame stipulated in the building contracts; and
- (v) To maintain a record of minimal accidents on all projects, through the strict enforcement of prescribed safety and security procedures and the promotion of environmental consciousness at worksites.

To ensure that quality control policies and procedures are fully communicated and implemented, the management of the TSR Group has set up a quality management team (the "QMT") comprising representatives from all departments. The QMT conducts internal audits, corrective and preventive actions, documentation and data control and the maintenance of quality records to ensure that the Group's high standards are maintained. In addition, a management review board within the QMT oversees the quality system by conducting independent semi-annual reviews of the quality system and providing valuable input from their vast experience on the most feasible construction methods and engineering techniques.

The Group also places strong emphasis on the quality of its concrete products and has established a quality assurance team to ensure that all its concrete products are of the highest standards. Quality is taken into account at all aspects of the manufacturing process such as design control, process control, inspection, testing, handling, and storage. Staff are well-trained to ensure that they are adequately equipped with proper knowledge to perform their jobs effectively.

The Group believes that it has successfully maintained the high standards of quality of its precast concrete products. This is reflected in the recent accreditation awards given to some of the Group's concrete products by various well-known organisations. TSRCP's reinforced concrete piles and precast reinforced concrete box culverts have been accredited with ISO 9002 certification by SIRIM. With the additional certification by UKAS of TSRCP's concrete products, the Group's products are now believed to be widely accepted in the local construction industry.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

3.7 Engineering & Development ("E&D")

The Group has established an E&D Department consisting of 10 personnel to undertake research on and develop new products to cater to the needs of the Group's current and future clients. Presently, with the general concern that existing bridges in Peninsular Malaysia are aging and the increasing load on the bridges due to increasing traffic, JKR has recommended a further study to improve the design, construction and maintenance of bridges.

TSRCP is aware of the ready market for such JKR approved bridge beams and is keen to manufacture bridge beams according to JKR's specifications comprising of pre-stressed concrete hollow slabs, post-tensioned concrete composite T-beams and the post-tensioned concrete T-beams. The TSR Group is presently casting and testing new standard beams to be used in bridges.

The E&D Department is also currently developing prefabricated systems which includes precast slabs which are widely used in the construction of low cost housing in Malaysia.

3.8 Occupational Health and Safety

The TSR Group is committed to ensuring that the health and safety of all personnel participating in the TSR Group's projects are safeguarded at all times. The TSR Group's objectives on occupational safety and health policy are as follows:-

- (i) To raise safety standards;
- (ii) To promote safety awareness;
- (iii) To protect the public from injury and damage to properties;
- (iv) To ensure the safety and health of staff and contractors' employees by providing a healthy and safe working environment; and
- (v) To ensure minimum work disruption and to complete works within acceptable targets in terms of safety and time.

To ensure that personnel maintain high regard for their health and safety on construction sites, the Group has established programs such as ensuring all workers undergo safety practice exercises every quarterly to instill awareness or education on safety at the work-site.

The elimination of injuries and minimisation of lost time due to accidents is the ultimate goal of the TSR Group. The management takes pride that there has not been any serious or fatal work-related accidents within the TSR Group and that the Group has to-date fully complied with existing laws and regulations in Malaysia with regards to health and safety.

3.9 Availability of raw materials

The TSR Group has in the past been able to secure a steady supply of materials for its operations at relatively stable and competitive prices. The TSR Group sources its materials from established manufacturers and traders throughout Malaysia and is not overly dependent on any supplier for its materials. Amongst the main raw materials used by the Group in its operations are aggregates and steel bars. The Group is confident that it will continue to be able to obtain its raw materials in the future without any difficulties.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

3.10 Key Achievements, Milestones and/or Awards

TSRCP's reinforced concrete piles and precast reinforced concrete box culverts have been accredited with ISO 9002 certification by SIRIM and have also been certified and accredited by UKAS. The UKAS certification allows the Group's concrete products to be sold abroad and reflects the high quality of its concrete products.

3.11 Major Customers

Details of the major customers of the TSR Group individually contributing to 10% or more of the Group's turnover for the eight (8) months financial period ended 31 August 2001 are as follows:-

Customer	Project undertaken	Business relationship since	% of the total sales of the TSR Group
Ministry of Education	Construction of Kota Kinabalu Polytechnic Campus in Sabah	11.02.00	26
Pembinaan Sintok Sdn. Bhd.	Construction of a students' residence campus for 4,500 students of UUM	20.02.01	15
Ministry of Home Affairs	Construction of the prison complex in Kluang, Johor Darul Takzim	21.02.01	39

3.12 Major Suppliers

The TSR Group has in the past been able to secure a steady supply of materials for its operations at relatively stable prices from various established manufacturers and traders throughout Malaysia. For the eight (8) months financial period ended 31 August 2001, the Group was not reliant on any particular supplier.

3.13 Interruptions in Operations

There have been no interruptions in the Group's business which may have had a significant effect on its operations during the past twelve (12) months preceding the date of this Prospectus.

3.14 Research and Development ("R&D")

The Group has been emphasising on improving current processes and to develop other innovative R&D processes. The Group has implemented in-house training programs on technical skills including improving the usage of current project management software such as Primavera Project Manager and Autocad 2001. The internal computer skills enhancement is conducted by Ir. Ng Wu Sin.

In January 2002, the Group intends to set-up an R&D team to be headed by Ir. Ng Wu Sin to emphasise on Project Management control to ensure greater efficiency and effectiveness. Amongst the key areas the R&D team is expected to emphasise on are as follows:-

- (i) the development of efficient and innovative project mobilisation and demobilisation procedures;
- (ii) the improvement of the Group's computer system, utilisation and computer skills;
- (iii) the improvement of the Group's business process model;
- (iv) to enhance value engineering and management; and
- (v) to evaluate completed projects to identify any weaknesses and seek solutions for future improvement.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

4. SUBSIDIARIES

The principal activities of the subsidiaries of TSR, all of which were incorporated in Malaysia, as at the date of this Prospectus are as follows:-

Name	Date of incorporation	Authorised share capital RM	Issued and paid-up share capital RM	Effective interest %	Principal activities
<i>Subsidiaries</i>					
TSRB (220440-W)	09.07.91	10,000,000	10,000,000	100.00	Construction and civil engineering works
TSRCP (405476-U)	10.10.96	1,000,000	1,000,000	100.00	Manufacture and marketing of precast concrete products
TGEO (366881-M)	13.11.95	1,000,000	1,000,000	100.00	Construction/Geotechnical works
TPROP (357648-T)	02.09.95	5,000,000	2,050,000	100.00	Investment holding
TSRU (503065-K)	17.01.00	500,000	300,010	*60.00	Building construction and civil engineering works
TSRCPK (521426-A)	24.07.00	100,000	10	**60.00	Manufacture of and trading in precast concrete products

Notes:-

* Interest held through TSRB.

** Interest held through TSRCP.

TSR does not have any associated companies as at the date hereof.

Further details of the subsidiaries of TSR are as follows:-

4.1 TSRB

History and Business

TSRB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 9 July 1991 under the name of Pembinaan TSR Sdn. Bhd.. On 15 July 1997, the company changed its name to its present name of TSR Bina Sdn. Bhd..

Initially, TSRB was involved in forest clearing and earthwork for new FELDA settlements. Subsequently, TSRB started undertaking infrastructure development projects and contract engineering works.

The company is now principally engaged in construction and civil engineering works. Projects undertaken by TSRB cover a wide range of activities and can be broadly categorised into the following:-

- (i) Construction of new FELDA settlements;
- (ii) Construction of roads, highways/bridges and other infrastructure development;
- (iii) Earth and infrastructure works for hotels, condominiums, light-industrial areas and property development projects; and
- (iv) Construction of institutes of higher learning, namely universities, polytechnic colleges, hostels and residential colleges.

VI. INFORMATION ON THE TSR GROUP *(Cont'd)*

Over the ten (10) years since its incorporation, the company built-up a wealth of experience and knowledge in construction and civil engineering works to take advantage of the vast opportunities offered by the construction industry. To-date, TSRB has a fleet of heavy construction machinery, such as Komatsu excavators, Caterpillar tractors and Bomag rollers worth in aggregate, more than RM10.0 million to carry out its projects efficiently. The construction machinery are currently located at the sites of the Group's on-going projects as set out in Section VI(3.3) of this Prospectus.

In 1999, TSRB was registered as a Class "A" Bumiputera contractor with Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development which allows TSRB to tender for government projects of any size and amount.

Since obtaining its Class "A" Bumiputera status, TSRB has been successful in securing multi-million ringgit contracts, particularly in 2001. TSRB, as a main contractor, has been able to complete its projects timely and effectively, generating steady profits and cash flow in the process.

To-date, TSRB has completed approximately RM285.0 million worth of projects in building construction and civil engineering works. TSRB currently has a book order of approximately RM535.4 million worth of on-going civil engineering and construction projects which is expected to last until 2004.

As at 15 January 2002, TSRB has 67 employees.

Share Capital

The authorised share capital of TSRB is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, all of which are issued and fully paid-up.

The changes in the issued and paid-up share capital of TSRB since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
09.07.91	3	1.00	Subscribers' shares	3
08.08.94	600,000	1.00	Cash	600,003
29.08.96	1,999,997	1.00	Cash	2,600,000
09.09.96	2,400,000	1.00	Cash	5,000,000
14.11.97	500,000	1.00	Cash	5,500,000
18.11.98	1,000,000	1.00	Cash	6,500,000
15.12.99	3,500,000	1.00	Cash	10,000,000

Major Shareholder

TSRB is a wholly-owned subsidiary of TSR.

Subsidiaries and Associated Companies

As at the date hereof, TRSB has no associated companies. The sole subsidiary of TSRB is TSRU, details of which are set out in Section VI(4.5) of this Prospectus.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

4.2 TSRCP***History and Business***

TSRCP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 10 October 1996. TSRCP is principally involved in the manufacture and marketing of precast concrete products. The company commenced operations in 1997 and its manufacturing plants were set up at various construction sites in Malaysia to meet the needs of its major clients and contractors.

At the end of 1999, TSRCP established a new plant in Ceneh, Kemaman in Terengganu on a 4.85-hectare piece of state land, located off the proposed East Coast Highway. Currently, the plant has achieved an average monthly production of 1,000 metric tons of precast concrete products. The State Government of Terengganu has offered to sell the said piece of land to TSRCP.

In early 2001, another plant was set up in Gurun, Kedah Darul Aman on a 10-acre piece of state land which is managed by TSRCP's 60%-owned subsidiary, TSRCPK.

TSRCP manufactures a wide range of high strength reinforced concrete piles, culverts and bridges beams. Its reinforced concrete piles and precast reinforced concrete box culverts have been accredited with ISO 9002 certification. The company's precast concrete products have also been accredited and certified by UKAS.

As at 15 January 2002, TSRCP has 20 employees.

Share Capital

The authorised share capital of TSRCP is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which are issued and fully paid-up.

The changes in the issued and paid-up share capital of TSRCP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
10.10.96	2	1.00	Subscribers' shares	2
01.11.96	469,998	1.00	Cash	470,000
28.02.00	530,000	1.00	Cash	1,000,000

Major Shareholder

TSRCP is a wholly-owned subsidiary of TSR.

Subsidiaries and Associated Companies

As at the date hereof TSRCP has no associated companies. The sole subsidiary of TSRCP is TSRCPK, details of which are set out in Section VI(4.6) of this Prospectus.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

4.3 TGEO***History and Business***

TGEO was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 13 November 1995.

TGEO is principally a specialised contractor providing geotechnical and piling services. TGEO commenced business operations in 1999.

TGEO has a team of specialised personnel and the latest equipment to provide soil improvement using its geotechnical methods.

The scope of services provided by TGEO encompass foundation works, retaining systems, soil investigations, slope stabilisation and slope protection. Foundation works carried out are pile driving, bore piling and micropiling. Retaining systems carried out are sheet piling, temporary ground anchors or pile wall.

TGEO also undertakes slope stabilisation and slope protection work. These involve soil nailing, permanent ground anchor, guniting, grid beams and masonry infill which are alternative methods to the traditional methods of foundation engineering such as driven or bore piling, which is only applicable on stable ground as opposed to soft ground or wetland which require soil investigations and specialised geotechnical and piling services.

As at 15 January 2002, TGEO has 7 employees.

Share Capital

The authorised share capital of TGEO is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, all of which are issued and fully paid-up.

The changes in the issued and paid-up share capital of TGEO since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
13.11.95	2	1.00	Subscribers' shares	2
01.03.00	999,998	1.00	Cash	1,000,000

Major Shareholder

TGEO is a wholly-owned subsidiary of TSR.

Subsidiaries and Associated Companies

As at the date hereof, TGEO does not have any subsidiaries or associated companies.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

4.4 TPROP*History and Business*

TPROP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 2 September 1995. TPROP is principally involved in investment holding. TPROP entered into a sale and purchase agreement on 29 December 2000 to purchase a four (4)-storey shophouse located in No. 2, Jalan 4/62D, Medan Putra Business Centre, Bandar Manjalara Off Jalan Damansara, 52200 Kuala Lumpur with a built-up area of approximately 1,030 square metres for a cash consideration of RM3.50 million. The shophouse is the registered and management office of the TSR Group. As at to-date, the purchase is pending completion. Please refer to Sections III(9), VI(5), XIV and XVI(7) for more details of the said acquisition.

Share Capital

The authorised share capital of TPROP is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TPROP is RM2,050,000 comprising 2,050,000 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of TPROP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
02.09.95	2	1.00	Subscribers' shares	2
12.03.96	549,998	1.00	Cash	550,000
16.09.99	1,500,000	1.00	Cash	2,050,000

Major Shareholder

TPROP is a wholly-owned subsidiary of TSR.

Subsidiaries and Associated Companies

As at the date hereof, TPROP does not have any subsidiaries or associated companies.

4.5 TSRU*History and Business*

TSRU was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 17 January 2000. TSRU is a joint-venture company established by TSRB and UDA pursuant to a Joint-Venture Agreement dated 28 November 2000.

TSRU is principally involved in building construction and civil engineering works.

In February 2001, TSRU was awarded a contract worth RM223.5 million by the Ministry of Home Affairs to construct a new prison complex in Kluang, Johor Darul Takzim. The prison complex is expected to be completed in 2004.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

Share Capital

The authorised share capital of TSRU is RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TSRU is RM300,010 comprising 300,010 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of TSRU since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
17.01.00	10	1.00	Subscribers' shares	10
15.02.00	300,000	1.00	Cash	300,010

Major Shareholders

The major shareholders of TSRU and their respective shareholdings are as follows:-

Name	No. of ordinary shares held	%
TSRB	180,006	60.0
UDA Holdings Sdn. Bhd.	120,004	40.0
	<u>300,010</u>	<u>100.0</u>

Subsidiaries and Associated Companies

As at the date hereof, TSRU does not have any subsidiaries or associated companies.

4.6 TSRCPK

History and Business

TSRCPK was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 24 July 2000 under the name of Plus Motive Sdn Bhd.. On 29 March 2001, the company changed its name to TSR Concrete Products (Kedah) Sdn. Bhd.. The company is a joint-venture established by TSRCP and PKB.

TSRCPK is principally involved in the manufacture of and trading in precast concrete products. Presently, TSRCPK has a manufacturing plant in Gurun, Kedah Darul Aman built on a 10-acre piece of state land which commenced production in mid-May 2001. The State Government of Kedah Darul Aman has granted PKB the right, by way of a temporary Occupation Licence, to set up a concrete manufacturing plant on the said land. The plant currently has an average monthly production of 1,500 metric tons of concrete products.

Share Capital

The authorised share capital of TSRCPK is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of TSRCPK is RM10 comprising 10 ordinary shares of RM1.00 each.

VI. INFORMATION ON THE TSR GROUP (Cont'd)

The changes in the issued and paid-up share capital of TSRCPK since its incorporation are as follows:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
24.07.00	2	1.00	Subscribers' shares	2
15.03.01	8	1.00	Cash	10

Major Shareholders

The major shareholders of TSRCPK and their respective shareholdings in the company are as follows:-

Name	No. of ordinary shares held	%
TSRCP	6	60.0
PKB	4	40.0
	10	100.0

Subsidiaries and Associated Companies

As at the date hereof, TSRCPK does not have any subsidiaries or associated companies.

5. LANDED PROPERTIES

As at the date of this Prospectus, the Group does not have any landed properties. The Group has however entered into a sale and purchase agreement on 29 December 2000 to acquire a four (4)-storey shop-office. Details of the said landed property are as follows:-

Beneficial owner/ Location	Description	Tenure/ Approximate age of building (years)	Built-up area sq. meters	Acquisition value RM'000	Date of valuation	Open market value RM'000
Lim Kang Yew and Wong Chooi Fah*	Four (4)- storey shop- office	Freehold/2 years	1,030.1	3,500	20.11.01	2,630
Title No.: Geran 43842, Lot No. 56113 known as No.2-2 Jalan 4/62D, Medan Putra Business Centre, Bandar Manjalara Off Jalan Damansara, 52200 Kuala Lumpur						

Note:-

* *TPROP is currently in the process of acquiring the property from Lim Kang Yew and Wong Chooi Fah. The said acquisition is expected to be completed by mid-2002. Details of the said acquisition are stated in Sections III(9) and XVI(7) of this Prospectus.*

Save for the above landed property, the Group has not entered into any agreements to acquire nor completed any acquisitions to acquire any properties during the two (2) years preceding the date of this Prospectus.

VI. INFORMATION ON THE TSR GROUP (Cont'd)**6. EMPLOYEES****6.1 Number of Employees**

As at 15 January 2002, the TSR Group has 94 employees. The employment structure of the TSR Group as well as the average number of years of service of the employees are summarised as follows:-

Category of employees	Malaysians	Foreigners	Total	Average no. of years of service
Management and professional	11	-	11	4
Technical and supervisory	25	-	25	1 ½
Executive	14	-	14	3
Clerical and related occupations	20	-	20	2
General workers/operators	24	-	24	3
	<u>94</u>	<u>-</u>	<u>94</u>	

6.2 Labour Union and Strike Action

None of the employees belong to any labour union. All employees enjoy a cordial relationship with the management and there has been no instance of strike action.

6.3 Employee Training

It is a widely encouraged practice within the TSR Group for its employees to keep up with the current trends in technology advancement and industrial development. Employees regularly attend courses organised by the CIDB, SIRIM, Institute of Engineers and other construction organisations. It is also a norm for the TSR Group to participate in exhibitions organised by the various construction bodies.

VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP

1. PROSPECTS OF THE TSR GROUP

The Directors of TSR view the future prospects of the Group to be favourable. In addition to the favourable prospects of the construction sector as mentioned in Section V of this Prospectus, the Directors of the Company are of the opinion that the following factors place the Group's future in good stead:-

(i) Diversity of Business Activities

The Group's business activities are diversified in nature. TSRB undertakes the construction and civil engineering works of the Group. Its activities are well complemented by TSRCP which manufactures and trades in precast concrete products and by TGEO which provides specialised geotechnical services for soil treatment and slope stabilisation.

The Board of TSR believes that the Group's diversified activities provide a platform for the TSR Group to offer an integrated construction service to its customers and creates synergy as it allows the TSR Group to enhance its earnings by retaining most of the various operations in a construction project within the TSR Group rather than sub-contract work to others. With such integrated services, quality control and timeliness of the projects would also be more assured as raw materials and the schedule of works are within the control of the TSR Group. Apart from cost savings in terms of operational and administrative expenses, the TSR Group is also able to diversify its income stream by selling its concrete products to outside parties.

(ii) Government Financial Stimulus

The Government had in March 2001 and September 2001 announced two (2) fiscal stimulus packages with a total value of RM7.3 billion to help boost the economy. A substantial portion of the amount is expected to be injected into construction-related activities. The Board of TSR intends to tender for some of the projects to be given by the Government. Although the Group would be competing against many other construction companies for the same projects, the Board of TSR believes that the Group has the necessary track record, knowledge and expertise to be considered as a front-runner in the projects which the Group will be vying for.

(iii) Competition within the industry

The TSR Group operates in a competitive market with a large number of players. However, the construction sector is by nature fragmented with many several sub-sectors. The level of competition varies from one sub-sector to another. The relatively more competitive sectors are the markets for the construction of low and medium-cost housing where there are many small and large players competing amongst one another.

In theory, barriers of entry into the construction industry are low. However, in reality every construction company needs access to substantial financial resources and backing and have strong knowledge and project management skills. With its strong financial base and experienced and knowledgeable personnel, the Board of TSR believes that the Group has the necessary attributes to further excel in the construction sector in the future.

(iv) Experienced Management

The Group is led by Tengku Datuk Mustapha bin Tengku Mohamed, Rahaimi bin Abdul Rahman and Tan Chin Siong who have invaluable experience in the construction industry (please refer to Section VIII for a write-up on their bio-data). Assisted by an able team of experienced professionals, the management believes that it has positioned the Group as a leading player in the local construction industry.

VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP (Cont'd)

(v) Prudent Management Policies

Presently, the TSR Group adopts a policy of being selective when tendering for private sector projects due to the credit risk and unstable payment patterns frequently associated with private sector projects. With such prudent emphasis adopted by the management, a big portion of the projects currently being undertaken by the TSR Group are Government and quasi-Government related contracts such as building roads, reservoirs, bridges, flyovers and reticulation plants where credit risk is low and payment is generally more regular and on-schedule.

The management believes that this prudent policy has helped the TSR Group avoid significant levels of borrowings and operate in near zero gearing levels. However, with its strong track record and low gearing, the Group is expected to find it easier to borrow from financial institutions for expansion if the need arises in the future.

(vi) Ability to Withstand an Economic Slowdown

The construction industry experienced a severe contraction in 1998 of 23% and a further decline of 5.6% in 1999 (*Source : Economic Report 1999/2000*) due to the slowdown in the Malaysian economy. Notwithstanding this, the TSR Group proved its ability to withstand an economic slowdown and accommodate changes in its business environment. Coupled with prudent management, TSRB, the core company of the TSR Group, managed to increase its turnover and PAT by 55.2% and 140.9% respectively over the three (3) financial years ended 31 December 2000.

Other factors which the Board of TSR feels will mitigate the risks to the TSR Group should an economic slowdown occur are as follows:-

- (a) the Group adopts a prudent policy by ensuring that its credit risk is low by engaging mainly in projects with its regular or repeat clients, quasi-Government and Government projects.
- (b) its policy of maintaining low gearing levels will ensure that the Group will not be burdened by interest payments.
- (c) currently, the Group has a book order of approximately RM535.4 million consisting of on-going projects. These projects will sustain the revenue of the TSR Group and weather any economic slowdown until 2004. The Board of TSR is also currently in the process of securing additional projects for the future.

(vii) Skilled Workforce

Most of TSR Group's personnel are experienced in the construction industry, having obtained their relevant experience whilst working with the TSR Group or in their previous jobs. The TSR Group believes that continuing education and training are necessary in upgrading the skills and proficiency of its employees in order to achieve higher safety standards and quality of work. Towards this, the TSR Group engages its employees continually in on-the-job training and enrolls them, from time to time, in external programmes which are relevant to the scope of their individual duties and responsibilities.

(viii) Low staff turnover

Since the Group commenced business in 1991, the management has maintained a good rapport with the staff. Staff turnover has been low. This is attributable to the good employer-employee relationship as well as a challenging and fulfilling working environment.

However, staff numbers at the Group have been kept at an optimum level over the years. This has enabled the Group to manage projects efficiently and effectively.

VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP (Cont'd)

2. FUTURE PLANS OF THE GROUP

The TSR Group intends to establish itself as one of the major players in the construction sector in the next five years. Its past track record indicates that the Group is capable of future growth. The current projects provide the Group with the potential and scope for its continuing participation in the construction sector. However, the Group does not intend to restrict itself to the on-going projects and intends to seek further opportunities in more diverse locality and scope. Some of the Group's future plans are as follows:-

(i) In Construction

The TSR Group plans to focus on enhancing and building its D&B team to meet the increasing demand for more complex and sophisticated building designs. The Group's involvement in D&B projects would also allow it to increase its profits in the future as such projects are typically more lucrative.

The TSR Group also intends to undertake "Deferred Payment Projects" on a D&B basis. These large scale government projects are characterised by their relatively high profit margins and involve significant financing as payments are received only upon completion of the projects. With a proven track record, low gearing and continuing support from its financiers, the TSR Group will be able to undertake these large scale projects and will help the TSR Group fulfill its aim to further establish itself as an adept and proficient contractor.

(ii) In Geotechnical Engineering

TGEO plans to widen its services in geotechnical engineering in the areas of soil exploration and treatment, slope surface protection and sub-surface drainage installation where the market prospect is thought to be promising.

TGEO intends to use the Dynamic Replacement ("DR") as an alternative to piles in selective adverse soil condition. This will provide time-saving and sound foundation system. The DR technique will provide the necessary "reinforcement" for the soft compressible soil to speed the rate of settlement. This is expected to shorten the settlement period to between six (6) to nine (9) weeks as compared with the conventional methods which may take three (3) to five (5) months.

In addition, the techniques employed by TGEO are as follows:-

- (a) Vibro-Floatation Densification ("VFD") for improvement of loose granular and generally non-cohesive soils such as swamps and flood-prone areas;
- (b) Vibro Displacement Densification ("VDD") for improvement of mixed granular and cohesive soils such as padi fields; and
- (c) PVD technique is used on swampy land to speed up the rate of settlement.

(iii) In the Manufacturing of Concrete Products

TSRCP plans to produce precast prestressed hollow beams and core slabs flooring system at its Gurun plant. This system is an improvement from the slow and tedious conventional construction method and is suitable for stadiums as well as buildings. As they are cast in the factory, quality control can be efficiently monitored and can be cut to fit customer's requirements, thereby reducing the duration of construction and hence, allows cost savings to the customers.

TSRCP sees a growing demand for bridge beams for the replacement of ageing bridges throughout Malaysia. Hence, it has also started casting bridge beams consisting of pre-stressed hollow slab beams and pre-stressed hollow edge beams in accordance with JKR's requirements.

VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP (Cont'd)

With such diversification, the TSR Group believes that it will be able to achieve further synergy, construction efficiency, cost savings and integration of its operations that would contribute positively to the TSR Group's future revenue. These products will also be sold to outside parties and will provide a steady stream of income to the TSR Group.

(iv) In Property Development

The TSR Group intends to diversify downstream into property development in the future. Since it has the expertise and experience to construct buildings, infrastructure works, the Group is well equipped to diversify into property development which will provide a better and more stable income.

The TSR Group has the intention to jointly develop certain proposed property developments in Kedah Darul Aman with PKB. The TSR Group, via TSRB, had entered into three (3) Memorandums of Understanding on 23 January 2002 to jointly develop several parcels of land in Kedah Darul Aman. Details of the planned developments are disclosed below. The developments will be undertaken on a joint-venture basis where the TSR Group will provide its expertise in the design, construction and implementation of the proposed developments and PKB will provide its land for the developments. The management favour these projects as there is no initial fixed cost to be incurred by the Group as the land will be provided by PKB.

The proposed property developments with PKB which are still subject to the approvals of the relevant authorities are as follows:-

(a) *Proposed mixed developments on Lot PT Nos. 2989, 2990, 2991 and 2992 at Bukit Kachi, Mukim Temin, District of Kubang Pasu, Kedah Darul Aman.*

The total land area of the proposed mixed development is approximately 149.4 acres. The land is owned by PKB and is strategically located next to UUM about 8 km from the North-South Highway and near the Sungai Padang Pelanduk forest reserve. This proposed mixed development will consist of 5-storey walk-up apartments, medium-cost apartments, terraced houses, bungalow lots, commercial shophouses, a hotel and a chalet. The total estimated value of the development is RM127.0 million and is scheduled to be completed within eight (8) years of commencement.

The development will be built around the pristine surroundings, thereby minimising any destruction of natural surroundings.

(b) *Proposed mixed developments on Lot 5595 Mukim Gurun, District of Kuala Muda, Kedah.*

The land is approximately 65.5 acres in size, of which 10 acres have been allocated for TSRCP's concrete plant. The planned development comprises factories, double-storey shop offices, 5-storey apartments and medium-cost terrace houses. The estimated value of the whole development is approximately RM53.0 million. The project will be developed in phases to be completed within five (5) years of commencement.

VII. PROSPECTS AND FUTURE PLANS OF THE TSR GROUP (Cont'd)

- (c) *Proposed commercial development on Lots 603, 605 and 607 Mukim Kuala Kedah, District of Kota Setar, Kedah Darul Aman.*

The proposed development has a land size of 1.134 acres and is located approximately 10 km from Alor Setar, along the road from Kuala Kedah to Alor Setar. It is also situated near the Kuala Kedah Jetty, one of the gateways to Pulau Langkawi. TSR proposes to build a four (4)-storey building and 8 units of double-storey shophouses. The total estimated value of the development is RM5.0 million and is expected to be completed within two (2) years of commencement.

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VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS

1. DIRECTORS

1.1 Particulars of Shareholdings

The Directors of TSR, all of whom are Malaysian, and their shareholdings in the Company, before and after the Public Issue and Restricted Issue, are as follows:-

Name	Before the Public Issue and Restricted Issue				After the Public Issue and Restricted Issue			
	<-----Direct ----->		<---Indirect --->		<-----Direct ----->		<---Indirect --->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Yaakob bin Hj. Mohammad	-	-	-	-	-	-	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	^{*i} 18,532,000	41.46	-	-	-	-	^{*ii} 31,978,000	49.97
Rahaimi bin Abdul Rahman	^{*i} 13,446,000	30.08	-	-	-	-	^{*ii} 31,978,000	49.97
Tan Chin Siong	9,672,000	21.64	-	-	9,672,000	15.11	-	-
Tuan Haji Ibrahim bin Hamzah	-	-	-	-	-	-	-	-
Tan En Chong	-	-	-	-	-	-	-	-

Notes:-

^{*i} The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.

^{*ii} Deemed interest via their substantial shareholdings in Segi.

1.2 The profiles of the Directors of TSR are as follows:-

Datuk Yaakob bin Hj. Mohammad, aged 51, is the Chairman of TSR. Datuk Yaakob was appointed to the Board of TSR on 2 November 2001. He holds a Bachelor of Arts (Hons) degree and Masters in Public Administration from the University of South California, USA. He is active in the Malaysian political scene and has vast experience in treasury administration, human resources, and land development. He began his career in 1974 with the Department of Public Service Commission.

During his distinguished career, he held various positions in government service, such as the Director of the Education Ministry in Indonesia for the Malaysian Embassy, Deputy Director in the Department of Land & Mines for Wilayah Persekutuan and Assistant Commissioner in the Public Service Department. His last position was as Director of the Department of Transport (JPJ), Wilayah Persekutuan from 1988 until 1995 when he retired from government service. He was previously the Executive Secretary for UMNO Malaysia from 1987 to 1997. Currently, he is the Executive Secretary for the Barisan Nasional party as well as the Chairman and Treasurer of the Welfare Bureau for the UMNO Division in Alor Star, Kedah Darul Aman.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS
(Cont'd)

Y. M. Tengku Datuk Mustapha bin Tengku Mohamed, aged 66, is the Managing Director of TSR. He was appointed to the Board of TSR on 27 April 2001. He holds a Master Degree in Public Administration from University of California at Los Angeles. Y. M. Tengku Datuk Mustapha began his public service career in 1965 as the Assistant State Secretary for Negeri Sembilan Darul Khusus. In 1970, he was appointed the District Officer of Tampin, Negeri Sembilan Darul Khusus. Two (2) years later, he was made the Deputy Secretary in the Prime Minister's Department of Majlis Keselamatan Negara. Being a well-known public figure, he was made the Grand Chamberlain to the Yang Dipertuan Agong from 1980 until 1989. In 1990, he became Protocol Adviser to the Sultan of Brunei and was appointed Executive Director to Amedeo Jerudong Park in Brunei Darulsalam, a company engaged in property development and operations of a theme park in Bandar Seri Begawan. In 1998, he returned to Malaysia and was appointed the Project Consultant for the Brunei Investment Agency until 1999, when he was appointed the Managing Director of TSRB.

Rahaimi bin Abdul Rahman, aged 26, is the Project Director of TSR. He was appointed to the Board of TSR on 27 April 2001. He started his career at an early age upon completing his Sijil Pelajaran Malaysia. In 1994, he joined Limbongan Setia Corporation Sdn. Bhd. as Site Clerk. He was subsequently promoted to Site Supervisor in 1995. In November 1995, he was appointed to the Board of TSRB and is currently involved in the day-to-day running of the company. Rahaimi bin Abdul Rahman is the nephew of Tengku Datuk Mustapha bin Tengku Mohamed.

Tan Chin Siong, aged 48, is Executive Director of TSR. He was appointed to the Board of TSR on 27 April 2001. He is an Associate Member of the Institute of Civil Engineers, United Kingdom and a Graduate Member of the Institute of Engineers. He holds a Bachelor of Science in Civil Engineering (Hons) degree from the University of Wales, United Kingdom. Mr. Tan has diverse experience in the civil and geotechnical fields. He began his career in 1982 with Ang Yoke Lian Construction Sdn. Bhd. ("AYL"), a company engaged in civil engineering works. In 1986, he joined Marine Municipal Water Council, California, USA, a Government agency involved in water supply as Project Engineer. During his years in the USA, he was involved in the construction of station and water treatment processes. Upon returning to Malaysia in 1988, he joined Jurutera Perunding Bersama, an engineering consultancy firm, as Resident Engineer and then rejoined AYL in 1989 as Project Manager. Thereafter, he became Director of TAA Piling and Geotechnical Sdn. Bhd. from 1995 to 1998. He then joined TSRB in 1998 as Director. His functions include supervising the geotechnical activities of the Group.

Tuan Haji Ibrahim bin Hamzah, aged 52, is an Independent Non-Executive Director of TSR and was appointed to the Board of TSR on 2 November 2001. He graduated from Universiti Malaya with a Bachelor of Economics degree in 1971 and also holds a Master in Economics from Universiti Kebangsaan Malaysia. Immediately after his graduation from his bachelor's degree in 1971, he was employed in government service until 1993.

In 1993, he became a Director of Latexx Partners Berhad, a company listed on the KLSE. Presently, he is also a consultant and adviser to several companies. He was an Executive Director of Putera Capital Berhad from 1993 until 1996.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

Tan En Chong, aged 52, is an Independent Non-Executive Director of TSR. He was appointed to the Board of TSR on 2 November 2001. He is a Fellow of the Certified Chartered Accountants (London), a member of the Malaysian Institute of Accountants ("MIA") and holds a Bachelor of Science (Hons) degree from Royal Holloway College, University of London, United Kingdom. Upon graduation, he joined CHUBB Fire Security (UK) as Financial Assistant in 1976. He later obtained his registered accountants status with the MIA in 1980. He has served in various positions in construction, manufacturing, trading and property development companies.

Since 1992, he has been Financial Director of Skim Daya Properties Sdn. Bhd. and TM Industrial Plastic Sdn. Bhd..

- 1.2 Save as disclosed below, none of the Directors of TSR have any previous or existing directorships or major shareholdings in other public companies for the two (2) years preceding the date of this Prospectus.

Name of Director	Name of company	Date appointed	Total no. of shares held	Principal activities
Tuan Haji Ibrahim bin Hamzah	Latexx Partners Berhad	1993	4,000	Manufacturing and sale of examination gloves

- 1.3 The aggregate remuneration paid to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities for the financial year ended 31 December 2000 amounted to RM198,500. The amount payable to the Directors of the Company for services rendered to the Company and its subsidiaries in all capacities for cash for the two (2) financial years ended/ending 31 December 2002 is estimated at RM350,000 per annum.

The number of Directors in the various remuneration bands are set out below:-

	Financial years ended/ending								
	<----- 31 December 2000 ----->			<----- 31 December 2001----->			< ---- 31 December 2002----->		
	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total	Executive Directors	Non-Executive Directors	Total
RM100,000 – RM200,000	1	-	1	1	-	1	1	-	1
Below RM100,000	2	-	2	2	3	5	2	3	5

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

2. AUDIT COMMITTEE

The composition of the Audit Committee is as follows:-

Name	Responsibility	Directorship
Tuan Haji Ibrahim bin Hamzah	Chairman of the Committee	Independent Non-Executive
Tengku Datuk Mustapha bin Tengku Mohamed	Member of the Committee	Managing Director
Tan En Chong	Member of the Committee	Independent Non-Executive

3. KEY MANAGEMENT AND KEY TECHNICAL PERSONNEL

3.1 Profiles of key management and key technical personnel

The profiles of the key management and key technical personnel of the TSR Group are as follows:-

Tee Cheong Yau, aged 43, is Deputy Chief Executive Officer of the TSR Group. He is a graduate builder from Kolej Tuanku Abdul Rahman. Upon graduation in 1982, he joined a construction company, Pembinaan Junik Sdn. Bhd., as Project Co-ordinator-cum-Quantity Surveyor. In 1987, he joined Metrobuilt Construction Sdn. Bhd., a general construction company, as Quantity Surveyor. In 1992, he was attached to Kien Sinar Sdn. Bhd., a construction and civil engineering company, as Senior Contracts Executive for one (1) year. In May 1993, he joined Pembinaan Tasja Sdn. Bhd., a Class "A" civil & engineering and building contractor as Contracts Manager. He was involved in various JKR projects and was promoted to General Manager. In 1998, he joined TSRB as General Manager and was subsequently appointed to his current position in 1999.

Mohd Rosli bin Ismail, aged 50, is General Manager of the Project Department of TSRB. He oversees the running of various projects with special emphasis on D&B projects. He is also a Director of TSRU, a subsidiary of TSRB. A holder of the Diploma in Civil Engineering from Universiti Teknologi Malaysia, he has extensive experience in banking, project and real estate development and he was instrumental in the negotiations and procurement of the D&B work of the Group's prison project in Kluang, Johor Darul Takzim. His earlier engagements from 1974 to 1983 were with the Ministry of Transport, Messrs. Wilbur Smith and Associates Consulting Engineers and Highway Planners, Loong Shin Mining Consultant and SYS Corporation Sdn. Bhd., a property development company. He joined TSRB in 1996 as Assistant General Manager and was promoted to his current position in 1998.

Mazidi bin Ngah, aged 34, is presently the Assistant General Manager of TSRB. He graduated from the University of Salford, United Kingdom with a Bachelor of Science in Quantity Surveying and Constructions Economics degree in 1990. He had one (1) year of industrial training with Metropolitan Borough of Stockport, England, before commencing his career in Quantity Surveying with Seri Terukon Sdn. Bhd. in Kuala Terengganu in August 1990. He then joined Pembinaan Limbongan Setia Sdn. Bhd., a civil engineering company, where he held the position of Senior Quantity Surveyor until 1994. Subsequently, he joined TSRB in 1995 as Contracts Manager before being promoted to Senior Contracts Manager in October 1995. He was subsequently promoted to his present position in 2000.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS
(Cont'd)

Ng Wu Sin, aged 48, is the Assistant General Manager for TGEO. A Fellow of the Institute of Engineers and a Member of the Malaysian Institute of Management, he graduated with a Bachelor in Engineering (Civil) degree and a Members in Engineering (Civil) from University of Auckland, New Zealand in 1978. Upon graduation, he joined JKR as a Civil Engineer in the Highway Planning Unit until 1980. He then became Project Manager in MAA-SK Sdn. Bhd. from 1980 until 1985. He later had a short stint in PT Tjiriadharma, Indonesia as Project Manager in 1995 before becoming Executive Vice-President at Philippines Starch Industrial Corporation from 1987 to 1991. From 1992 until 1999, he held various senior positions with several large companies namely Perspec-prime (M) Sdn. Bhd., Perspec-Taisei-Kajima-Shimizu-Hazama Consortium, Zublin (M) Sdn. Bhd. and FACB Construction Sdn. Bhd., before joining TGEO in 2001.

Liew Ming Mei, aged 39, is the Corporate Planning Manager of TSRB. She obtained a Bachelor of Commerce in Accounting, Finance & Systems degree from the University of New South Wales, Australia in 1985 and is a Member of the Certified Public Accountants of Australia. Upon graduation, she was attached to Messrs. Foo, Kon & Tan in Singapore from 1986 to 1990. Prior to joining TSRB, she joined PNSB Acmar Sdn. Bhd., a property development company, where she served as the Business Planning Manager from 1992 to 1997. In 1998, she joined TSRB where she oversees the corporate matters of the Group.

Sulaiman bin Hasim, aged 36, is the Senior Project Manager of TSRB. He is a Graduate Member of the Board of Engineers, Malaysia and the Institute of Engineers, Malaysia. He graduated with a Bachelor in Civil Engineering degree from Institut Teknologi MARA in 1995. He began his career in 1986 with Majlis Daerah Kulim, Kedah Darul Aman as a Technical Assistant before being attached to the Department of Irrigation and Drainage, Kuala Lumpur from 1989 until 1994. In May 1994, he joined the Urban Development Authority as Trainee. Upon obtaining his degree in 1995, he joined Imatex Bhd. (a subsidiary of DRB-Hicom Berhad) as Assistant Manager for the Construction Division. He managed the construction and completion of Phase 1 of the Modenas Factory in Gurun, Kedah Darul Aman, Puspakom Centres in Banting, Seremban, Melaka and Kluang, condominiums and shopping complexes. He joined TSRB in 1999 as Project Manager and was later promoted to Senior Project Manager in 2000.

Che Oum bte Mohd Ali, aged 37, is the Senior Quantity Surveyor of TSRB. After graduating from the Federal Institute of Technology with a Diploma in Quantity Surveying in 1986, she began her career as an Assistant Quantity Surveyor with Sumuremas Works & Trading Sdn. Bhd., a building contractor, where she was attached to from 1986 until 1991. In 1991, she joined Bina Puri Sdn. Bhd., a building and civil engineering company, as Assistant Quantity Surveyor and was later promoted to Quantity Surveyor. In 1994, she joined Pembinaan Limbongan Setia Sdn. Bhd., a civil engineering company, as Quantity Surveyor until 1995 when she joined TSRB.

Chua Kim Biow, aged 49, was appointed as Contracts Manager in April 2001. He holds a Bachelor of Engineering (Hons) in Civil Engineering degree from Universiti Malaya. He began his career as Site Engineer with JKR in 1979. In 1982, he joined Taisei Corporation Sdn. Bhd.. He then joined Kemas Construction Sdn. Bhd. in 1991 as Project Manager. From 1996 to 2001, he was attached to Noble Construction Sdn. Bhd. as Senior Project Manager before joining TSRB.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

Hamizan bin Hambali, aged 26, joined TSRB as Project Engineer in 1999. Before he obtained a Bachelor of Engineering (Hons) in Civil Engineering degree from Universiti Teknologi Malaysia in 1998, he underwent industrial training with Tam Building Construction in 1997. Upon graduation, he joined Pembinaan Sisme Sdn. Bhd. as Project Engineer and has been involved in the co-ordination of technical and management work for the proposed construction and completion of Dataran Bandar Penawar, Kota Tinggi, Johor Darul Takzim for Kemajuan Johor Tenggara (KEJORA).

Ng Kim Keong, aged 29, is Senior Accountant of TSRB. He graduated from Universiti Malaya with a Bachelor of Accountancy (Hons) degree in 1997. After graduating, he was attached to Messrs. KPMG, a firm of accountants, for a period of three (3) years. Thereafter, he joined Infra Segi Sdn. Bhd., a construction and building company, as Assistant Finance Manager in February 2000. Subsequently, he joined TSRB as Senior Accountant in June 2001 where he oversees the project financing, reporting and other financial matters of the Group.

- 3.2 Save as disclosed below and on the assumption that they subscribe to their allocation of Public Issue Shares reserved for eligible employees of the TSR Group, none of the key management and key technical personnel of the TSR Group has any direct or indirect interest in the Company:-

Name	Designation	Shareholdings after the <----Public Issue and Restricted Issue---->			
		<-----Direct----->		<-----Indirect----->	
		No. of Shares held	%	No. of Shares held	%
Key Management Personnel					
Tee Cheong Yau	Deputy Chief Executive Officer of TSRB	10,000	0.02	-	-
Mohd Sukor Rosli bin Ismail	General Manager of TSRB	10,000	0.02	-	-
Mazidi bin Ngah	Assistant General Manager of TSRB	10,000	0.02	-	-
Ng Wu Sin	Assistant General Manager of TGEO	8,000	0.01	-	-
Liew Ming Mei	Corporate Planning Manager of TSRB	10,000	0.02	-	-
Key Technical Personnel					
Sulaiman bin Hasim	Senior Project Manager of TSRB	8,000	0.01	-	-
Che Oum bte Mohd Ali	Senior Quantity Surveyor of TSRB	9,000	0.01	-	-
Hamizan bin Hambali	Project Manager of TSRB	7,000	0.01	-	-
Chua Kim Biow	Contracts Manager of TSRB	5,000	0.01	-	-
Ng Kim Keong	Senior Accountant of TSRB	10,000	0.02	-	-

- 3.3 No Director, key management personnel or person nominated to become a Director or key management personnel is or was involved in the following events:-

- A petition under any bankruptcy laws or insolvency laws which was filed against such person or any partnership in which he is or was a partner or any corporation of which he is or was a director or key management;
- Conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; and

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

- (c) The subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or governmental body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

- 3.4 None of the Directors have any existing or proposed service contracts with TSR or its subsidiaries, excluding contracts expiring or terminable by the employing company without payment or compensation (other than statutory compensation) within two (2) years from the date of this Prospectus.

4. RELATIONSHIPS AND ASSOCIATIONS

Save for Rahaimi bin Abdul Rahman who is a nephew of Tengku Datuk Mustapha bin Tengku Mohamed, there are no relationships or associations between the major shareholders, promoters, Directors, key management or key technical personnel of the TSR Group.

5. MAJOR SHAREHOLDERS

- 5.1 The major shareholders of TSR together with their respective shareholdings in the Company are as follows:-

As at 15 January 2002

Name	Nationality/ country of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of Shares held	%	No. of Shares held	%
Segi	Malaysia	-	-	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	Malaysian	18,532,000	41.46	-	-
Rahaimi bin Abdul Rahman	Malaysian	13,446,000	30.08	-	-
Tan Chin Siong	Malaysian	9,672,000	21.64	-	-

After the Public Issue and Restricted Issue

Name	Nationality/ country of incorporation	<-----Direct----->		<-----Indirect----->	
		No. of Shares held	%	No. of Shares held	%
Segi	Malaysia	*i31,978,000	49.97	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	Malaysian	-	-	*ii31,978,000	49.97
Rahaimi bin Abdul Rahman	Malaysian	-	-	*ii31,978,000	49.97
Tan Chin Siong	Malaysian	9,672,000	15.11	-	-
PKB	Malaysia	6,000,000	9.38	-	-

Notes:-

*i The new Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Encik Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.

*ii Deemed interest via their substantial shareholdings in Segi.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

- 5.2 The profiles of Tengku Datuk Mustapha bin Tengku Mohamed, Rahaimi bin Abdul Rahman and Tan Chin Siong are set out in Section VIII(1) of this Prospectus. The profiles of Segi and PKB are as follows-

Profile of Segi

Segi was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 9 August 2001. Segi is principally an investment holding company. The authorised share capital of Segi is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of Segi is RM100 comprising 100 ordinary shares of RM1.00 each. The details of the Directors and major shareholders of Segi as at 15 January 2002 are as follows:-

Name	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Tengku Datuk Mustapha bin Tengku Mohamed	58	58	-	-
Encik Rahaimi bin Abdul Rahman	42	42	-	-

Segi does not have any major shareholdings in other public companies since its incorporation on 9 August 2001.

Upon completion of the transfer to Segi of the 18,532 Shares and 13,446,000 Shares belonging to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman respectively, the voting power of the said Shares would essentially be transferred to Segi. Nevertheless, as the only two (2) shareholders of Segi, Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman would retain their interest in TSR through Segi

Profile of PKB

PKB was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 20 January 1994. PKB is principally an investment holding company. The authorised share capital of PKB is RM10,000,000 comprising of 10,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of PKB is RM2,500,003 comprising 2,500,003 ordinary shares of RM1.00 each.

The details of the shareholders of PKB as at 15 January 2002 are as follows:-

Name	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Menteri Besar, Kedah Darul Aman	2,500,003	100.0	-	-
Kerajaan Negeri Kedah Darul Aman	-	-	2,500,003	*100.0

Note:-

* Deemed interest by virtue of its control over Perbadanan Menteri Besar, Kedah Darul Aman.

PKB does not have any major shareholdings in other public companies for the two (2) years preceding the date of this Prospectus.

VIII. INFORMATION ON DIRECTORS, KEY MANAGEMENT AND MAJOR SHAREHOLDERS (Cont'd)

The Directors of PKB as at 15 January 2002 are as follows:-

Name	<-----Direct----->		<-----Indirect----->	
	No. of shares held	%	No. of shares held	%
Dato' Seri Syed Razak bin Syed Zain	-	-	-	-
Dato' Haji Ismail bin Haji Shafie	-	-	-	-
Dato' Haji Syed Zain bin Syed Abdullah	-	-	-	-
Dato' Haji Mohd. Fuad bin Haji Ahmad	-	-	-	-
Dato' Haji Mat Rejab bin Kassim	-	-	-	-
Dato' Haji Ghazali bin Ibrahim	-	-	-	-
Ahmad bin Sudin	-	-	-	-
Datuk Yaakob bin Haji Mohammad	-	-	-	-

5.3 None of the promoters of TSR have any previous or existing directorship or major shareholdings in other public companies for the past two (2) years preceding the date of this Prospectus.

5.4 Save for the changes in the shareholdings pursuant to the Acquisitions as set out in Section VI(2) of this Prospectus, there are no significant changes in the major shareholders/promoters of TSR since its incorporation on 7 March 2001. The changes in the shareholdings of the major shareholders of TSR since the date of incorporation of TSR are as follows:-

Name	<-----As at 7 March 2001----->				<-----As at 13 April 2001----->				<-----As at 15 January 2002----->			
	<-----Direct----->		<---Indirect--->		<-----Direct----->		<---Indirect--->		<-----Direct----->		<---Indirect--->	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%
Ooi Poh Foong	1	50	-	-	-	-	-	-	-	-	-	-
Sam Chin Heng	1	50	-	-	-	-	-	-	-	-	-	-
Siti Fatimah binti Mohd. Zuki	-	-	-	-	299,999	99.70	-	-	299,999	0.67	-	-
Mohamad Shamsul Kamal bin Saidon	-	-	-	-	1	0.30	-	-	1	*	-	-
Tengku Datuk Mustapha bin Tengku Mohamed	-	-	-	-	-	-	-	-	18,532,000	41.46	-	-
Rahaimi bin Abdul Rahman	-	-	-	-	-	-	-	-	13,446,000	30.08	-	-
Tan Chin Siong	-	-	-	-	-	-	-	-	9,672,000	21.64	-	-
Suhana binti Abdul Wahab	-	-	-	-	-	-	-	-	2,750,000	6.15	-	-

Note:-

* Negligible.

6. PROMOTERS

Tengku Datuk Mustapha bin Tengku Mohamed, Rahaimi bin Abdul Rahman and Tan Chin Siong are the promoters of the TSR Group. Their profiles are set out in Section VIII(1) of this Prospectus.

IX. APPROVALS AND CONDITIONS

In conjunction with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of TSR on the Main Board of the KLSE, the Company undertook a restructuring exercise as discussed in Section VI(2) of this Prospectus, which was approved by the SC on 5 October 2001, 7 February 2002 and 14 February 2002, FIC on 20 June 2001 and MITI on 8 August 2001. The conditions set down by the SC, FIC and MITI in their approvals of the restructuring exercise and the listing of TSR on the Main Board of the KLSE are as follows:-

Authorities	Date of approval	Conditions imposed	Status of compliance
SC	5.10.2001	(i) TSR has to inform the SC of the issue price of the Public Issue Shares and Restricted Issue Shares once finalised and any variation to the utilisation of the proceeds raised therefrom.	Met.
		(ii) TSR should not be involved in any business that is not related to its core business within a period of three (3) years from the date of listing of TSR on the KLSE.	To be complied.
		(iii) The promoters and major shareholders of TSR are not allowed to be involved in new businesses which will conflict with the business interest of the TSR Group. The promoters and Directors of TSR shall disclose their involvement in businesses which are similar or competing with the Group TSR in the Company's prospectus.	Met.
		(iv) The promoters/substantial shareholders of TSR will not be allowed to sell, transfer or assign their shareholdings amounting to forty-five percent (45%) of the enlarged issued and paid-up capital of TSR within one (1) year from the date of admission of TSR to the Official List of the Main Board of KLSE. Thereafter, in every subsequent year, each of the promoters/substantial shareholders is permitted to sell, transfer or assign only up to a maximum of one-third (1/3) per annum, on a straight-line basis, of their respective shareholdings in TSR which are under moratorium.	Met. Please refer below.
		(v) The registration of the Company's Prospectus shall only be made after 18 November 2001.	Met.
		(vi) TSR has to submit a valuation report on the corporate office which it proposes to acquire with part of the proceeds from the Public Issue and Restricted Issue to the SC.	Met.
		(vi) TSR has to fully comply with the requirements of the SC's Policies and Guidelines for the Issue and Offer of Securities.	Met.

IX. APPROVALS AND CONDITIONS (Samb)

Authorities	Date of approval	Conditions imposed	Status of compliance
SC	7.2.2002	(i) The placement of 10,000,000 new Shares forming part of the Public Issue ("Placement Shares") must be carried out through an independent placement agent who is required to identify and nominate the placees for the said shares.	Met.
		(ii) At least 30% of the Placement Shares should, where possible, be placed to Bumiputera investors.	Met.
		(iii) The Company's adviser or placement agent, where applicable, is required to provide the details of the placees for the Placement Shares together with written confirmation that the placement complies with the SC's Guidelines on Issue/Offer of Securities once the exercise is completed.	To be complied.
	14.2.2002	In respect of the transfer to Segi of the 18,532,000 Shares and 13,446,000 Shares originally allotted to Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman pursuant to the Acquisitions, the SC had imposed the following conditions to their approval of the said transfer:-	
		(i) Segi is required to give a letter of undertaking to the MCD (a copy of which is to be provided to the SC) stating the following:-	}
			}
			}
		• The beneficial shareholders of Segi to which the moratorium was applicable, namely Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, will not change during the course of the moratorium (please refer below for further details on the moratorium);	}Met.
			}
		• Any sale, transfer or surrender of Shares held by Segi (apart from Shares which are no longer held under moratorium) would require the prior written consent of the SC	}
		(ii) A moratorium will be imposed on the sale, transfer or surrender of Shares held by Segi for at least one (1) year from the date of Listing. Thereafter, in every subsequent year, Segi is permitted to sell, transfer or assign only up to a maximum of one-third (1/3) per annum, on a straight-line basis, of its shareholding in TSR which are under moratorium	Met.
		(iii) The shareholders of Segi are required to provide written undertakings to the SC that they will only sell, transfer or surrender their shares in Segi in the manner stated in (ii) above	Met.

IX. APPROVALS AND CONDITIONS (Samb)

Authorities	Date of approval	Conditions imposed	Status of compliance
FIC	20.6.2001	(i) TSR shall have at least 51% direct Bumiputera equity interest when the Company is listed on the KLSE.	To be complied.
		(ii) The approval of the MITI is obtained.	Met.
MITI	8.8.2001	(i) The approval of the SC is obtained.	Met.
		(ii) The approval of the FIC is obtained.	Met.
		(iii) 51% of the issued and paid-up share capital of TSR held by Bumiputera shareholders shall not be sold or transferred without the prior written consent from the MITI.	Met.

Moratorium on Sale of Shares

It is a condition of the SC's approval of the Listing, as stated in its letter dated 5 October 2001, that the promoters/substantial shareholders of TSR will not be allowed to sell, transfer or assign their shareholdings amounting to forty-five percent (45%) of the enlarged issued and paid-up capital in TSR within one (1) year from the date of admission of TSR to the Official List of the Main Board of KLSE.

Thereafter, in every subsequent year, each of the promoters/substantial shareholders is permitted to sell, transfer or assign only up to a maximum of one-third (1/3) per annum, on a straight-line basis, of their respective shareholding in TSR which are under moratorium.

The following existing promoters/substantial shareholders of TSR who are subjected to the moratorium as imposed by the KLSE are as follows:-

Name	TSR Shares held after the Public Issue and Restricted Issue		TSR Shares under moratorium	
	No. of Shares held	%	No. of Shares held	%
Segi	*31,978,000	49.97	22,112,000	34.55
Tan Chin Siong	9,672,000	15.11	6,688,000	10.45
Total	41,650,000	65.08	28,800,000	45.00

Note:-

* *Of the 31,978,000 Shares, 18,532,000 Shares had been issued to Tengku Datuk Mustapha bin Tengku Mohamed and 13,446,000 Shares had been issued to Rahaimi bin Abdul Rahman pursuant to the Acquisitions. As at the date of this Prospectus, they are still the registered holders of the said Shares. However, the Shares are expected to be transferred to Segi, a family investment holding company owned by Tengku Datuk Mustapha bin Tengku Mohamed and Rahaimi bin Abdul Rahman, prior to the listing of the Company on the Main Board of the KLSE. With the transfer of their Shares to Segi, the moratorium on the disposal of the Company's shares will also be transferred to Segi. The SC had granted as approval for the proposed transfer on 14 February 2002 the conditions of which are stated above. Information on Segi is disclosed in Section VIII(5.2) of this Prospectus.*

The restriction, which is fully accepted by Segi and Tan Ching Siong, is specifically endorsed on the share certificates representing their shareholdings in TSR which are under moratorium to ensure that the trading of these Shares are not allowed in compliance with the restriction imposed by the SC.

The remarks to be endorsed on these share certificates are as follows:-

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

IX. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

1. None of the Directors or substantial shareholders of TSR and its subsidiaries have any interest, direct or indirect, in any business carrying on a similar trade as the Company or its subsidiaries which are not quoted on a recognised exchange.
2. Save as disclosed below, there are no transactions, existing or potential, entered or to be entered by TSR or its subsidiaries, which involve the interest, direct or indirect, of Directors, major shareholders and/or persons connected with such Directors or major shareholders as defined under Section 122A of the Companies Act, 1965.

Upon completion of the Listing exercise, PKB is expected to be a 9.38% shareholder of TSR. Together with PKB, TSR has set up a joint-venture company, namely TSRCPK, to supply concrete products from its plant in Gurun to various projects within Kedah Darul Aman which involve the State Government of Kedah, its associates or subsidiaries. Further details on TSRCPK are disclosed in Section VI(4.6) of this Prospectus. In future, the Group also intends to jointly-develop several parcels of land with PKB in Kedah Darul Aman, details of which are disclosed in Section VII(2) of this Prospectus.

3. There is no potential interest and/or conflict of interest between the Group and its Adviser and Managing Underwriter, Auditors and Reporting Accountants and Solicitors as set out in Section I of this Prospectus.

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XI. LICENCES AND PERMITS

TSRB possesses a full range of registrations, licences and permits which allow them to bid for projects of unlimited size and amount. The licenses and permits which have been obtained by TSRB from the government and private sector which are still applicable as at the date of this Prospectus are as follows:-

Authority/ Company	Date issued	Licence/ Registration No.	Type of business approved	Equity imposed	Conditions	Status	Validity Period
CIDB	25/6/99	1960918 – SL006117	No expressed limit as to tendering capacity } } Building Construction – general buildings and maintenance } } Civil Engineering – road and pavement construction, general civil engineering works }	None		N/A	18/9/99- 17/9/02
Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development	23/8/01	1001A95 0211	Class "A" Bumiputera Contractor }		At least 51% of the shareholdings must be owned by Bumiputera individuals. } At least 51% of the Directors are Bumiputera individuals. } At least 51% of the employees are Bumiputera individuals. } Chief Executive, Executive Director and key positions are held by Bumiputera individuals. } Financial management is controlled by Bumiputera individuals. } Organisation structure and management shows that Bumiputeras are in control.	Met. Met. Met. Met. Met.	25/7/01- 24/7/02
Pusat Khidmat Kontraktor, Ministry of Entrepreneurial Development	23/8/01	1001A95 0211	Civil Engineering Works – general civil engineering works, water retention structure, drainage system, earthworks in relation to irrigation works, channeling of flood prone areas, and hydropower works }		At least 51% of the shareholdings must be owned by Bumiputera individuals.	Met.	25/7/01- 24/7/03

XI. LICENCES AND PERMITS (Cont'd)

			Building Works – } construction work not } including concrete } structures, concrete } structure building not } exceeding 4 storeys, } concrete structure } building exceeding 4 } storeys, steel structure } building } }			
			Mechanical, Sanitary } and Water } Engineering Works– } fixing of pipes and } sanitary machinery }			
			Other Specialist Civil } Engineering Works - } earthworks, pre-cast } concrete piling works, } steel piling works, } wood piling works, } asphalt coating works, } bitumen road surface } works, fixing of water } pipes, pre-cast } reinforced concrete } for drainage purposes }	At least 51% of the } Directors are Bumiputera } individuals.	Met.	
			Forest and Land } Development – } planting and } maintenance of trees } work, replanting and } maintenance of trees } work, art work for }	At least 51% of the } employees are } Bumiputera individuals.	Met.	
Putrajaya Holdings Sdn. Bhd. ("Putrajaya")	7/10/98	CTR-P002	Licence to participate as a contractor in Putrajaya's development projects }	Nil.	N/A	On-going.
Syarikat Perumahan Negara Bhd. ("SPN")	22/2/01	SPNB/1/24 Sj 1(87)	Licence to participate as a contractor in SPN's projects }	Nil.	N/A	On-going.
Malaysia Airports Holdings Bhd. ("MAHB")	27/3/01	74469	Licence to tender for MAHB's construction jobs }	Nil.	N/A	10/3/99-22/3/03
Malaysian Industrial Estates Berhad	1/7/99	ABM7-051	Licensed to undertake:- } (i) Civil Engineering Construction (Category A) } (ii) Building construction (Category B) }	Nil.	N/A	25/5/99-24/5/01

XI. LICENCES AND PERMITS (Cont'd)

Petroliam Nasional Berhad	15/5/00	RHQ-5147	Licensed to provide services/supplies for:- - Concrete building & steel building - Civil engineering & maintenance of major works, road construction/repairs, site clearing, site preparation, earthworks, pilling-onshore, breakwater and marine works	Nil.	N/A	16/5/00-15/5/02
Ministry of Finance	18/7/00	091513	Certified registered contractor for the supply of raw materials, car, heavy machinery, car accessories & heavy machinery, generator cable, conductor & accessories, washing & cleaning services repairs	Nil.	N/A	18/7/00-24/1/02

Save as disclosed above, none of the other subsidiaries of TSR have been granted any licences and permits which are still applicable as at the date of this Prospectus.

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XII. FINANCIAL INFORMATION

1. PROFORMA CONSOLIDATED INCOME STATEMENT

- 1.1 The table below sets out a summary of the proforma consolidated income statement of the TSR Group for the five (5) financial years ended 31 December 2000 and the eight (8) months financial period ended 31 August 2001 prepared based on the assumption that the current structure of the Group has been in existence throughout the period under review. The proforma consolidated income statement should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section XIII of this Prospectus.

	<-----Years ended 31 December----->					8 months ended 31 August 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	RM'000
Turnover	37,864	40,328	*vi53,209	56,165	*viii79,991	67,661
EBIDTA	5,257	8,428	10,339	14,118	21,132	14,367
Interest	(140)	(348)	(386)	(177)	(166)	(72)
Depreciation	(1,368)	(2,148)	(1,775)	(3,516)	(3,858)	(2,289)
PBT	3,749	5,932	8,178	10,425	17,108	12,006
Taxation	(1,125)	(1,867)	(2,214)	-	(5,596)	(4,110)
PAT	2,624	4,065	5,964	10,425	11,512	7,896
MI	-	-	-	-	4	(564)
PAT and MI	2,624	4,065	5,964	*vii 10,425	11,516	7,332
No. of Shares assumed in issue ('000) ^{*i}	44,700	44,700	44,700	44,700	44,700	44,700
Gross EPS (RM) ^{*ii}	0.08	0.13	0.18	0.23	0.38	*iv0.38
Net EPS (RM) ^{*iii}	0.06	0.09	0.13	0.23	0.26	*iv0.25
Fully diluted gross EPS (RM) ^{*v}	0.06	0.09	0.13	0.16	0.27	*iv0.28
Fully diluted net EPS (RM) ^{*v}	0.04	0.06	0.09	0.16	0.18	*iv0.17
Dividend rate (%)	-	-	-	-	-	-

Notes:-

- (i) There were no extraordinary or exceptional items during the period under review.
- *i The number of Shares assumed in issue is based on the issued and paid-up share capital of TSR after the Acquisitions.
- *ii The gross EPS are computed based on PBT but after MI and divided by the number of Shares assumed in issue.
- *iii The net EPS are computed based on PAT and MI divided by the number of Shares assumed in issue.
- *iv Annualised.
- *v Based on TSR's enlarged issued and paid-up share capital of 64,000,000 Shares.
- *vi The significant increase in turnover for 1998 was mainly due to TSRB's significant progress billings made on two (2) contracts with a total contract value of RM51 million of which RM23 million was recognised as income in 1998 and the significant increase in demand for TSRCP's ready mixed concrete.

XII. FINANCIAL INFORMATION (Cont'd)

*vii *PAT and MI for the financial year ended 31 December 1999 increased by 74.8% due to the completion of two (2) contracts which accounted for RM34.0 million of the Group's turnover for the year. In addition, no provision for tax was made on the profit for 1999 as the amount of tax payable was waived in accordance with the provisions of the Income Tax (Amendment) Act, 1999.*

*viii *The substantial increase in turnover in 2000 was mainly due to the completion of a large contract with a contract value of RM40 million of which RM23 million was recognised as income in the financial year. TSRB also commenced work on four (4) new contracts with a total contract value of RM179 million of which RM41 million was recognised as income in 2000. Two (2) of these contracts were also completed in the same year.*

*ix *The effective tax rates for 1997, 1998 and 2000 were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.*

Further details on the Group's historical financial performance are disclosed in Section XIII (7) of this prospectus.

1.2 Segmental analysis

(i) By subsidiaries:-

Year/ period	<-----TSRB----->		<-----TSRCP----->		<-----TGEO----->	
	Revenue RM'000	PBT RM'000	Revenue RM'000	PBT RM'000	Revenue RM'000	PBT RM'000
1996	37,864	3,749	-	-	-	-
1997	38,848	6,218	1,480	(286)	-	-
1998	45,516	5,762	7,693	2,416	-	-
1999	52,071	9,308	3,840	851	254	266
2000	70,648	*i14,862	8,347	1,531	996	715
2001	60,284	*ii10,656	6,688	1,116	689	234
Total	305,231	50,555	28,048	5,628	1,939	1,215

Notes:-

*i *includes administrative cost incurred in respect of TPROP amounting to RM8,000.*

*ii *includes administrative cost incurred in respect of TSR and TPROP amounting to RM3,000 and RM16,000 respectively.*

(ii) By products:-

Turnover	<-----Financial years ended 31 December----->					8 months ended 31 August 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Construction	37,864	38,848	45,516	52,071	70,648	60,284
Manufacturing	-	1,480	7,693	3,840	8,347	6,688
Foundation engineering	-	-	-	254	996	689
Total	37,864	40,328	53,209	56,165	79,991	67,661

PBT	<-----Financial years ended 31 December----->					8 months ended 31 August 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Construction	3,749	6,218	5,762	9,308	14,862	10,656
Manufacturing	-	(286)	2,416	851	1,531	1,116
Foundation engineering	-	-	-	266	715	234
Total	3,749	5,932	8,178	10,425	17,108	12,006

XII. FINANCIAL INFORMATION (Cont'd)

(iii) By geographical location:-

Turnover	<-----Financial years ended 31 December----->					8 months
	1996	1997	1998	1999	2000	ended 31
	RM'000	RM'000	RM'000	RM'000	RM'000	August
Northern Peninsular Malaysia	5,686	12,832	12,500	11,289	-	2001 10,260
Central Peninsular Malaysia	24,901	19,132	32,909	33,678	39,441	13,475
Southern Peninsular Malaysia	5,206	6,289	7,800	10,462	24,532	26,377
East Malaysia	2,071	2,075	-	736	16,018	17,548
Total	37,864	40,328	53,209	56,165	79,991	67,661

1.3 Overview of revenue and profits, including taxation, exceptional items for the past five (5) financial years ended 31 December 2000 and eight (8) months financial period ended 31 August 2001**Financial year ended 31 December 1996**

The turnover for the Group for the financial year ended 31 December 1996 was approximately RM38 million and was derived exclusively from construction work.

The largest contributor to turnover was the project for the construction of a bridge, fly-over superstructure including retaining walls and other ancillary works at middle Ring Road, Project II, Package 9B, Kuala Lumpur. This project, with a total contract value of approximately RM34 million, contributed approximately RM11 million to turnover for the year.

During the year, the Group commenced work on three (3) new projects, with a total contract value of approximately RM27 million, of which approximately RM10 million was recognised as income in the year. Two (2) projects with a total contract value of approximately RM10 million were also completed in the year and contributed approximately RM4 million to turnover.

The turnover and PBT of the Group in 1996 were generally lower than in subsequent years as the proforma group concentrated on smaller projects with lower margins prior to it obtaining its Class "A" Bumiputra Contractors Status.

Financial year ended 31 December 1997

The turnover of the Group for the financial year ended 31 December 1997 increased by approximately RM2 million or 7% compared to 1996.

During the year, the Group commenced work on a new project - the development of a hotel, 19 units of shop-houses, a cultural centre and marine museum (Phase 1A) in Langkawi with a contract value of RM29 million, of which approximately RM5 million was recognised as income for the year. The Group also completed six projects with a total contract value of approximately RM51 million of which approximately RM18 million was recognised as income in 1997.

PBT of the Group improved by approximately RM2 million or 58% compared to 1996. Better margins were achieved due to the completion of the above-mentioned projects.

XII. FINANCIAL INFORMATION (Cont'd)

Financial year ended 31 December 1998

Turnover for the Group increased by approximately RM13 million or 32% from 1997 whilst PBT increased by approximately RM2 million or 38%.

During the year, the Group manufactured large quantities of ready mixed concrete due to the high demand for the product in connection with the construction of campus buildings for Universiti Malaysia Sabah, in Sabah. Manufacturing of ready-mixed concrete contributed approximately RM8 million or 14% of the Group's turnover in 1998.

Construction contributed approximately RM46 million or 86% of the Group's turnover in 1998. During the year, the Group made significant progress billings on two (2) projects with a total contract value of approximately RM51 million, of which approximately RM23 million was recognised as income in 1998.

During the year, the Group secured two (2) new contracts – piling works at KL Sentral and infrastructure works in Mukim Senai, Johor Darul Takzim with a total contract value of approximately RM69 million, of which approximately RM14 million was recognised as income.

Financial year ended 31 December 1999

The turnover and PBT of the Group for the financial year ended 31 December 1999 were approximately RM56 million and RM10 million respectively.

The increase in turnover and PBT was mainly due to the completion of piling works at KL Sentral and the development of hotel, 19 units of shop-houses, a cultural centre and marine museum (Phase 1A) in Langkawi. The total income recognised in respect of these two projects accounted for approximately RM34 million in 1999. Better margins were recorded for the KL Sentral project due to additional variation orders to perform such as additional piling works and related specialty work at KL Sentral.

Financial year ended 31 December 2000

The turnover and PBT of the Group for the financial year ended 31 December 2000 were RM80 million and RM17 million respectively.

The significant increase in turnover and PBT of approximately RM24 million or 42% and RM7 million or 64% respectively from 1999 was mainly due to the completion of the infrastructure works in Mukim Senai, Johor Darul Takzim. The project had a contract value of approximately RM40 million of which RM23 million was recognised as income in the year.

In addition, the Group commenced work on four (4) new projects with a total contract value of RM179 million, of which RM41 million was recognised as income in the year.

The new projects are the construction of a workshop and a three (3)-storey office lot in Shah Alam, Selangor Darul Ehsan (income recognised in 2000 of approximately RM9 million), soil improvement and foundation engineering work at Johor Darul Takzim Technopark, Johor Darul Takzim (RM1 million), design and build 560 units of low cost houses in Sungai Pandan, Pahang Darul Makmur (RM15 million) and construction of the Kota Kinabalu Polytechnic campus in Sabah (RM16 million).

The construction of the workshop and three (3)-storey office lot in Shah Alam and the low cost houses in Sungai Pandan, which commenced during the year were also completed in 2000.

XII. FINANCIAL INFORMATION (Cont'd)

Eight (8) months financial period ended 31 August 2001

The Group achieved a turnover of approximately RM68 million and PBT of RM12 million for the eight (8) months financial period ended 31 August 2001. The Group began work on two (2) large projects, namely the design and construction of a students' off campus hostel at Universiti Utara Malaysia, Sintok, Kedah Darul Aman and the design and construction of a prisons complex in Kluang, Johor Darul Takzim. The contract values of these two (2) new projects are approximately RM100 million and RM224 million respectively. The income recognised from these two (2) projects accounts for approximately RM39 million or 58% of the total turnover for the eight (8) months financial period ended 31 August 2001.

1.4 Directors' Declaration on the Financial Performance of the Group

Save as disclosed in this Prospectus, the financial conditions and operations of the Company and its subsidiaries were not affected by any of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (ii) Material capital expenditure commitments;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

2. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, CAPITAL COMMITMENTS AND MATERIAL LITIGATION**2.1 Working Capital**

The Directors of TSR are of the opinion that, after taking into account the cashflow estimate and forecast of the Group, banking facilities available and the gross proceeds from the Public Issue and Restricted Issue, the Group will have adequate working capital for its present and foreseeable requirements.

2.2 Borrowings

As at 15 January 2002, (being the last practicable date at which such amounts could be calculated prior to the printing of this Prospectus), save for hire purchase creditors totalling approximately RM2.64 million, of which RM1.83 million and RM0.81 million are long-term and short-term in nature respectively, the Group has no short-term or long-term borrowings.

2.3 Contingent Liabilities

As at 15 January 2002 (being the latest practicable date prior to the issue of this Prospectus), the Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the TSR Group.

XII. FINANCIAL INFORMATION (Cont'd)**2.4 Capital Commitments**

As at 15 January 2002 (being the latest practicable date prior to the issue of this Prospectus), save for an amount of RM3.15 million allocated for the purchase of the Group's corporate office and an amount of RM3.50 million allocated for the purchase of construction equipment and machinery, the Directors are not aware of any capital commitments which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Group.

2.5 Material Litigation

Save as disclosed below, neither TSR nor its subsidiaries is engaged in any litigation, either as plaintiff or defendant, which has a material effect on the financial position of TSR or its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of TSR or its subsidiaries.

Hong Leong Finance Berhad, the Plaintiff, has filed summons against TSRB on 15 March 1999 for an amount of RM918,000 based on a factoring agreement between Hong Leong Finance Berhad and Way Soon Construction Sdn. Bhd. ("WCSB").

WCSB, a contractor engaged by TSRB for a construction project, had entered into the factoring agreement with the Plaintiff which would advance money to WCSB against interim certificates issued by TRSB for works done by WCSB. Subsequently, WCSB was unable to carry on the works under the contract and the contract had since been terminated. The Plaintiff has obtained Summary Judgment but the same has been overturned on appeal by TSRB. Currently this case is pending filing of Summons for Direction and notice for case management by the Plaintiff. TSRB has instructed their solicitors to issue third party notice to make WCSB a party to the proceeding. Solicitors of TSRB are of the opinion that TSRB has a valid defence on the merits of the case to contest the claim by the plaintiff.

The Directors of TRS are of the opinion that the results of the above proceedings would not have a significant impact on the Group's future financial performance.

3. CONSOLIDATED PROFIT ESTIMATE AND FORECAST

3.1 The Board of TSR estimates and forecasts that, barring unforeseen circumstances, the consolidated profit estimate and forecast of TSR for the financial year ended 31 December 2001 and the financial year ending 31 December 2002 respectively will be as follows:-

Financial years ended/ending 31 December	Estimate	Forecast
	2001	2002
	RM'000	RM'000
Turnover	96,580	204,577
Consolidated PBT	17,778	36,835
Taxation	(5,768)	(11,750)
Consolidated PAT	12,010	25,085
MI	(450)	(670)
Consolidated PAT and MI	11,560	24,415
Less: Pre-acquisition profits	(9,745)	-
Profit attributable to shareholders	1,815	24,415

XII. FINANCIAL INFORMATION (Cont'd)***Based on the weighted average number of Shares in issue***

* ⁱ Gross EPS (RM)	* ⁱⁱⁱ 0.37	* ^{iv} 0.57
* ⁱⁱ Net EPS (RM) (excluding pre-acquisition profits)	* ⁱⁱⁱ 0.24	* ^{iv} 0.39
* ⁱⁱ Net EPS (RM) (including pre-acquisition profits)	1.51	N/A
* ^v Gross PE Multiple (times)	3.51	2.28
* ^v Net PE Multiple based on net EPS excluding pre-acquisition profits (times)	5.42	3.33

Based on the enlarged issued and paid-up share capital of the Company of 64,000,000 Shares

Gross EPS (RM) (excluding pre-acquisition profits)	0.04	0.56
Net EPS (RM) (excluding pre-acquisition profits)	0.03	0.38
Net EPS (RM) (including pre-acquisition profits)	0.18	N/A
* ^v Gross PE Multiple (times)	32.5	23.2
* ^v Net PE Multiple (times)	* ^{vi} 7.22	3.42

Notes:-

*ⁱ Calculated based on consolidated PBT but after MI.

*ⁱⁱ Calculated based on consolidated PAT and MI.

*ⁱⁱⁱ Based on 7,638,904 Shares, being the weighted average number of Shares in issue after taking into account that the Acquisitions had been completed on 1 November 2001.

*^{iv} Based on 62,360,822 Shares, being the weighted average number of Shares in issue, on the assumption that the Public Issue and Restricted Issue were completed on 1 February 2002.

*^v Based on the issue price of RM1.30 per Share.

*^{vi} Based on net EPS including pre-acquisition profits.

- 3.2 Directors' analysis of the profit estimate and forecast for the financial year ended 31 December 2001 and financial year ending 31 December 2002 respectively and commentary on their achievability are as follows:-

Financial year ended 31 December 2001

For the financial year ended 31 December 2001, turnover for the Group is estimated to increase by 20.7% from approximately RM80.00 million in the financial year ended 2000 to RM96.58 million. The increase in the Group's turnover for the financial year is mainly attributable to the commencement of construction work for the two (2) projects which were secured in early 2001, namely the Kluang prison complex in Johor Darul Takzim and students' residence campus for 4,500 students at UUM. These two projects are estimated to contribute approximately RM56.8 million in turnover for the financial year. In addition, the Group has entered into its second year of work on the polytechnic in Kota Kinabalu, Sabah and hence expects a full year of billing of approximately RM27.4 million. The Group has also secured an additional contract worth RM59.5 million, namely the Jelebu fishery project in Negeri Sembilan Darul Khusus, in late 2001.

The Group's PBT for the financial year ended 2001 is estimated to increase by 3.92% to RM17.78 million and PBT margin is estimated at 18.41%.

XII. FINANCIAL INFORMATION (Cont'd)

Financial year ending 31 December 2002

The Group's turnover for the financial year ending 31 December 2002 is forecast to increase by 111.82% from RM96.58 million in 2001 to RM204.58 million. The increase in the Group's turnover for the financial year is mainly attributable to the Kota Kinabalu polytechnic project which is expected to enter the final stages of construction and for which the Group expects to recognise revenue of approximately RM93.0 million during the year. Additional progress billings and revenue are also expected to be raised from the Group's on-going projects such as the students' residence campus in UUM, the Kluang prison complex in Johor Darul Takzim and the Jelebu fishery project in Negeri Sembilan Darul Khusus.

The forecast increase in PBT by 107.19% to RM36.84 million is expected to correspond with the increase in progress billings and revenue with a PBT margin of 18.01%. The slight decrease in the PBT margin is mainly due to the lower margin from the Kota Kinabalu Polytechnic project vis-a-vis other on-going projects. PAT after MI for the financial year ending 31 December 2002 is forecast to increase by 111.20% to RM24.42 million.

The Board of TSR has reviewed the bases and assumptions used in arriving at the profit estimate and forecast and are of the opinion that the profit estimate and forecast of the Group are reasonable in light of the assumptions made including but not limited to the future prospects of the industry in which the Group operates, future plans and strategies to be adopted by the TSR Group as well as the Group's level of gearing, liquidity and working capital.

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XII. FINANCIAL INFORMATION (Cont'd)

4. REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT ESTIMATE AND FORECAST (Prepared for inclusion in this Prospectus)

HORWATH MOK & POON
Chartered Accountants
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Reporting Accountants' Letter On Consolidated Profit Estimate and Forecast
(Prepared for inclusion in this Prospectus)



11 February 2002

The Board of Directors
TSR Capital Berhad
(Previously known as Aimplex Berhad)
No. 2-2, Jalan 4/62D
Medan Putra Business Centre
Bandar Manjalara
Off Jalan Damansara
52200 Kuala Lumpur

Dear Sirs

TSR CAPITAL BERHAD ("TSR")
(Previously known as Aimplex Berhad)
CONSOLIDATED PROFIT ESTIMATE AND FORECAST FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2001 AND ENDING 31 DECEMBER 2002 RESPECTIVELY

We have reviewed the accounting policies and calculations for the consolidated profit estimate and forecast of TSR and its subsidiary companies ("hereinafter referred to as "the Group") for the financial years ended 31 December 2001 and ending 31 December 2002 respectively, for which the Directors are solely responsible, as set out in the Prospectus to be dated 20 February 2002 in connection with the Restricted Issue of 6,000,000 new ordinary shares of RM1.00 each, Public Issue of 13,300,000 new ordinary shares comprising 3,300,000 new ordinary shares of RM1.00 each available for application and 10,000,000 new ordinary shares of RM1.00 each by way of private placement in TSR at an issue price of RM1.30 per ordinary share and the listing of and quotation for the entire enlarged issued and fully paid-up share capital of TSR comprising 64,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the consolidated profit estimate and forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the Prospectus and are presented on a basis consistent with the accounting policies normally adopted by the Group.

Yours faithfully


HORWATH MOK & POON
Firm No : AF 0995
Chartered Accountants


ONN KIEN HOE
Approval No : 1772/11/02 (J)
Partner of Firm

HORWATH KUALA LUMPUR
Other Horwath Malaysia Offices:
Jobor • Klang • Kota Kinabalu • Kuching • Labuan • Melaka • Penang

XII. FINANCIAL INFORMATION (Cont'd)

A. Consolidated Profit Estimate and Forecast For The Financial Years Ended 31 December 2001 and Ending 31 December 2002 respectively.

The Directors of TSR estimate and forecast that, barring unforeseen circumstances and on the bases and assumptions set out below, the consolidated profit after taxation of TSR and its subsidiary companies (“the Group”) for the financial years ended 31 December 2001 and ending 31 December 2002 will be as follows:-

	Estimate For the Year Ended 31 December 2001 RM'000	Forecast For the Year Ending 31 December 2002 RM'000
Consolidated profit after taxation	12,010	25,085
Minority interests	(450)	(670)
Consolidated profit after taxation and minority Interests	11,560	24,415
Pre-acquisition profit	(9,745)	-
Consolidated profit attributable to shareholders of TSR	1,815	24,415
Weighted average number of shares in issue (‘000)	7,639 ⁽ⁱ⁾	62,360 ⁽ⁱⁱ⁾
Net earnings per share (RM)	0.24	0.39

Note:-

- (i) *Based on the weighted average number of ordinary shares of 7,638,904 ordinary shares of RM1.00 each during the financial year after taking into account the acquisitions which were completed on 1 November 2001.*
- (ii) *Based on the weighted average number of ordinary shares of 62,360,822 ordinary shares of RM1.00 each after the Restricted Issue of 6,000,000 new ordinary shares and Public Issue of 13,300,000 new ordinary shares of RM1.00 each at an issue price of RM1.30 per share on the assumption that the Restricted and Public Issue is completed on 1 February 2002.*

XII. FINANCIAL INFORMATION (Cont'd)

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate and Forecast

1. There will be no significant changes in the principal activities and the existing structure of the Group. There will be no significant changes in the key management and operating structure of the Group.
2. There will be no significant changes to the prevailing economic and political conditions in Malaysia that may have an adverse effect on the activities and performance of the Group.
3. There will be no significant changes in the present legislation or government regulations, direct or indirect taxes and duties, which will adversely affect the activities of the Group. The income tax rate will remain at 28% with no significant changes in the bases of taxation.
4. There will be no significant changes in the forecast contract sums and selling prices for the Group's products and services, and there will be no major changes in the forecast market demand for the Group's products and services.
5. There will be no significant changes in the prices of major raw materials, labour and other operating costs other than those as provided. Any significant increase in the cost of products and services will be compensated through an equivalent increase in the contract prices.
6. There will be sufficient manpower and there will be no industrial disputes or disruption in the supply of raw materials by the major suppliers or any other abnormal factors which will adversely affect the operations of the Group.
7. The clients, nature of work, contract value, year of commencement and estimated year of completion of some of the major contracts are as follows:-

XII. FINANCIAL INFORMATION (Cont'd)**B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate and Forecast (Cont'd)**

Client	Nature of Work	Contract Value	Year of Commencement	Estimated Year of Completion
		RM'000		
Universiti Putra Malaysia	Construction of Kompleks Akademik Pusat, Universiti Putra Malaysia, Selangor Darul Ehsan.	8,900	1999	2001
Ministry of Education	Construction of Kota Kinabalu Polytechnic Campus in Sabah.	152,344	2000	2002
Ministry of Home Affairs	Planning, design, construction, installation, testing, commissioning and maintenance of a new prison complex at Kluang, Johor Darul Takzim.	223,500	2001	2004
Pembinaan Sintok Sdn. Bhd.	Design, construction, and completion of a 4,500 student off campus hostel at UUM, Sintok, Kedah.	100,000	2001	2002
Ministry of Public Works	Construction and completion of a fresh water fisheries research centre at Jelebu, Negeri Sembilan Darul Khusus.	59,550	2001	2003

8. The Group will continue to enjoy the existing credit and financing facilities and that additional credit and financing facilities will be obtained as required. Interest rates on the existing and additional credit and financing facilities will not vary significantly from the present and forecast levels.
9. Inflation and foreign currency exchange rates will not fluctuate significantly from the present and forecast levels.

XII. FINANCIAL INFORMATION (Cont'd)

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate and Forecast (Cont'd)

10. There will be no major proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the financial position or business of the Group.
11. There will be no significant changes in the accounting policies presently adopted by the Group. In respect of the acquisition of TSR Bina Sdn. Bhd. ("TSRB"), TSR Concrete Products Sdn. Bhd. ("TSRCP"), TSR Geotechnics Sdn. Bhd. ("TGEO") and TSR Properties Sdn. Bhd. ("TPROP") as explained in paragraph 12, TSR will adopt the acquisition method for the consolidation of the results of the subsidiary companies in the consolidated financial statements.
12. The flotation scheme of TSR is as follows:-
- 12.1 Corporate Restructuring

The corporate restructuring of TSR comprises the following:-

- (i) acquisition of the entire equity interest in TSRB comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM44,535,695 satisfied by the issuance of 37,476,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;
- (ii) acquisition of the entire equity interest in TSRCP comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM4,411,438 satisfied by the issuance of 3,712,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;
- (iii) acquisition of the entire equity interest in TGEO comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,775,388 satisfied by the issuance of 1,494,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;
- (iv) acquisition of the entire equity interest in TPROP comprising 2,050,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,041,533 satisfied by the issuance of 1,718,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;

The acquisitions of TSRB, TSRCP, TGEO and TPROP by TSR were completed on 1 November 2001.

XII. FINANCIAL INFORMATION (Cont'd)

B. Principal Bases And Assumptions Relating To The Consolidated Profit Estimate and Forecast (Cont'd)

12.2 Restricted Issue

TSR shall undertake a restricted issue of 6,000,000 new ordinary shares of RM1.00 each in TSR at an issue price of RM1.30 per share. It is assumed that the restricted issue will be completed on 1 February 2002.

12.3 Public Issue

TSR shall undertake a proposed public issue of 13,300,000 new ordinary shares each comprising 3,300,000 new ordinary shares of RM1.00 each in TSR available for application and 10,000,000 new ordinary shares of RM1.00 each by way of private placement in TSR at an issue price of RM1.30 per share. It is assumed that the Public Issue will be completed on 1 February 2002.

12.4 Flotation

The entire issued and paid-up capital of TSR comprising 64,000,000 ordinary shares of RM1.00 each, after the Public Issue, shall be listed and quoted on the Main Board of the Kuala Lumpur Stock Exchange.

13. The estimated listing expenses of RM2.2 million are charged against the share premium account.

XII. FINANCIAL INFORMATION (Cont'd)**5. DIVIDEND FORECAST**

The Board of TSR does not plan to declare any dividend for the financial year ended 31 December 2001. It is, however, the policy of the Directors of TSR to recommend dividends in subsequent years to allow shareholders to participate in the profits of the Company whilst maintaining adequate reserves for the future growth of the Group.

Future dividends may be waived if:-

- (i) The Group is in a loss position for the relevant financial period; or
- (ii) The Group has insufficient cashflow to meet any dividend payment.

Notwithstanding the above, based on the forecast consolidated PAT of RM24.42 million for the financial year ending 31 December 2002, the Directors of TSR anticipate that, in the absence of unforeseen circumstances, the Company will be in a position to propose a gross dividend of 5.0 sen for the financial year ending 31 December 2002, based on the enlarged issued and paid-up share capital of 64,000,000 Shares.

The intended appropriation of the forecast consolidated PAT of TSR for the financial year ending 31 December 2002 will be as follows:-

	RM'000
Consolidated PBT	36,835
Taxation	(11,750)
Consolidated PAT	<u>25,085</u>
MI	(670)
	<u>24,415</u>
Less: Proposed net dividend (net of tax of 28%)	(2,304)
Consolidated retained profits	<u><u>22,111</u></u>
Gross dividend per Share (sen)	5.0
Gross dividend yield (<i>based on the issue price of RM1.30 per new Share</i>) (%)	3.85
Net dividend per Share (sen)	3.6
Net dividend yield (<i>based on the issue price of RM1.30 per new Share</i>) (%)	2.77
Net dividend cover (times)	10.60

6. SENSITIVITY ANALYSIS

The principal bases and assumptions upon which the sensitivity analysis on the Group's profit before taxation have been made are as follows:-

- (i) The selected variable item will vary $\pm 5\%$, $\pm 10\%$ and $\pm 20\%$ from the base case.
- (ii) The gross profit margin of its operations will be maintained at the same percentage as in the base case.

XII. FINANCIAL INFORMATION (Cont'd)

The following scenario attempts to show the impact of changes in profit together with changes in turnover and cost of sales.

(a) Changes in turnover**Consolidated profit estimate for the financial year ended 31 December 2001**

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	(1,538)	8,120	12,949	17,778	22,607	27,436	37,094
PAT	(1,538)	5,522	8,805	12,010	15,373	18,657	25,224

Consolidated profit forecast for the financial year ending 31 December 2002

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	(4,081)	16,377	26,606	36,835	47,064	57,292	77,750
PAT	(4,081)	11,136	18,092	25,085	32,003	38,959	52,870

(b) Changes in cost of sales**Consolidated profit estimate for the financial year ended 31 December 2001**

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	31,815	24,797	21,287	17,778	14,269	10,759	3,741
PAT	21,634	16,862	14,475	12,010	9,703	7,316	2,544

Consolidated profit forecast for the financial year ending 31 December 2002

	-20%	-10%	-5%	0%	+5%	+10%	+20%
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	68,556	52,696	44,765	36,835	28,904	20,974	5,113
PAT	46,618	35,833	30,440	25,085	19,655	14,262	3,477

Comments

Based on the above assumptions, the sensitivity analysis shows that the Group will still remain profitable over the estimate and forecast years except for a 20% downward variation in turnover for the financial year ended 31 December 2001 and financial year ending 31 December 2002.

XII. FINANCIAL INFORMATION (Cont'd)
7. PROFORMA CONSOLIDATED BALANCE SHEETS
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2001

	Audited as at 31 August 2001 RM'000	Proforma 1 RM'000	Proforma 2 RM'000	Proforma 3 RM'000
Plant and equipment	-	7,913	7,913	7,913
Other assets	-	3,357	3,357	3,357
Intangible assets	588	588	588	-
	<u>588</u>	<u>11,858</u>	<u>11,858</u>	<u>11,270</u>
Current assets				
Inventories	-	1,029	1,029	1,029
Amount owing by contract customers	-	34,344	34,344	34,344
Trade debtors	-	34,657	34,657	34,657
Other debtors and deposits	-	3,238	3,238	3,238
Amount owing by a related party	-	327	327	327
Fixed deposits with licensed bank	-	8,842	8,842	8,842
Cash and bank balances	7	144	7,944	23,622
Total current assets	<u>7</u>	<u>82,581</u>	<u>90,381</u>	<u>106,059</u>
Current liabilities				
Trade creditors	-	17,202	17,202	17,202
Other creditors and accruals	-	1,889	1,889	1,889
Amount owing to a related company	311	-	-	-
Hire purchase creditors	-	983	983	983
Provision for taxation	-	11,399	11,399	11,399
Total current liabilities	<u>311</u>	<u>31,473</u>	<u>31,473</u>	<u>31,473</u>
Net current (liabilities)/assets	<u>(304)</u>	<u>51,108</u>	<u>58,908</u>	<u>74,586</u>
	<u>284</u>	<u>62,966</u>	<u>70,766</u>	<u>85,856</u>
Financed by:				
Share capital	300	44,700	50,700	64,000
Share premium	-	8,364	10,164	11,954
Reserve on consolidation	-	7,348	7,348	7,348
Accumulated loss	(16)	(16)	(16)	(16)
Shareholders' equity	<u>284</u>	<u>60,396</u>	<u>68,196</u>	<u>83,286</u>
Minority interests	-	680	680	680
Hire purchase creditors	-	1,211	1,211	1,211
Deferred taxation	-	679	679	679
	<u>284</u>	<u>62,966</u>	<u>70,766</u>	<u>85,856</u>
Number of ordinary shares in issue ('000)	<u>300</u>	<u>44,700</u>	<u>50,700</u>	<u>64,000</u>
(Net Tangible Liabilities)/Net Tangible Assets per share (RM)	<u>(1.01)</u>	<u>1.34</u>	<u>1.33</u>	<u>1.30</u>

XII. FINANCIAL INFORMATION (Cont'd)

Notes To The Proforma Balance Sheets

1. The proforma balance sheets of the Group have been prepared based on the audited financial statements of TSR and its subsidiary companies for the financial period ended 31 August 2001. The proforma balance sheets under the various scenarios incorporate the following transactions, on the assumption that the transactions had been effected as of that date:-

Proforma 1

Proforma 1 incorporates the following acquisitions by TSR:-

- (a) acquisition of the entire equity interest in TSR Bina Sdn. Bhd. ("TSRB") comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM44,535,695 satisfied by the issuance of 37,476,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;
- (b) acquisition of the entire equity interest in TSR Concrete Products Sdn. Bhd. ("TSRCP") comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM4,411,438 satisfied by the issuance of 3,712,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share;
- (c) acquisition of the entire equity interest in TSR Geotechnics Sdn. Bhd. ("TGEO") comprising 1,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM1,775,388 satisfied by the issuance of 1,494,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share; and
- (d) acquisition of the entire equity interest in TSR Properties Sdn. Bhd. ("TPROP") comprising 2,050,000 ordinary shares of RM1.00 each for a total purchase consideration of RM2,041,533 satisfied by the issuance of 1,718,000 new ordinary shares of RM1.00 each in TSR at an issue price of approximately RM1.19 per share.

Proforma 2

Proforma 2 incorporates the effects of Proforma 1 and the Restricted Issue of 6,000,000 new ordinary shares in TSR of RM1.00 each at an issue price of RM1.30 per share.

XII. FINANCIAL INFORMATION (Cont'd)

Notes To The Proforma Balance Sheets (Cont'd)**Proforma 3**

Proforma 3 incorporates the effects of Proforma 2 and the Public Issue of 13,300,000 new ordinary shares in TSR comprising:-

- (a) 3,300,000 new ordinary shares of RM1.00 each available for application at an issue price of RM1.30 per share; and
 - (b) 10,000,000 new ordinary shares of RM1.00 each by way of private placement at an issue price of RM1.30 per share.
2. The movements in the issued and paid-up share capital of TSR in the various scenarios are as follows:-

	← Issued and Paid Up Share Capital →	
	No. of Shares '000	RM'000
	As at 31 August 2001	300
Arising from the acquisitions of TSRB, TSRCP, TGEO and TPROP	44,400	44,400
As per Proforma 1	44,700	44,700
Restricted Issue	6,000	6,000
As per Proforma 2	50,700	50,700
Public Issue	13,300	13,300
As per Proforma 3	64,000	64,000

3. The estimated listing expenses of RM2,200,000 (of which RM588,000 has been accounted for under Intangible Assets in Proforma 1 and 2), have been debited against the share premium account in Proforma 3.
4. The Proforma Group as at 31 August 2001 are consolidated using the acquisition method and all intra-group balances have been eliminated on consolidation in Proforma 3.

XII. FINANCIAL INFORMATION (Cont'd)

8. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS

HORWATH MOK & POON
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Reporting Accountants' Letter On Proforma Consolidated Balance Sheets
(Prepared for inclusion in this Prospectus)



11 February 2002

The Board of Directors
TSR Capital Berhad
(Previously known as Aimplex Berhad)
No. 2-2, Jalan 4/62D
Medan Putra Business Centre
Bandar Manjalara
Off Jalan Damansara
52200 Kuala Lumpur

Dear Sirs

TSR CAPITAL BERHAD ("TSR")
(Previously known as Aimplex Berhad)
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 AUGUST 2001

We have reviewed the Proforma Consolidated Balance Sheets of TSR and its subsidiary companies ("the Group") as at 31 August 2001, together with the notes thereto, for which the Directors are solely responsible, as set out in the Prospectus to be dated 20 February 2002 in connection with the Restricted Issue of 6,000,000 new ordinary shares of RM1.00 each, Public Issue of 13,300,000 new ordinary shares comprising 3,300,000 new ordinary shares of RM1.00 each available for application and 10,000,000 new ordinary shares of RM1.00 each by way of private placement in TSR at an issue price of RM1.30 per ordinary share and the listing of and quotation for the entire enlarged issued and fully paid-up share capital of TSR comprising 64,000,000 ordinary shares of RM1.00 each on the Main Board of the Kuala Lumpur Stock Exchange.

In our opinion, the above-mentioned Proforma Consolidated Balance Sheets, together with the notes thereto which are provided for illustrative purpose only, have been properly prepared on the basis consistent with the accounting policies normally adopted by the Group and are presented in a form suitable for inclusion in the Prospectus.

Yours faithfully

A handwritten signature in black ink, appearing to be "Horwath Mok & Poon".

HORWATH MOK & POON
Firm No : AF 0995
Chartered Accountants

A handwritten signature in black ink, appearing to be "Onn Kien Hoe".

ONN KIEN HOE
Approval No : 1772/11/02 (J)
Partner of Firm

HORWATH KUALA LUMPUR
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