



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(c) Foreign exchange risk

7-Eleven operates predominantly in Ringgit Malaysia and as such, is not exposed to significant foreign exchange risk.

(d) Liquidity risk

7-Eleven actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, 7-Eleven maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit risk

7-Eleven is not exposed to significant credit risk from its sales as they are made on cash basis. Credit risk in relation to sundry receivables are monitored on an ongoing basis.

7-Eleven has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors other than as disclosed in Notes 6.2.14, 6.2.15 and 6.2.16.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(f) Fair values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair values on the balance sheets of 7-Eleven are as follows:

	Note	Amount RM'000	Fair value RM'000
As at FYE 31 December 2007			
Financial liabilities			
Term loans	6.2.22	4,969	5,106
Hire purchase and finance lease liabilities	6.2.23	<u>12,296</u>	<u>12,318</u>
As at FYE 31 December 2008			
Financial liabilities			
Term loans	6.2.22	7,635	7,315
Hire purchase and finance lease liabilities	6.2.23	<u>17,471</u>	<u>17,466</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(f) Fair values (cont'd.)

	Note	Amount RM'000	Fair value RM'000
As at FYE 31 December 2009			
Financial liabilities			
Term loans	6.2.22	5,837	5,668
Hire purchase and finance lease liabilities	6.2.23	<u>16,792</u>	<u>16,703</u>

* It is not practical to estimate the fair value of amounts due from/(to) related corporations due to lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, 7-Eleven does not anticipate the carrying amounts recorded at the balance sheet dates to be significantly different from the values that would eventually be received or settled.

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) **Cash and cash equivalents, receivables and payables and short term borrowings (excluding related company balances)**

The carrying amounts approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) **Short term investment**

The fair value of quoted investment is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.30 Financial instruments (cont'd.)

(f) Fair values (cont'd.)

(iii) Term loans

The fair value of term loans is estimated by discounting the expected future cash flows using the current interest rate for liabilities with similar risk profiles.

(iv) Hire purchase and finance lease payables

The fair value of hire purchase and finance lease payables is estimated by discounting the expected future cash flows using the current interest rate for liabilities with similar risk profiles.

6.2.31 Significant events

On 28 September 2009, the Board of Directors of B-Retail approved the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing comprises the following exercises:

- (a) Proposed acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer;
 - ii. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.31 Significant events (cont'd.)

- (b) Proposed acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
- (c) Proposed distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail share for every 10 existing BCorporation shares held as at the entitlement date to be determined by the Board of BCorporation.
- (d) Proposed offers for sale of B-Retail shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail share and RM0.50 per B-Retail ICPS respectively.
- (e) Proposed listing of and quotation for B-Retail's ordinary shares and ICPS on the Main Market of Bursa Malaysia Securities Berhad.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.2 7-Eleven Malaysia Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.2.31 Significant events (cont'd.)

The aforesaid proposals are inter-conditional to facilitate the proposed listing.

Singer and its subsidiary are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven and its subsidiaries are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information

6.3 Convenience Shopping (Sabah) Sdn. Bhd.

(i) Income statements

	Note	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000
Revenue	6.3.3	17,776	21,460	23,362
Cost of sales		(13,237)	(15,676)	(16,107)
Gross profit		<u>4,539</u>	<u>5,784</u>	<u>7,255</u>
Other income		58	61	526
Selling and distribution expenses		(2,934)	(3,952)	(4,671)
Administrative and other operating expenses		(528)	(647)	(480)
Profit before tax	6.3.4	<u>1,135</u>	<u>1,246</u>	<u>2,630</u>
Income tax expense	6.3.6	(311)	(335)	(698)
Profit for the year		<u>824</u>	<u>911</u>	<u>1,932</u>

Profit before tax is analysed as follows:

Profit before depreciation	1,401	1,753	3,138
Depreciation	(266)	(507)	(508)
Profit before tax	<u>1,135</u>	<u>1,246</u>	<u>2,630</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(a) Restatement of income tax and deferred tax

Under/(over) provisions of income tax and deferred tax in respect of prior years have also been adjusted accordingly to the respective years where the under/(over) provisions were related as further disclosed in Note 6.3(i)(c).

(b) Restatement of administrative and other operating expenses

The income statements for the financial year ended 31 December 2008 have been restated for the presentation of administrative and other operating expenses incurred by CSSSB as further disclosed in Note 6.3(i)(c).

(c) Restatement effects on income statements

The presentation of income tax expense of CSSSB has resulted in the following restatement for the financial year ended 31 December 2007 and 2008:

	As previously stated RM'000	Adjust- ments RM'000	As restated RM'000
FYE 31 December 2007			
Income tax expense	286	25	311
FYE 31 December 2008			
Administrative and other operating expenses	650	(3)	647
Income tax expense	298	37	335

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(i) Income statements (cont'd.)

(d) Key financial ratios:

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Weighted average number of ordinary shares in issue ('000)	2,000	2,000	2,000
Gross earnings per share (RM) (Note (i))	0.57	0.62	1.32
Net earnings per share (RM) (Note (ii))	0.41	0.46	0.97
Gross profit margin (%)	25.53	26.95	31.05
Profit before tax margin (%)	6.39	5.81	11.26
Profit after tax margin (%)	4.64	4.25	8.27
Effective tax rate (%)	27	27	27

- (i) The gross earnings per share is computed based on the profit before tax divided by the weighted average number of ordinary shares in issue during the relevant financial year.
- (ii) The net earnings per share is computed based on the profit after tax divided by the weighted average number of ordinary shares in issue during the relevant financial year.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(ii) Balance sheets

	Notes	FYE 31.12.2007 RM'000 (Restated)	FYE 31.12.2008 RM'000 (Restated)	FYE 31.12.2009 RM'000
Assets				
Non-current asset				
Plant and equipment	6.3.7	2,401	2,791	2,224
Current assets				
Inventories	6.3.8	1,549	1,882	1,445
Sundry receivables	6.3.9	440	374	347
Due from immediate holding company	6.3.10	3,416	4,467	6,679
Cash and bank balances	6.3.11	1,668	2,356	1,045
		<u>7,073</u>	<u>9,079</u>	<u>9,516</u>
Total assets		<u>9,474</u>	<u>11,870</u>	<u>11,740</u>
Equity and liabilities				
Equity attributable to equity holder of CSSSB				
Share capital	6.3.12	2,000	2,000	2,000
Retained profits	6.3.13	1,238	2,149	4,081
Total equity		<u>3,238</u>	<u>4,149</u>	<u>6,081</u>
Non-current liabilities				
Deferred tax liability	6.3.14	200	206	193
Provisions	6.3.15	127	165	165
		<u>327</u>	<u>371</u>	<u>358</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

		FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Current liabilities				
Trade payables	6.3.16	5,410	6,750	4,806
Other payables	6.3.17	368	436	152
Provision for tax		131	164	343
		<u>5,909</u>	<u>7,350</u>	<u>5,301</u>
Total liabilities		<u>6,236</u>	<u>7,721</u>	<u>5,659</u>
Total equity and liabilities		<u>9,474</u>	<u>11,870</u>	<u>11,740</u>

(a) Restatement of provision for tax and deferred tax

The balance sheet as at 31 December 2007 have been restated to reflect the under/(over) provisions of income tax expense and deferred tax in respect of prior financial years where the under/(over) provisions were related as further disclosed in Note 6.3(ii)(b).

(b) Restatement effects on balance sheets

The adjustment of under/(over) provisions of income tax expense and deferred tax have resulted in the following restatement of the balance sheets for the opening balances as at 1 January 2007 and the closing balance for financial year ended 31 December 2007:

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(ii) Balance sheets (cont'd.)

(b) Restatement effects on balance sheets (cont'd.)

	As previously stated RM'000	Adjust- ments RM'000	As restated RM'000
As at 1 January 2007			
Retained profits	(355)	(59)	(414)
Other payables	(353)	(3)	(356)
Provision for tax	(150)	59	(91)
Deferred tax liability	(138)	3	(135)
As at 31 December 2007			
Retained profits	(1,204)	(34)	(1,238)
Other payables	(365)	(3)	(368)
Provision for tax	(178)	47	(131)
Deferred tax liability	(190)	(10)	(200)

(c) Key financial ratios:

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Average inventories turnover period (days)	41	40	38
Average trade payables turnover period (days)			
- Merchandise suppliers	129	93	95
Current ratio (times)	1.20	1.24	1.80
Net tangible assets per share (RM)	1.62	2.07	3.04

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(iii) Statements of changes in equity

	Share capital RM'000	Distributable Retained profits RM'000	Total RM'000
At 1 January 2007	2,000	414	2,414
<i>Profit for the year, representing total income and expense for the year</i>	-	824	824
At 31 December 2007/1 January 2008	2,000	1,238	3,238
<i>Profit for the year, representing total income and expense for the year</i>	-	911	911
At 31 December 2008/1 January 2009	2,000	2,149	4,149
<i>Profit for the year, representing total income and expense for the year</i>	-	1,932	1,932
At 31 December 2009	2,000	4,081	6,081

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(iv) Cash flow statements

	Unaudited FYE 31.12.2007 RM'000	← Audited → FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash flows from operating activities			
Cash receipts from customers	17,776	21,460	23,362
Cash paid to suppliers and employees	(15,323)	(18,577)	(22,397)
Cash generated from operations	<u>2,453</u>	<u>2,883</u>	<u>965</u>
Tax paid	(207)	(295)	(533)
Net cash generated from operating activities	<u>2,246</u>	<u>2,588</u>	<u>432</u>
Cash flows from investing activities			
Purchase of plant and equipment	(295)	(859)	(25)
Interest received	10	10	7
Net cash used in investing activities	<u>(285)</u>	<u>(849)</u>	<u>(18)</u>
Cash flows from financing activity			
Inter-company advances, representing net cash used in financing activity	<u>(1,688)</u>	<u>(1,051)</u>	<u>(1,725)</u>
Net increase/(decrease) in cash and cash equivalents	273	688	(1,311)
Cash and cash equivalents at beginning of year	<u>1,395</u>	<u>1,668</u>	<u>2,356</u>
Cash and cash equivalents at end of year (Note 6.3.11)	<u>1,668</u>	<u>2,356</u>	<u>1,045</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

The cash flow statement included in the audited financial statement for financial year ended 31 December 2007 was presented using the indirect method in which net cash flow from operating activities was determined by adjusting profit for the effects of changes during the year in inventories and operating receivables and payables, non-cash items and all other items for which the cash effects are investing or financing cash flows.

The cash flow statement included in this report for financial year ended 31 December 2007 above was presented using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed in order to conform with the presentation in the latest audited financial statements.

Cash flow statement of CSSSB for financial year ended 31 December 2007 using the direct method was not audited. The audited cash flow statement for financial year ended 31 December 2007 using the indirect method is presented below:

	Audited FYE 31.12.2007 RM'000
Cash flows from operating activities	
Profit before tax	1,135
Adjustments for:	
Depreciation	266
Interest income	(10)
Operating profit before working capital changes	<u>1,391</u>
Increase in inventories	(107)
Increase in receivables	(144)
Increase in payables	<u>1,313</u>
Cash generated from operations	2,453
Tax paid	(207)
Net cash generated from operating activities	<u>2,246</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

(iv) Cash flow statements (cont'd.)

	Audited FYE 31.12.2007 RM'000
Cash flows from investing activities	
Purchase of plant and equipment	(295)
Interest received	10
Net cash used in investing activities	<u>(285)</u>
Cash flows from financing activity	
Inter-company advances, representing net cash used in financing activity	<u>(1,688)</u>
Net increase in cash and cash equivalents	273
Cash and cash equivalents at beginning of year	<u>1,395</u>
Cash and cash equivalents at end of year (Note 6.3.11)	<u><u>1,668</u></u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements

6.3.1 Corporate information

The principal activity of CSSSB is the operating of convenience stores under the "7-Eleven" brand name in Sabah.

There has been no significant change in the nature of this activity during the financial year.

The immediate and ultimate holding companies of CSSSB are 7-Eleven and HQZ Credit Sdn.Bhd. respectively, both of which are incorporated in Malaysia.

CSSSB is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of CSSSB is located at Level 3A, Podium Block, Plaza Berjaya, No. 12 Jalan Imbi, 55100 Kuala Lumpur. The registered office of CSSSB is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

6.3.2 Significant accounting policies

Basis of preparation

The financial statements of CSSSB have been prepared under the historical cost convention and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies

(a) Plant and equipment and depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to CSSSB and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of plant and equipment is provided on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Furniture, fittings and renovation	10% or the duration of the lease, whichever is shorter
Equipment	15%
Computers	15% to 20%



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(a) Plant and equipment and depreciation (cont'd.)

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(b) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(b) Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(c) Inventories

Inventories comprise trading goods and are stated at the lower of cost (determined on the first-in first-out basis) and net realisable value. Cost comprise the invoiced value of the inventories and incidental expenses. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(d) Financial instruments

Financial instruments are recognised in the balance sheet when CSSSB has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when CSSSB has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits at call which have an insignificant risk of changes in value.

(ii) Receivables

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

(iii) Payables

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

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(d) Financial instruments (cont'd.)

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(e) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the year.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(f) Provisions

Provisions for liabilities are recognised when CSSSB has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(g) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, CSSSB makes contributions to the pension scheme, the Employees provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(h) Foreign currencies

(i) Functional and presentation currency

The financial statements are measured using the currency of the primary economic environment in which CSSSB operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also CSSSB's functional currency.

(i) Revenue recognition

Revenue is recognised to the extent that the probable economic benefits will flow to CSSSB and the amount of revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when significant risks of the general merchandise have been passed to the customers. Revenue relating to sale of general merchandise is recognised net of discounts and returns.

(ii) Commission income

Commission earned from services is recognised when the services are performed.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the CSSSB, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127: Consolidated and Separate Financial Statements: Cost of an

Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

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

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010

Amendment to FRS 119: Employee Benefits

Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

Amendment to FRS 128: Investments in Associates

Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131: Interests in Joint Ventures

Amendments to FRS 132: Financial Instruments: Presentation

Amendment to FRS 134: Interim Financial Reporting

Amendment to FRS 136: Impairment of Assets

Amendment to FRS 138: Intangible Assets

Amendments to FRS 139: Financial Instruments: Recognition and Measurement,

FRS 7: Financial Instruments: Disclosures and IC Interpretation 9:

Reassessment of Embedded Derivatives

Amendment to FRS 140: Investment Property

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum

Funding Requirements and their Interaction

TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

CSSSB plans to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the CSSSB upon their initial application:

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123₂₀₀₄: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. CSSSB's current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, CSSSB will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of CSSSB's exposure to risks, enhanced disclosure regarding components of CSSSB's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

**6. Historical financial information (cont'd.)****6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.3.2 Significant accounting policies (cont'd.)****Significant accounting estimates and judgements****(a) Key sources of estimation uncertainty**

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

(i) Depreciation of plant and equipment

Plant and equipment are depreciated or amortised on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. CSSSB periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of plant and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expense or write-offs in future periods.

(ii) Allowance for doubtful debts

CSSSB makes an allowance for doubtful receivables based on the assessment of recoverability of receivables. Provisions are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of the irrecoverable debts, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables. The carrying value of CSSSB's receivables at the balance sheet dates are disclosed in Notes 6.3.9 and 6.3.10.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(iii) Provision for restoration costs

CSSSB leases convenience stores under operating leases. CSSSB provides for an estimate of restoration cost expense at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated.

(iv) Provision for incentives and rebates

CSSSB receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse allowances.

Certain provision for incentives and rebates recognised to income statements were estimated. Actual amounts received from suppliers could differ from the amounts initially estimated.

(v) Provision for inventory losses

Provision for inventory losses is estimated based on the best available facts and circumstances. The provision is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amounts of CSSSB's inventories at the balance sheet dates are disclosed in Note 6.3.8.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(a) Key sources of estimation uncertainty (cont'd.)

(vi) Litigation accruals

From time to time, the CSSSB is subject to proceedings, lawsuits and other claims, related but not limited to, suppliers. CSSSB is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as change in settlement strategy in dealing with these matters. CSSSB does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.3 Revenue

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sale of goods	17,279	20,776	22,480
Commission income	497	684	882
	<u>17,776</u>	<u>21,460</u>	<u>23,362</u>

6.3.4 Profit before tax

Profit before tax is arrived at after charging/(crediting):

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Auditors' remuneration			
- statutory audit	10	11	12
- special audit	-	-	8
Depreciation	266	507	508
Rental of premises	621	760	791
Royalty	178	215	234
Interest income			
- fixed deposits	(10)	(10)	(7)
- advance to immediate holding company	-	-	(487)
Staff costs (Note 6.3.5)	<u>1,474</u>	<u>1,823</u>	<u>1,942</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

Notes to the financial statements (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

6.3.5 Staff costs

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Salaries and wages	1,224	1,613	1,718
Pension costs - defined contribution plans	151	153	189
Other staff emoluments	99	57	35
	<u>1,474</u>	<u>1,823</u>	<u>1,942</u>

6.3.6 Income tax expense

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Income tax:			
Current year provision	<u>246</u>	<u>329</u>	<u>711</u>
Deferred tax (Note 6.3.14):			
Relating to origination and reversal of temporary differences	69	15	(13)
Relating to changes in tax rates	(4)	(9)	-
	<u>65</u>	<u>6</u>	<u>(13)</u>
	<u>311</u>	<u>335</u>	<u>698</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

Notes to the financial statements (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

6.3.6 Income tax expense (cont'd.)

Domestic current income tax is calculated at the statutory tax rate set out below:

	FYE 31.12.07 %	FYE 31.12.08 %	FYE 31.12.09 %
Statutory tax rate of companies with paid-up capital of RM2.5 million and below at the beginning of the basis period:			
First RM500,000 chargeable income*	20	20	-
Subsequent chargeable income	27	26	25

* Pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 introduced with effect from the year of assessment 2009, the preferential tax rate will not apply to a company that controls or is controlled directly or indirectly by another company with paid-up capital exceeding RM2.5 million ordinary shares at the beginning of the basis period for a year of assessment ("YA").

Commencing YA 2009, CSSSB is not qualified for the above preferential tax rates as it is a company controlled directly by another company with paid-up capital exceeding RM2.5 million ordinary shares at the beginning of the basis period of a year of assessment.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.6 Income tax expense (cont'd.)

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

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Profit before tax	1,135	1,246	2,630
Taxation at Malaysian statutory tax rate	306	324	658
Effect of income subject to tax rate of 20%	(35)	(30)	-
Effect of changes in tax rates on opening balance of deferred tax	(4)	(9)	-
Expenses not deductible for tax purposes	44	50	40
Tax expense for the year	311	335	698

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.7 Plant and equipment

	Furniture, fittings and equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
As at 31 December 2007				
Cost				
At 1 January 2007	2,101	875	1,339	4,315
Additions	122	117	64	303
At 31 December 2007	2,223	992	1,403	4,618
Accumulated depreciation				
At 1 January 2007	1,207	318	426	1,951
Charge for the year	110	118	38	266
At 31 December 2007	1,317	436	464	2,217
Net carrying amount				
At 31 December 2007	906	556	939	2,401

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.7 Plant and equipment (cont'd.)

	Furniture, fittings and equipment RM'000	Computers RM'000	Renovation RM'000	Total RM'000
As at FYE 31 December 2008				
Cost				
At 1 January 2008	2,223	992	1,403	4,618
Additions	422	222	253	897
At 31 December 2008	2,645	1,214	1,656	5,515
Accumulated depreciation				
At 1 January 2008	1,317	436	464	2,217
Charge for the year	198	144	165	507
At 31 December 2008	1,515	580	629	2,724
Net carrying amount				
At 31 December 2008	1,130	634	1,027	2,791
As at FYE 31 December 2009				
Cost				
At 1 January 2009	2,645	1,214	1,656	5,515
Additions	9	16	-	25
Adjustment	(84)	-	-	(84)
At 31 December 2009	2,570	1,230	1,656	5,456
Accumulated depreciation				
At 1 January 2009	1,515	580	629	2,724
Charge for the year	187	163	158	508
At 31 December 2009	1,702	743	787	3,232
Net carrying amount				
At 31 December 2009	868	487	869	2,224

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.7 Plant and equipment (cont'd.)

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash	296	859	25
Capitalisation of restoration costs (Note 6.3.15)	7	38	-
	<u>303</u>	<u>897</u>	<u>25</u>

6.3.8 Inventories

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At cost:			
General merchandise held for resale	1,544	1,877	1,443
Consumables	5	5	2
	<u>1,549</u>	<u>1,882</u>	<u>1,445</u>
Cost of inventories recognised as an expense	<u>13,237</u>	<u>15,676</u>	<u>16,107</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.9 Sundry receivables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sundry receivables	117	46	16
Deposits	297	319	315
Prepayments	26	9	16
	<u>440</u>	<u>374</u>	<u>347</u>

CSSSB has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

6.3.10 Due from immediate holding company

The amount due from immediate holding company is unsecured, has no fixed terms of repayment and interest free except for the amount due from immediate holding company as at 31 December 2009 which bore interest at 5.5% per annum.

6.3.11 Cash and bank balances

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash and bank balances	1,346	2,032	719
Deposits with a licensed bank	322	324	326
	<u>1,668</u>	<u>2,356</u>	<u>1,045</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.11 Cash and bank balances (cont'd.)

The interest rates of deposits as at the end of the relevant financial years were as follows:

	FYE 31.12.2007 %	FYE 31.12.2008 %	FYE 31.12.2009 %
Deposits with a licensed bank	3.3	3.1	2.0

The maturities of deposits as at the end of the relevant financial years were as follows:

	FYE 31.12.2007 Days	FYE 31.12.2008 Days	FYE 31.12.2009 Days
Deposits with a licensed bank	6 - 31	6 - 31	6 - 31

6.3.12 Share capital

	Number of ordinary share of RM1 each		
	FYE 31.12.2007 '000	FYE 31.12.2008 '000	FYE 31.12.2009 '000
Authorised At beginning/end of year	2,000	2,000	2,000

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.12 Share capital (cont'd.)

	Amount		
	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	RM'000	RM'000	RM'000
Authorised			
At beginning/end of year	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
Number of ordinary share of RM1 each			
	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	'000	'000	'000
Issued and fully paid up			
At beginning/end of year	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	Amount		
	FYE	FYE	FYE
	31.12.2007	31.12.2008	31.12.2009
	RM'000	RM'000	RM'000
Issued and fully paid up			
At beginning/end of year	2,000	2,000	2,000
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.13 Retained profits

Prior to the year of assessment 2007, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

CSSSB did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, CSSSB may utilise the credit in the Section 108 balance as at 31 December 2007, 2008 and 2009 to distribute cash dividend payments to ordinary shareholding as defined under the Finance Act 2007.

For the following years, CSSSB has sufficient Section 108 balance to pay franked dividends out of its retained profits:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Franked dividends	1,460	1,138	1,138

If the balance of the retained profits of RM1,011,000 and RM2,943,000 as at 31 December 2008 and 2009 respectively, were to be distributed as dividends, CSSSB may distribute such dividends under the single tier system.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.14 Deferred tax liability

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At 1 January	135	200	206
Recognised in the income statement (Note 6.3.6)	65	6	(13)
At 31 December	<u>200</u>	<u>206</u>	<u>193</u>

The components and movements of deferred tax asset and liability prior to offsetting are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Deferred tax asset			
Other temporary differences	(7)	(11)	(12)
Deferred tax liability			
Plant and equipment	207	217	205
	<u>200</u>	<u>206</u>	<u>193</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.14 Deferred tax liability (cont'd.)

	At beginning of the year RM'000	Recognised in income statement RM'000	At end of the year RM'000
FYE 31 December 2007			
Deferred tax asset			
Other temporary differences	(12)	5	(7)
Deferred tax liability			
Plant and equipment	147	60	207
	<u>135</u>	<u>65</u>	<u>200</u>
FYE 31 December 2008			
Deferred tax asset			
Other temporary differences	(7)	(4)	(11)
Deferred tax liability			
Plant and equipment	207	10	217
	<u>200</u>	<u>6</u>	<u>206</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.14 Deferred tax liability (cont'd.)

	At beginning of the year RM'000	Recognised in income statement RM'000	At end of the year RM'000
FYE 31 December 2009			
Deferred tax asset			
Other temporary differences	(11)	(1)	(12)
Deferred tax liability			
Plant and equipment	217	(12)	205
	<u>206</u>	<u>(13)</u>	<u>193</u>

6.3.15 Provisions

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
At 1 January	120	127	165
Provisions (Note 6.3.7)	7	38	-
At 31 December	<u>127</u>	<u>165</u>	<u>165</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.15 Provisions (cont'd.)

The remaining maturities of the provisions are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Non-current:			
Later than 2 years but not later than 5 years	45	30	37
Later than 5 years	82	135	128
	<u>127</u>	<u>165</u>	<u>165</u>

Provisions represent the estimated costs of dismantlement, removal or restoration of plant and equipment arising from the use of such assets, which are capitalised and included in the cost of plant and equipment.

6.3.16 Trade payables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Merchandise suppliers	4,032	4,809	3,871
Phone reload coupon suppliers	1,378	1,941	935
	<u>5,410</u>	<u>6,750</u>	<u>4,806</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.16 Trade payables (cont'd.)

Included in the trade payables of CSSSB is an amount due to MOL AccessPortal Berhad, a company in which a director of the holding and ultimate holding companies, TSVT, is deemed to have an interest.

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
MOL AccessPortal Berhad	1,291	319	135

The normal trade credit terms granted to CSSSB are as follows:

	FYE 31.12.2007 Days	FYE 31.12.2008 Days	FYE 31.12.2009 Days
Merchandise suppliers	30 - 90	30 - 60	30 - 60
Phone reload coupon suppliers	7 - 30	7 - 30	7 - 30

6.3.17 Other payables

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sundry payables	163	104	48
Accruals	205	302	77
Provision for bonus	-	30	27
	<u>368</u>	<u>436</u>	<u>152</u>

9. ACCOUNTANTS' REPORT (CONT'D)**6. Historical financial information (cont'd.)****6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.3.18 Significant related party transactions**

	Type of transaction	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
With immediate holding company				
7-Eleven Malaysia Sdn. Bhd.	Intercompany advances (due from)	1,688	1,051	1,725
	Interest income receivable	-	-	(487)

6.3.19 Financial instruments**(a) Financial risk management objectives and policies**

The financial risk management policy of CSSSB seeks to ensure that adequate financial resources are available for the development of CSSSB's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. CSSSB operates within defined guidelines and CSSSB's policy is not to engage in speculative transactions.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.19 Financial instruments (cont'd.)

(b) Interest rate risk

CSSSB's interest rate risk relates to interest bearing assets.

The interest bearing assets are made up of deposits with a licensed bank and advance to the immediate holding company.

CSSSB manages the interest rate risk of its deposit with a licensed bank by placing the deposit at the most competitive interest rate obtainable, which yield better returns than cash at bank. Interest income are charged on advance to the immediate holding company at rates comparable to market borrowing rates.

(c) Foreign exchange risk

CSSSB operates predominantly in Ringgit Malaysia and as such, is not exposed to significant foreign exchange risk.

(d) Liquidity risk

CSSSB actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, CSSSB maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit risk

CSSSB is not exposed to significant credit risks from its sales as they are made on cash basis. Credit risks in relation to sundry receivables are monitored on an ongoing basis.

CSSSB has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for an amount due from immediate holding company as disclosed in Note 6.3.10.



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.19 Financial instruments (cont'd.)

(f) Fair values

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to the relatively short term maturity of these financial instruments.

It is not practical to estimate the fair value of amount due from immediate holding company due to lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, CSSSB does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

6.3.20 Significant events

On 28 September 2009, the Board of Directors of B-Retail approved the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing comprises the following exercises:

- (a) Proposed acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:-
 - i. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - ii. assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer.
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.20 Significant events (cont'd.)

- (b) Proposed acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
- (c) Proposed distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail share for every 10 existing BCorporation shares held as at the entitlement date to be determined by the Board of BCorporation.
- (d) Proposed offers for sale of B-Retail shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail share and RM0.50 per B-Retail ICPS respectively.
- (e) Proposed listing of and quotation for the B-Retail's ordinary shares and ICPS on the Main Market of Bursa Malaysia Securities Berhad.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.3 Convenience Shopping (Sabah) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.3.20 Significant events (cont'd.)

The aforesaid proposals are inter-conditional to facilitate the proposed listing.

Singer and its subsidiary are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven and its subsidiaries are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.)

Income statements

	Note	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Revenue	6.4.3	160	474	622
Direct costs		(24)	(54)	(80)
Gross profit		136	420	542
Other operating income		-	-	6
Administrative and other operating expenses		(6)	(811)	(119)
Profit/(loss) from operation	6.4.4	130	(391)	429
Finance costs	6.4.5	-	(157)	(429)
Profit/(loss) before tax		130	(548)	-
Income tax expense	6.4.6	(31)	(52)	(52)
Profit/(loss) for the year		99	(600)	(52)

Profit/(loss) before tax is analysed as follows:

Profit/(loss) before amortisation, depreciation and interest expense	149	(352)	480
Amortisation	(19)	(38)	(51)
Depreciation	-	(1)	#
Interest expenses	-	(157)	(429)
Profit/(loss) before tax	130	(548)	-

denotes amount below RM500

(a) Restatement of income tax

Under/(over) provisions of income tax and deferred tax in respect of prior years have been adjusted accordingly to the respective years where the under/(over) provisions were related.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Income statements (cont'd.)

(b) Restatement effects on income statements

The presentation of income tax (credit)/expense of 7 Properties have resulted in the following restatement for financial years ended 31 December 2008 and 2009:

	As previously stated RM'000	Adjustment RM'000	As restated RM'000
FYE 31 December 2008			
Income tax expense	61	(9)	52
FYE 31 December 2009			
Income tax expense	48	4	52

(c) Key financial ratios:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Weighted average number of ordinary shares in issue ('000)	200	200	1,500
Gross earnings/(loss) per share (RM) (Note (i))	0.65	(2.74)	-
Net earnings/(loss) per share (RM) (Note (ii))	0.50	(3.00)	(0.03)
Gross profit margin (%)	85.00	88.61	87.14
Profit/(loss) before tax margin (%)	81.25	(115.61)	-
Profit/(loss) after tax margin (%)	61.88	(126.58)	(8.36)
Effective tax rate (%)	24	(9)	-

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Income statements (cont'd.)

- (i) The gross earnings/(loss) per share is computed based on the profit/(loss) before tax divided by the weighted average number of ordinary shares in issue during the relevant financial year.
- (ii) The net earnings/(loss) per share is computed based on the profit/(loss) after tax divided by the weighted average number of ordinary shares in issue during the relevant financial year.

Balance sheets

	Note	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Assets				
Non-current assets				
Property, plant and equipment	6.4.7	770	2,185	914
Investment properties	6.4.8	5,814	5,958	11,374
Prepaid land lease payments	6.4.9	488	482	476
		<u>7,072</u>	<u>8,625</u>	<u>12,764</u>
Current assets				
Sundry receivables and deposits	6.4.10	5	21	47
Marketable securities	6.4.11	-	517	-
Tax recoverable		-	-	7
Bank balance		555	121	86
		<u>560</u>	<u>659</u>	<u>140</u>
Total assets		<u>7,632</u>	<u>9,284</u>	<u>12,904</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Balance sheets (cont'd.)

	Note	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Equity and liabilities				
Equity attributable to equity holder of 7 Properties				
Share capital	6.4.12	200	200	3,000
Retained profits/(Accumulated losses)	6.4.13	175	(425)	(477)
Total equity		<u>375</u>	<u>(225)</u>	<u>2,523</u>
Current liabilities				
Due to immediate holding company	6.4.14	7,179	9,479	10,229
Sundry payables		58	22	152
Provision for tax		20	8	-
		<u>7,257</u>	<u>9,509</u>	<u>10,381</u>
Total equity and liabilities		<u>7,632</u>	<u>9,284</u>	<u>12,904</u>

(a) Restatement of provision for tax

The balance sheets as at 31 December 2007 and 2008 have been restated to reflect the under/(over) provisions of income tax expense in respect of prior financial years to the financial years where the under/(over) provisions were related.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Balance sheets (cont'd.)

(b) Restatement effects on balance sheets

The adjustment of under/(over) provisions of income tax expense have resulted in the following restatements of the balance sheets for the financial years ended 31 December 2007 and 2008:

	As previously stated RM'000	Taxation RM'000	Restated RM'000
As at FYE 31 December 2007			
Provision for tax	(15)	(5)	(20)
Retained profits	(180)	5	(175)
As at FYE 31 December 2008			
Provision for tax	(12)	4	(8)
Accumulated losses	429	(4)	425

(c) Key financial ratios

	FYE 31.12.2007	FYE 31.12.2008	FYE 31.12.2009
Current ratio (times)	0.08	0.07	0.01
Debt-equity ratio (times)	19.14	(42.13)	4.05
Net tangible assets per share (RM) (Note (i))	1.88	(1.13)	1.68

- (i) The net tangible asset per share is computed based on the net tangible assets divided by the weighted average number of ordinary shares in issue during the relevant financial year.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Statements of changes in equity

	Share capital RM'000	Retained profits*/ (Accumulated losses) RM'000	Total RM'000
At 1 January 2007	200	76	276
Profit for the year, representing total recognised income and expense for the year	-	99	99
At 31 December 2007/1 January 2008	<u>200</u>	<u>175</u>	<u>375</u>
Loss for the year, representing total recognised income and expense for the year	-	(600)	(600)
At 31 December 2008/1 January 2009	<u>200</u>	<u>(425)</u>	<u>(225)</u>
Loss for the year, representing total recognised income and expense for the year	-	(52)	(52)
Issue of ordinary shares (Note 6.4.12)	2,800	-	2,800
At 31 December 2009	<u>3,000</u>	<u>(477)</u>	<u>2,523</u>

* Distributable

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Cash flow statements

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash flows from operating activities			
Cash receipts from tenants	169	404	726
Cash paid for direct costs and administrative and other operating expenses	(8)	(60)	(81)
Cash generated from operations	161	344	645
Interest paid	-	(157)	(429)
Tax paid	(28)	(64)	(67)
Net cash generated from operating activities	133	123	149
Cash flows from investing activities			
Purchase of property, plant and equipment	(770)	(1,416)	(2,144)
Purchase of investment properties	(5,367)	(941)	(2,113)
Purchase of marketable securities	-	(517)	-
Proceeds from disposal of marketable securities	-	-	523
Dividends received	-	17	-
Net cash used in investing activities	(6,137)	(2,857)	(3,734)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Cash flow statements (cont'd.)

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cash flows from financing activities			
Advances from immediate holding company	6,143	2,300	4,856
Repayment to immediate holding company	-	-	(4,106)
Proceeds from issuance of ordinary shares	-	-	2,800
Net cash generated from financing activities	6,143	2,300	3,550
Net increase/(decrease) in cash and cash equivalents	139	(434)	(35)
Cash and cash equivalents at beginning of year	416	555	121
Cash and cash equivalents at end of year	555	121	86

The cash flow statement included in the audited financial statement for financial year ended 31 December 2007 was presented using the indirect method in which net cash flow from operating activities was determined by adjusting profit for the effects of changes during the year in and operating receivables and payables, non-cash items and all other items for which the cash effects are investing or financing cash flows.

The cash flow statement included in this report for financial year ended 31 December 2007 was presented using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed in order to confirm with the presentation in the latest audited financial statements.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Cash flow statements (cont'd.)

Cash flow statement of 7 Properties for FYE 31 December 2007 using the direct method was not audited. The audited cash flow statement for FYE 31 December 2007 using the indirect method are presented below:

	Audited FYE 31.12.2007 RM'000
Cash flows from operating activities	
Profit before tax	130
Adjustments for:	
Amortisation charge for investment properties	13
Amortisation charge for prepaid land lease payments	6
Operating profit before working capital changes	<u>149</u>
Increase in sundry payables	12
Cash generated from operations	<u>161</u>
Tax paid	<u>(28)</u>
Net cash generated from operating activities	<u>133</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(770)
Purchase of investment properties	<u>(5,367)</u>
Net cash used in investing activities	<u>(6,137)</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Cash flow statements (cont'd.)

	Audited FYE 31.12.2007 RM'000
Cash flows from financing activity	
Advances from immediate holding company, representing net cash generated from financing activity	6,143
Net increase in cash and cash equivalents	139
Cash and cash equivalents at beginning of year	416
Cash and cash equivalents at end of year	555

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements

6.4.1 Corporate information

The principal activities of 7 Properties consist of investment in real properties and short term investments.

There have been no significant changes in the nature of these activities during the financial year except for the disposal of short term investments on 10 June 2009.

7 Properties is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of 7 Properties is located at Level 3A, Podium Block, Plaza Berjaya, No. 12 Jalan Imbi, 55100 Kuala Lumpur. The registered office of 7CSB is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The immediate and ultimate holding companies are 7-Eleven and HQZ Credit Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

On 1 April 2010, 7 Properties changed its name from 7-Connect Sdn. Bhd. to 7 Properties Sdn. Bhd.

6.4.2 Significant accounting policies

Basis of preparation

The financial statements of 7 Properties have been prepared under the historical cost convention and comply with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Basis of preparation (cont'd.)

7 Properties has current liabilities in excess of current assets and shareholder's deficit as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Current liabilities in excess of current assets	6,697	8,850	10,241
Shareholder's deficit	-	225	-

7 Properties relies on its immediate holding company for continuous financial support to enable it to meet its obligations and liabilities when they fall due.

Summary of significant accounting policies

(a) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to 7 Properties and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(a) Property, plant and equipment (cont'd.)

Buildings-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis calculated to write-off the cost of each asset to its residual value over its estimated useful life.

The principal annual rate of depreciation is:

Computer equipment	20%
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The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(b) Investment properties

Investment property is land or buildings held by 7 Properties or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(b) Investment properties (cont'd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of buildings is provided for on a straight line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
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Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognized in the income statement.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.4.2(c).

(c) Impairment of non-financial assets

The carrying amounts of 7 Properties' assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

**6. Historical financial information (cont'd.)****6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)****Notes to the financial statements (cont'd.)****6.4.2 Significant accounting policies (cont'd.)****Summary of significant accounting policies (cont'd.)****(c) Impairment of non-financial assets (cont'd.)**

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.

(d) Functional and presentation currency

The financial statements of 7 Properties are measured using the currency of the primary economic environment in which 7 Properties operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also 7 Properties' functional currency.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(e) Financial instruments

Financial instruments are recognised in the balance sheet when 7 Properties has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when 7 Properties has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents

Cash comprises cash at bank which has an insignificant risk of changes in value.

(ii) Receivables

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

(iii) Payables

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

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(e) Financial instruments (cont'd.)

(iv) Short term investments

Short term investments are carried at the lower of cost and market value, determined on an aggregate basis. Cost is determined on the weighted average basis while market value is determined based on quoted market values. Increases or decreases in the carrying amount of investments are recognised in the income statement. On disposal of investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

(v) Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(f) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(f) Income tax (cont'd.)

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the year.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to 7 Properties and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

(ii) Dividend income

Dividend income is recognised when 7 Properties' right to receive payment is established.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(h) Leases

A lease is recognised as a finance lease if it transfers substantially to 7 Properties all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. Subsequently, the land and buildings elements of a lease are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(i) Operating lease - 7 Properties as a lessee

Leases of assets under which all the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Lease of land and building

The minimum lease payments including lump-sum upfront payments made to acquire the interest in the land and building, are allocated between land and building elements in proportion to the relative fair values of the leasehold interest in the land element and the building element at the inception of the lease.

The lump-sum upfront lease payments made represent prepaid lease payments and are amortised over the lease term on a straight-line basis, at the following annual rate:

Leasehold land	Based on lease periods ranging from 87 to 89 years
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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(h) Leases (cont'd.)

(ii) Lease of land and building (cont'd.)

For leases of land and building in which the amount that would initially be recognised for land element is immaterial, the land and building is treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

(iii) Operating leases - 7 Properties as a lessor

Assets leased out under operating leases are presented on the balance sheet according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 6.4.2(h)(i)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by 7 Properties, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

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

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

Amendment to FRS 119: Employee Benefits

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010
(cont'd.)**

Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

Amendment to FRS 128: Investments in Associates

Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

Amendment to FRS 131: Interests in Joint Ventures

Amendments to FRS 132: Financial Instruments: Presentation

Amendment to FRS 134: Interim Financial Reporting

Amendment to FRS 136: Impairment of Assets

Amendment to FRS 138: Intangible Assets

Amendments to FRS 139: Financial Instruments: Recognition and Measurement

FRS 7: Financial Instruments: Disclosures and IC Interpretation 9:

Reassessment of Embedded Derivatives

Amendment to FRS 140: Investment Property

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum

Funding Requirements and their Interaction

TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

7 Properties plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of 7 Properties upon their initial application:

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)****Notes to the financial statements (cont'd.)****6.4.2 Significant accounting policies (cont'd.)****Standards and Interpretations issued but not yet effective (cont'd.)****FRS 123: *Borrowing Costs***

This Standard supersedes FRS 123₂₀₀₄: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. 7 Properties' current accounting policy is to expense the borrowing costs in the period which they are incurred. In accordance with the transitional provisions of the Standard, 7 Properties will apply the change in accounting policy prospectively for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures* and Amendments to FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7: *Financial Instruments: Disclosures*

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Standards and Interpretations issued but not yet effective (cont'd.)

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the 7 Properties' exposure to risks, enhanced disclosure regarding components of the 7 Properties' financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, 7 Properties is exempted from disclosing the possible impact to the financial statements upon the initial application.

Amendments to FRSs 'Improvements to FRSs (2009)'

- (i) FRS 117: *Leases*: Clarifies on the classification of leases of land and buildings. 7 Properties is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, 7 Properties shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, 7 Properties is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. 7 Properties is currently in the process of assessing the impact of this amendment.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying 7 Properties' accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(i) **Classification between investment properties and property, plant and equipment**

7-Properties has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), 7 Properties would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.2 Significant accounting policies (cont'd.)

Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty

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

(i) Depreciation of property and equipment

Property and equipment are depreciated or amortised on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. 7 Properties periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expense or write-offs in future periods.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.3 Revenue

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Rental income	160	457	622
Dividend income	-	17	-
	<u>160</u>	<u>474</u>	<u>622</u>

6.4.4 Profit/(loss) from operations

Profit/(loss) from operations is arrived at after charging/(crediting):

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Auditors' remuneration			
-statutory audit	5	6	8
-special audit	-	-	4
Depreciation of property plant and equipment	-	1	#
Amortisation charge for for investment properties	13	32	45
Amortisation charge for prepaid land lease payments	6	6	6
Provision for impairment losses of investment properties	-	765	67
Provision for impairment loss of short term investment	-	#	-
Gain on disposal of short term investment	-	-	(6)

denotes amount below RM500

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.5 Finance costs

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Interest expense on: Borrowings from immediate holding company	-	157	429

6.4.6 Income tax expense

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Income tax: Current year provision	31	52	52

Domestic current income tax is calculated at the statutory tax rate set out below:

	Year of assessment		
	2007 %	2008 %	2009 %
Statutory tax rate of companies with paid-up capital of RM2.5 million and below at the beginning of the basis period:			
First RM500,000 chargeable income*	20	20	-
Subsequent chargeable income	27	26	25

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.6 Income tax expense (cont'd.)

- * Pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 introduced with effect from the year of assessment 2009, the preferential tax rate will not apply to a company that controls or is controlled directly or indirectly by another company with paid-up capital exceeding RM2.5 million ordinary shares at the beginning of the basis period for a year of assessment ("YA").

Commencing YA 2009, 7 Properties is not qualified for the above preferential tax rates as it is a company controlled directly by another company with paid-up capital exceeding RM2.5 million ordinary shares at the beginning of the basis period of a year of assessment.

Reconciliations of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of 7 Properties were as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Profit/(loss) before tax	130	(548)	-
Taxation at Malaysian statutory tax rate	35	(142)	-
Effect of different tax rates applicable for company with paid-up capital RM2.5 million and below	(9)	(18)	-
Income not subject to tax	-	(5)	(1)
Expenses not deductible for tax purposes	5	217	53
Tax expense for the year	31	52	52

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.7 Property, plant and equipment

	Buildings-in- progress RM'000	Office equipment RM'000	Total RM'000
At FYE 31 December 2007			
Cost			
At 1 January 2007	-	-	-
Additions	770	-	770
At 31 December 2007	<u>770</u>	<u>-</u>	<u>770</u>
Accumulated depreciation			
At 1 January/31 December 2007	<u>-</u>	<u>-</u>	<u>-</u>
Net carrying amount			
At 31 December 2007	<u>770</u>	<u>-</u>	<u>770</u>
At FYE 31 December 2008			
Cost			
At 1 January 2008	770	-	770
Additions	1,413	3	1,416
At 31 December 2008	<u>2,183</u>	<u>3</u>	<u>2,186</u>
Accumulated depreciation			
At 1 January 2008	-	-	-
Charge for the year	-	1	1
At 31 December 2008	<u>-</u>	<u>1</u>	<u>1</u>
Net carrying amount			
At 31 December 2008	<u>2,183</u>	<u>2</u>	<u>2,185</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.7 Property, plant and equipment (cont'd.)

	Buildings-in- progress RM'000	Office equipment RM'000	Total RM'000
At FPE 31 December 2009			
Cost			
At 1 January 2009	2,183	3	2,186
Additions	2,144	-	2,144
Transfer to investment properties (Note 6.4.8)	(3,415)	-	(3,415)
At 31 December 2009	912	3	915
Accumulated depreciation			
At 1 January 2009	-	1	1
Charge for the year	-	#	#
At 31 December 2009	-	1	1
Net carrying amount			
At 31 December 2009	912	2	914

denotes amount below RM500

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.8 Investment properties

	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
At FYE 31 December 2007			
Cost			
At 1 January 2007	-	520	520
Additions	5,367	-	5,367
At 31 December 2007	<u>5,367</u>	<u>520</u>	<u>5,887</u>
Accumulated amortisation			
At 1 January 2007	-	60	60
Amortisation charge for the year	3	10	13
At 31 December 2007	<u>3</u>	<u>70</u>	<u>73</u>
Net carrying amount			
At 31 December 2007	<u>5,364</u>	<u>450</u>	<u>5,814</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.8 Investment properties (cont'd.)

	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
At FYE 31 December 2008			
Cost			
At 1 January 2008	5,367	520	5,887
Additions	941	-	941
At 31 December 2008	6,308	520	6,828
Accumulated amortisation and impairment losses			
At 1 January 2008	3	70	73
Amortisation charge for the year	22	10	32
Impairment losses recognised to the income statement	765	-	765
At 31 December 2008	790	80	870
Net carrying amount			
At 31 December 2008	5,518	440	5,958

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.8 Investment properties (cont'd.)

	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
At FYE 31 December 2009			
Cost			
At 1 January 2009	6,308	520	6,828
Additions	2,113	-	2,113
Transfer from property, plant and equipment (Note 6.4.7)	3,415	-	3,415
At 31 December 2009	<u>11,836</u>	<u>520</u>	<u>12,356</u>
Accumulated amortisation and impairment losses			
At 1 January 2009	790	80	870
Amortisation charge for the year	35	10	45
Impairment losses recognised to the income statement	67	-	67
At 31 December 2009	<u>892</u>	<u>90</u>	<u>982</u>
Net carrying amount			
At 31 December 2009	<u>10,944</u>	<u>430</u>	<u>11,374</u>

The fair values of investment properties were estimated by the directors based on market values of comparable properties and professional valuation reports using the comparison method of valuation:

	RM'000	RM'000	RM'000
Fair values of investment properties	<u>5,900</u>	<u>6,450</u>	<u>12,860</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.8 Investment properties (cont'd.)

The net carrying amounts of investment properties pledged as securities for borrowings by its immediate holding company are as follows:

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Investment properties	5,529	4,778	4,253

6.4.9 Prepaid land lease payments

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Cost			
At beginning/end of year	553	553	553
Accumulated amortisation			
At beginning of year	59	65	71
Amortisation	6	6	6
At end of year	65	71	77
Net carrying amount	488	482	476

6.4.10 Sundry receivables and deposits

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Sundry receivables	-	2	29
Deposits	5	19	18
	5	21	47

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.11 Marketable securities

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Quoted investment in Malaysia, at cost - unit trust fund	-	517	-
Market value	-	517	-

6.4.12 Share capital

	Number of ordinary share of RM1 each		
	FYE 31.12.2007 '000	FYE 31.12.2008 '000	FYE 31.12.2009 '000
Authorised			
At beginning of year	500	500	500
Created during the year	-	-	4,500
At end of year	500	500	5,000
	Amount		
	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Authorised			
At beginning of year	500	500	500
Created during the year	-	-	4,500
At end of year	500	500	5,000

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.12 Share capital (cont'd.)

	Number of ordinary share of RM1 each		
	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Issued and fully paid up			
At beginning of year	200	200	500
Created during the year	-	-	4,500
At end of year	<u>200</u>	<u>200</u>	<u>5,000</u>

	Amount		
	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Issued and fully paid up			
At beginning of year	200	200	200
Created during the year	-	-	2,800
At end of year	<u>200</u>	<u>200</u>	<u>3,000</u>

During FYE 31 December 2009, 7 Properties increased its issued and paid up capital from RM200,000 to RM3,000,000 by way of issuance of 2,800,000 ordinary shares of RM1 each at par for cash which were entirely allocated to 7-Eleven by capitalisation of intercompany debts.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of 7 Properties.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.13 Retained profits

Prior to the year of assessment 2007, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

7 Properties did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, 7 Properties may utilise the credit in the Section 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholding as defined under the Finance Act 2007.

As at 31 December 2007, 7 Properties has sufficient credit in the Section 108 balance to pay franked dividends out of its entire retained profits.

6.4.14 Due to immediate holding company

The amount due to immediate holding company is unsecured, has no fixed terms of repayment and interest free except for the amount outstanding as at 31 December 2008 and 2009 which bore interest at 5.15% to 5.25% and 3.87% to 5.5% per annum.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.15 Related party transactions

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Rental of investment properties receivable from immediate holding company	31	296	460
Advances from immediate holding company, net	1,684	2,143	463
Interest income payable to the immediate holding company	-	157	287

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions.

6.4.16 Capital commitments

	FYE 31.12.2007 RM'000	FYE 31.12.2008 RM'000	FYE 31.12.2009 RM'000
Approved and contracted for: Investment properties	1,430	2,047	48

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.17 Financial instruments

(a) Financial risk management objectives and policies

The financial risk management policy of 7 Properties seeks to ensure that adequate financial resources are available for the development of 7 Properties' business whilst managing its interest rate, liquidity and credit risks. 7 Properties operates within defined guidelines and 7 Properties' policy is not to engage in speculative transactions.

(b) Interest rate risk

7 Properties' primary interest rate risk relates to interest bearing borrowings.

Borrowings at floating rates expose 7 Properties to cash flow interest rate risk. Borrowings obtained at fixed rates expose 7 Properties to fair value interest rate risk. 7 Properties manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

(c) Liquidity risk

7 Properties actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. 7 Properties relies on its immediate holding company for continuous financial support to enable it to meet its obligations and liabilities when they fall due.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.17 Financial instruments (cont'd.)

(d) Fair values

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and cash equivalents, receivables and payables (excluding due to immediate holding company)

The carrying amounts approximate their fair values due to the relatively short term maturity of these financial instruments.

(ii) Short term investment

The fair value of quoted investment is determined by reference to stock exchange quoted market bid prices at the close of the business on the balance sheet date.

(iii) Due to immediate holding company

It is not practical to estimate the fair value of amount due to immediate holding company due to lack of fixed repayment terms entered by the parties involved and without incurring excessive costs. However, the Company do not anticipate the carrying amounts recorded at the balance sheets date to be significantly different from the values that would eventually be received or settled.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.18 Significant events

- (a) During the financial years ended 31 December 2007, 2008 and 2009, 7 Properties purchased a number of properties. Details of the acquisitions are as follows:

	Date of purchase	Purchase consideration RM	Tenure	Description of property
(i)	15 June 2007	480,000	Freehold	One unit of double-storey terrace shophouse
(ii)	17 August 2007*	300,320	Freehold	One unit of single storey shoplot
(iii)	3 September 2007**	880,095	Freehold	One unit of 2-storey terrace shophouse
(iv)	3 September 2007**	3,584,422	Freehold	One unit of 4-storey shophouse
(v)	25 September 2007*	2,200,000	Freehold	One unit of 4-storey shopoffice
(vi)	25 March 2008	678,800	Freehold	One unit of 3-storey shop-office
(vii)	29 September 2008	250,000	Freehold	One unit of 2-storey terrace shophouse

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.18 Significant events (cont'd.)

<u>Date of purchase</u>	<u>Purchase consideration RM</u>	<u>Tenure</u>	<u>Description of property</u>
(viii) 9 December 2008	1,070,000	Freehold	One unit of 4-storey shophouse
(ix) 11 December 2008	960,000	Leasehold	One unit of 3-storey shop-office
(x) 14 April 2009*	440,960	Freehold	Two adjoining unit of ground floor shoplots
(xi) 14 May 2009	338,000	Freehold	One unit of 2-storey intermediate-unit terraced shopoffice
(xii) 30 September 2009	1,386,394	Freehold	Two adjoining unit of ground floor shoplots

* Purchased from a subsidiary company of BCorporation, a company in which TSVT, Chan Kien Sing and Dato' Azlan Meah Bin Hj. Ahmad Meah are directors of BCorporation. TSVT is also a substantial shareholder of BCorporation.

** Purchased from immediate holding company, 7-Eleven.

(b) During FYE 31 December 2009, 7 Properties disposed the investment in quoted investments for a cash consideration of RM523,074.



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.18 Significant events (cont'd.)

- (c) On 28 September 2009, the Board of Directors of B-Retail approved the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing comprises the following exercises:
- (a) Proposed acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:-
 - i. assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer;
 - ii. issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
 - (b) Proposed acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:
 - i. assumption B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - ii. issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - iii. issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.



6. Historical financial information (cont'd.)

6.4 7 Properties Sdn. Bhd. (formerly known as 7-Connect Sdn. Bhd.) (cont'd.)

Notes to the financial statements (cont'd.)

6.4.18 Significant events (cont'd.)

- (c) Proposed distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail share for every 10 existing BCorporation shares held as at the entitlement date to be determined by the Board of BCorporation.
- (d) Proposed offers for sale of B-Retail shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail share and RM0.50 per B-Retail ICPS respectively.
- (e) Proposed listing of and quotation for B-Retail's ordinary shares and ICPS on the Main Market of Bursa Malaysia Securities Berhad.

The aforesaid proposals are inter-conditional to facilitate the proposed listing.

Singer and its subsidiary are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven and its subsidiaries are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd.

Income statement

	Note	FYE 31.12.2009 RM'000
Administrative and other operating expenses, representing loss from operations	6.5.6	(27)
Finance costs	6.5.7	<u>(239)</u>
Loss before tax		(266)
Income tax expense	6.5.8	<u>-</u>
Loss for the year		<u>(266)</u>

Balance sheet

	Note	FYE 31.12.2009 RM'000
Asset		
Non-current asset		
Properties	6.5.3	<u>10,817</u>
Total asset		<u>10,817</u>
Equity and liabilities		
Equity attributable to equity holder of the Teluk Juara		
Share capital	6.5.4	3,000
Accumulated losses		<u>(287)</u>
Total equity		<u>2,713</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Balance sheet (cont'd.)

	Note	FYE 31.12.2009 RM'000
Current liabilities		
Provisions and accruals		2
Due to immediate holding company	6.5.5	8,102
		<u>8,104</u>
Total liability		<u>8,104</u>
Total equity and liabilities		<u>10,817</u>

(a) Key financial ratios

	FYE 31.12.2009
Current ratio (times)	Not applicable
Debt-equity ratio (times)	2.99
Net tangible asset per share (RM)	0.90

Statement of changes in equity

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2009	#	(21)	(21)
Loss for the year, representing total recognised income and expense for the year	-	(266)	(266)
Issue of ordinary shares (Note 6.5.4)	3,000	-	3,000
At 31 December 2009	<u>3,000</u>	<u>(287)</u>	<u>2,713</u>

Representing RM2

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Cash flow statement

	FYE 31.12.2009 RM'000
Cash flows from operating activity	
Cash paid to creditors, representing net cash used in operating activity	(46)
Cash flows from investing activities	
Purchase of a freehold land	(10,758)
Initial payment related to work-in-progress	(59)
Net cash used in investing activities	(10,817)
Cash flows from financing activity	
Advances from immediate holding company, representing net cash generated from financing activity	10,863
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	-



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements

6.5.1 Corporate information

The principal activities of Teluk Juara consist of property investment, warehousing and distribution of merchandise.

During the financial year, Teluk Juara commenced its activity of property investment by the acquisition of a piece of freehold land. Teluk Juara has not commenced its activities of warehousing and distribution of merchandise yet.

Teluk Juara is a private limited liability company, incorporated and domiciled in Malaysia.

The principal place of business of Teluk Juara is located at Level 3A, Podium Block, Plaza Berjaya, No. 12 Jalan Imbi, 55100 Kuala Lumpur. The registered office of Teluk Juara is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The immediate and ultimate holding companies are 7-Eleven and HQZ Credit Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

6.5.2 Significant accounting policies

Basis of preparation

The financial statements of Teluk Juara have been prepared under the historical cost convention and complied with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia.

As at 31 December 2009, Teluk Juara has current liabilities in excess of current assets of RM8,104,000. Teluk Juara relies on the financial support from its immediate holding company to enable it to operate as a going concern.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies

(a) Properties

All items of properties are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to Teluk Juara and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Work-in-progress is also not depreciated as the asset is not available for use.

An item of properties is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

(b) Impairment of non-financial assets

The carrying amounts of Teluk Juara's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(b) Impairment of non-financial assets (cont'd.)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in the income statement in the period in which it arises.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(c) Functional and presentation currency

The financial statements of Teluk Juara are measured using the currency of the primary economic environment in which Teluk Juara operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also Teluk Juara's functional currency.

(d) Financial instruments

Financial instruments are recognised in the balance sheet when Teluk Juara has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when Teluk Juara has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Payables

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



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(d) Financial instruments (cont'd.)

(ii) Interest bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(iii) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(e) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Summary of significant accounting policies (cont'd.)

(e) Income tax (cont'd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period.

(f) Provision

Provisions are recognised when Teluk Juara has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Standards and Interpretation issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by Teluk Juara, which are:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Effective for financial periods beginning on or after 1 January 2010

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendment to FRS 8: Operating Segments
- Amendment to FRS 107: Statement of Cash Flows
- Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendment to FRS 110: Events after the Reporting Period
- Amendment to FRS 116: Property, Plant and Equipment
- Amendment to FRS 117: Leases
- Amendment to FRS 118: Revenue
- Amendment to FRS 119: Employee Benefits
- Amendment to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to FRS 123: Borrowing Costs

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Standards and Interpretation issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010
(cont'd.)**

Amendment to FRS 127: Consolidated and Separate Financial Statements
Amendment to FRS 128: Investments in Associates
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and
Measurement, FRS 7: Financial Instruments: Disclosures and
IC Interpretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum
Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Standards and Interpretation issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Teluk Juara plans to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of Teluk Juara upon their initial application:

FRS 123: *Borrowing Costs*

This Standard supersedes FRS 123₂₀₀₄: *Borrowing Costs* that removes the option of expensing borrowing costs and requires capitalisation of such costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognised as an expense. Teluk Juara will apply the accounting policy for which the commencement date for capitalisation of borrowing cost on qualifying assets is on or after the financial period 1 January 2010.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.2 Significant accounting policies (cont'd.)

Standards and Interpretation issued but not yet effective (cont'd.)

FRS 139: *Financial Instruments: Recognition and Measurement*, FRS 7:

The new Standard on FRS 139: *Financial Instruments: Recognition and Measurement* establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Requirements for presenting information about financial instruments are in FRS 132: *Financial Instruments: Presentation* and the requirements for disclosing information about financial instruments are in FRS 7: *Financial Instruments: Disclosures*.

FRS 7: *Financial Instruments: Disclosures* is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of Teluk Juara's exposure to risks, enhanced disclosure regarding components of Teluk Juara's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the respective transitional provisions, Teluk Juara is exempted from disclosing the possible impact to the financial statements upon the initial application.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.3 Properties

	Freehold land RM'000	Work-in progress RM'000	Total RM'000
At 31 December 2009			
At cost			
At 1 January 2009	-	-	-
Additions	10,758	59	10,817
At 31 December 2009	<u>10,758</u>	<u>59</u>	<u>10,817</u>

Teluk Juara has intended to build a warehouse. Preliminary expense was incurred during the year.

However, the plan to build a warehouse is not finalised and has not been approved by the Board of Directors as at the date of this report.

6.5.4 Share capital

	Number of ordinary share of RM1 each FYE 31.12.2009 '000	Amount FYE 31.12.2009 RM'000
Authorised		
At 1 January	25	25
Created during the year	4,975	4,975
At 31 December	<u>5,000</u>	<u>5,000</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.4 Share capital (cont'd.)

	Number of ordinary share of RM1 each FYE 31.12.2009 '000	Amount FYE 31.12.2009 RM'000
Issued and fully paid up		
At 1 January	#	#
Issued during the year	3,000	3,000
At 31 December	<u>3,000</u>	<u>3,000</u>

Representing RM2

During the financial year, Teluk Juara issued 2,999,998 ordinary shares of RM1 each at par to its immediate holding company, 7-Eleven, which was satisfied via the capitalisation of debts.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of Teluk Juara.

6.5.5 Due to immediate holding company

The amount due to immediate holding company is unsecured, bore interest at 5.5% per annum and has no fixed terms of repayment.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.6 Loss from operation

Loss from operation is arrived at after charging:

	FYE 31.12.2009 RM'000
Auditors' remuneration	
- statutory audit	#
- special audit	#
	<hr/>
# Representing RM1,500	

6.5.7 Finance costs

	FYE 31.12.2009 RM'000
Interest expense on:	
Advance from immediate holding company	<hr/> 239

6.5.8 Income tax expense

There is no tax charge for the financial year as TJSB has yet to commence operation.

During the financial period ended 31 December 2008, Teluk Juara changed its financial year end from 30 April to 31 December. Accordingly, Teluk Juara's basis period for the year of assessment 2009 would cover a period from 1 May 2008 to 31 December 2009 at the tax rate of 25% of the estimated assessable profit for the period.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.5 Teluk Juara Sdn. Bhd. (cont'd.)****Notes to the audited financial statements (cont'd.)****6.5.8 Income tax expense (cont'd.)**

A reconciliation of income tax expense applicable to loss before tax at the statutory income tax rate to income tax expense at the effective income tax rate of Teluk Juara is as follows:

	FYE 31.12.2009 RM'000
Loss before tax	<u>(267)</u>
Tax at statutory rate of 25%	(67)
Expenses not deductible under tax legislation	<u>67</u>
Tax expense for the year	<u>-</u>

6.5.9 Financial instruments**(a) Financial risk management objectives and policies**

The financial risk management policy of Teluk Juara seeks to ensure that adequate financial resources are available for the development of Teluk Juara's business whilst managing its interest rate, foreign exchange, liquidity and credit risks. Teluk Juara operates within defined guidelines and Teluk Juara's policy is not to engage in speculative transactions.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.9 Financial instruments (cont'd.)

(b) Interest rate risk

Teluk Juara's primary interest rate risk relates to interest bearing borrowings.

Borrowings at floating rates expose Teluk Juara to cash flow interest rate risk. Borrowings obtained at fixed rates expose Teluk Juara to fair value interest rate risk. Teluk Juara manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

(c) Liquidity risk

Teluk Juara actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. Teluk Juara relies on its immediate holding company for continuous financial support to enable it to meet its obligations and liabilities when they fall due.

(d) Fair value

The carrying amounts of payables approximate their fair values due to the relatively short term maturity of these financial instruments.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.10 Significant events

- (i) On 27 February 2009, Teluk Juara was acquired by 7-Eleven for cash consideration of RM2 for the entire equity interest of Teluk Juara.

- (ii) On 12 May 2009, Teluk Juara entered into an agreement to purchase a piece of freehold land from Cosway, for a purchase price of RM10,450,000. The land is located at Bukit Jelutong Industrial Park, Shah Alam, Selangor, measuring 16,182 square metres (approximately 4 acres). The purchase was concluded on 7 August 2009.

Cosway is a subsidiary company of BCorporation, a company in which Chan Kien Sing is a director. A director of the immediate and ultimate holding company, TSVT, is also a director and substantial shareholder of BCorporation.

- (iii) On 28 September 2009, the Board of Directors of B-Retail, a company in which Chan Kien Sing and Tan U-Ming are directors, approved the proposed listing of B-Retail on the Main Market of Bursa Malaysia Securities Berhad. The proposed listing comprises the following exercises:
 - (a) Proposed acquisition of 235,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Singer from Cosway for a consideration of RM360,000,000 to be satisfied in the following manner:-
 - (i) assumption by B-Retail of a sum of RM45,905,000 due from BCorporation Group to Singer;
 - (ii) issuance of 475,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - (iii) issuance of 153,190,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.10 Significant event (cont'd.)

- (iii) (b) Proposed acquisition of 35,000,000 ordinary shares of RM1.00 each representing 100% equity interest in 7-Eleven from Premier Merchandise for a consideration of RM600,000,000 to be satisfied in the following manner:
- (i) assumption by B-Retail of a sum of RM165,379,000 (including estimated interest up to 30 November 2009) due from Premier Merchandise and its holding companies to 7-Eleven;
 - (ii) issuance of 60,000,000 new ordinary shares of RM0.50 each in B-Retail at an issue price of RM0.50 each; and
 - (iii) issuance of 809,242,000 new ICPS of RM0.50 each in B-Retail at an issue price of RM0.50 each.
- (c) Proposed distribution of dividend-in-specie by BCorporation on the basis of 1 B-Retail share for every 10 existing BCorporation shares held as at the entitlement date to be determined by the Board of BCorporation.
- (d) Proposed offers for sale of B-Retail shares and ICPS to various parties by Cosway at an offer price of RM0.50 per B-Retail share and RM0.50 per B-Retail ICPS respectively.



6. Historical financial information (cont'd.)

6.5 Teluk Juara Sdn. Bhd. (cont'd.)

Notes to the audited financial statements (cont'd.)

6.5.10 Significant event (cont'd.)

- (iii) (e) Proposed listing of and quotation for B-Retail's ordinary shares and ICPS on the Main Market of Bursa Malaysia Securities Berhad.

The aforesaid proposals are inter-conditional to facilitate the proposed listing.

Singer and its subsidiary are principally involved in the marketing and direct selling of consumer durables with instalment option schemes.

7-Eleven and its subsidiaries are principally involved in the operation of a chain of convenience stores.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information

6.6 Singer (Malaysia) Sdn. Bhd.

Income statements

	Notes	Unaudited				
		FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 01.1.2008 to 31.12.2008 RM'000	FPE 01.1.2009 to 31.12.2009 RM'000
Revenue	6.6.3	306,255	334,076	355,227	358,653	355,995
Cost of sales	6.6.4	(168,991)	(180,414)	(188,116)	(196,452)	(187,516)
Gross profit		137,264	153,662	167,111	162,201	168,479
Other income		12,350	13,825	12,698	12,913	13,284
Distribution costs		(58,311)	(69,098)	(76,042)	(76,327)	(74,958)
Administrative expenses		(41,260)	(42,909)	(43,874)	(44,717)	(45,061)
Other expenses		(21,059)	(18,010)	(18,179)	(13,405)	(21,965)
Profit from operations		28,984	37,270	41,714	40,665	39,779
Finance costs	6.6.5	(23,860)	(21,174)	(19,768)	(20,594)	(16,504)
Investment related income/(expenses)	6.6.6	3,600	-	(49)	-	(49)
Profit before tax	6.6.7	8,724	16,096	21,897	20,071	23,226
Income tax reversal/(expense)	6.6.9	(303)	4,941	6,000	6,000	-
Profit for the year/period		8,421	21,037	27,897	26,071	23,226

Profit before tax is analysed as follows:

Profit before depreciation and interest expense	34,619	39,093	43,557	42,398	41,605
Depreciation	(1,452)	(1,469)	(1,695)	(1,487)	(1,778)
Amortisation	(583)	(354)	(197)	(246)	(97)
Interest expense	(23,860)	(21,174)	(19,768)	(20,594)	(16,504)
Profit before tax	8,724	16,096	21,897	20,071	23,226

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Income statements

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Key financial ratios:					
Weighted average number of ordinary shares in issue ('000)	235,000	235,000	235,000	235,000	235,000
Gross earnings per share (RM)*	0.04	0.07	0.09	0.09	0.10
Net earnings per share (RM)*	0.04	0.09	0.12	0.11	0.10
Gross profit margin (%)	44.82	46.00	47.04	45.23	47.33
Profit before tax margin (%)	2.85	4.82	6.16	5.60	6.52
Profit after tax margin (%)	2.75	6.30	7.85	7.27	6.52
Effective tax rate (%)	4	(31)	(27)	(30)	-
Gross dividend rate (%) [^]	-	0.22	-	-	-

[^] Based on gross dividends relating to a financial year/period divided by the number of ordinary shares in issue as at end of the financial year/period.

^{*} The gross earnings per share is computed based on the profit before tax divided by the weighted average number of ordinary shares in issue during the relevant financial year/period.

The net earnings per share is computed based on the profit after tax divided by the weighted average number of ordinary shares in issue during the relevant financial year/period.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Balance sheets

	Note	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Assets					
Non-current assets					
Property, plant and equipment	6.6.11	6,963	6,170	6,289	5,958
Prepaid land lease premium	6.6.12	253	252	250	250
Intangible assets	6.6.13	738	386	143	94
Investment in a subsidiary company	6.6.14	93,795	93,795	93,795	93,795
Investment in an associated company	6.6.15	49	49	-	-
Other investments	6.6.16	701	701	701	701
Deferred tax assets	6.6.17	4,000	9,000	15,000	15,000
		<u>106,499</u>	<u>110,353</u>	<u>116,178</u>	<u>115,798</u>
Current assets					
Inventories	6.6.18	28,825	37,153	41,877	37,773
Trade receivables	6.6.19	3,054	5,123	5,408	3,620
Hire purchase and equal payment receivables	6.6.20	315,001	324,595	328,496	352,228
Other receivables	6.6.21	6,728	6,614	5,766	48,077
Tax recoverable		1,754	1,519	-	-
Cash and bank balances	6.6.22	6,211	3,340	3,482	3,770
		<u>361,573</u>	<u>378,344</u>	<u>385,029</u>	<u>445,468</u>
Non-current assets classified as held for sale	6.6.23	1,311	77	-	-
		<u>362,884</u>	<u>378,421</u>	<u>385,029</u>	<u>445,468</u>
Total assets		<u>469,383</u>	<u>488,774</u>	<u>501,207</u>	<u>561,266</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Balance sheets (cont'd.)

	Note	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Equity and liabilities					
Equity attributable to equity holder of Singer					
Share capital	6.6.24	235,000	235,000	235,000	235,000
(Accumulated losses)/ Retained earnings		(110,960)	(90,445)	(62,548)	116
Total equity		124,040	144,555	172,452	235,116
Liabilities					
Non-current liability					
Borrowings	6.6.25	123,293	114,360	98,901	77,558
Current liabilities					
Borrowings	6.6.25	151,929	132,135	122,005	128,392
Trade payables	6.6.26	15,201	17,695	16,205	22,907
Other payables	6.6.27	54,920	80,029	91,644	97,293
		222,050	229,859	229,854	248,592
Total liabilities		345,343	344,219	328,755	326,150
Total equity and liabilities		469,383	488,774	501,207	561,266

Key financial ratios:

Inventories turnover period (days)	70	67	77	79
Trade payables turnover period (days)	37	32	32	49
Current ratio (times)	1.63	1.65	1.68	1.79
Debt-equity ratio (times)	2.22	1.71	1.28	0.88
Net tangible assets per share (RM)	0.52	0.61	0.73	1.00

Refer to note 6.6.20 for ratios relating to hire purchase and equal payment receivables.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Statements of changes in equity

	Share capital RM'000	(Accumulated losses)/ Retained earnings RM'000	Total RM'000
At 1 May 2006	235,000	(119,381)	115,619
Profit for the year, representing total recognised income and expense for the year	-	8,421	8,421
At 30 April 2007	<u>235,000</u>	<u>(110,960)</u>	<u>124,040</u>
At 1 May 2007	235,000	(110,960)	124,040
Profit for the year, representing total recognised income and expense for the year	-	21,037	21,037
Dividend (Note 6.6.10)	-	(522)	(522)
At 30 April 2008	<u>235,000</u>	<u>(90,445)</u>	<u>144,555</u>
At 1 May 2008	235,000	(90,445)	144,555
Profit for the year, representing total recognised income and expense for the year	-	27,897	27,897
At 30 April 2009	<u>235,000</u>	<u>(62,548)</u>	<u>172,452</u>
At 1 Jan 2008	235,000	(94,181)	140,819
Profit for the period, representing total recognised income and expense for the period	-	26,071	26,071
At 31 December 2008	<u>235,000</u>	<u>(68,110)</u>	<u>166,890</u>
At 1 Jan 2009	235,000	(68,110)	166,890
Profit for the period, representing total recognised income and expense for the period	-	23,226	23,226
Gain arising from the sale of collection rights to a related company (Note 6.6.33)	-	45,000	45,000
At 31 December 2009	<u>235,000</u>	<u>116</u>	<u>235,116</u>

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Cash flow statements

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Receipts from customers	290,038	310,456	344,914	338,379	335,215
Payments to suppliers	(143,176)	(173,688)	(182,407)	(191,429)	(173,912)
Payments for operating expenses	(127,371)	(122,342)	(135,446)	(133,919)	(134,075)
Income tax refunds	-	265	1,519	808	711
Payments of income taxes	(404)	-	-	-	-
Payments of real property gains tax	(6)	(89)	-	-	-
Other receipts	9,577	10,007	10,763	10,837	11,181
Net cash generated from operating activities	28,658	24,609	39,343	24,676	39,120
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment	2,460	3,945	265	649	54
Purchase of property, plant and equipment (Note a)	(396)	(501)	(969)	(884)	(615)
Purchase of intangible assets	(15)	-	(87)	-	-
Net cash generated from/ (used in) investing activities	2,049	3,444	(791)	(235)	(561)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Cash flow statements (cont'd.)

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Drawdown of borrowings	174,261	166,970	156,128	159,891	157,545
Repayment of borrowings	(191,014)	(174,300)	(177,150)	(176,585)	(180,445)
Interests paid	(22,471)	(19,788)	(18,352)	(19,175)	(15,461)
Payment of hire purchase and lease liabilities	(379)	(566)	(658)	(673)	(487)
Net change in inter-company indebtedness	9,286	18,589	6,373	11,715	(774)
Dividend paid	-	(522)	-	(522)	-
Net cash generated used in financing activities	(30,317)	(9,617)	(33,659)	(25,349)	(39,622)
Net increase in cash and bank balance	390	18,436	4,893	(908)	(1,063)
Cash and bank balance at beginning of financial year/period	(26,211)	(25,821)	(7,385)	(821)	(1,729)
Cash and bank balance at end of financial year/period	(25,821)	(7,385)	(2,492)	(1,729)	(2,792)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Cash flow statements (cont'd.)

Note a

Purchase of property, plant and equipment by way of :

	FYE	FYE	FYE	Unaudited FPE 1.1.2008	FPE 1.1.2009
	30.4.2007	30.4.2008	30.4.2009	to 31.12.2008	to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Finance lease	-	476	842	608	554
Cash	396	501	969	884	615
Capitalisation of restoration costs	-	-	300	-	300
Capitalisation of Inventory	-	-	-	-	113
	<u>396</u>	<u>977</u>	<u>2,111</u>	<u>1,492</u>	<u>1,582</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements

6.6.1 Corporate information

The principal activities of Singer are marketing and selling of consumer durables on cash, credit, hire purchase terms and equal payment schemes. There have been no significant changes in the nature of the principal activities during the financial year/period.

Singer is a private limited company, incorporated and domiciled in Malaysia. The registered office of Singer is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur. The principal place of business is located at Lot 6, Jalan 51/217, Section 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

The holding and ultimate holding companies of Singer are Cosway and BCorporation respectively, both of which are incorporated in Malaysia. BCorporation is listed on the Main Market of Bursa Malaysia Securities Berhad. Related companies in these financial statements refer to subsidiary companies of BCorporation group of companies other than the holding and subsidiary companies of Singer.

6.6.2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements of Singer have been prepared under the historical cost convention and comply with Financial Reporting Standards ("FRSs") issued and effective as at 31 December 2009.

The financial statements for the twelve months period ended 31 December 2009 have been prepared to be used solely for the preparation of the Accountants' Report to be included in the prospectus to be issued in connection with the listing and quotation of Berjaya Retail Berhad on the Main Market of the Bursa Malaysia Securities Berhad.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(a) Basis of preparation (cont'd.)

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

(b) Subsidiaries and basis of consolidation

(i) Basis of consolidation

For the purposes of the annual financial statements, it is permitted by Paragraph 10(d) of FRS 127: Consolidated and Separate Financial Statements that, the Singer need not present consolidated financial statements as its ultimate holding company BCorporation, incorporated in Malaysia, produces consolidated financial statements available for public use that comply with Financial Reporting Standards.

However for the period ended 31 December 2009, BCorporation did not produce any consolidated financial statements for public use. Singer did not prepare any consolidated financial statements for the period ended 31 December 2009.

This represents a departure from the provision of paragraph 10(d) of FRS127. However, the directors of Singer are of the opinion that the preparation of consolidated financial statements would not be of value for the purpose for which the current financial statements have been prepared as explained in Note 6.6.2(a).



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation (cont'd.)

(ii) Investments in subsidiary and associated companies

Singer's investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.6.2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Singer and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(c) Revenue recognition (cont'd.)

(ii) Carrying charges income from hire purchase sales and equal payment schemes

Carrying charges from hire purchase sales and equal payment schemes are recognised as income over the period of instalment payments calculated on a constant proportion of the balance of capital repayments outstanding.

(iii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Dividend income

Dividend income is recognised when Singer's right to receive payment is established.

(d) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Singer and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised when the parts are replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

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

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less any impairment losses and is not depreciated as it has an unlimited useful life. On all other property, plant and equipment, depreciation is provided on a straight-line basis calculated to write off the cost to its residual value of each asset over its estimated useful life.

The annual rates of depreciation are:

Buildings on freehold land	2.0%
Buildings on leasehold land	Over the period of lease or 50 years whichever is shorter
Leasehold improvements	20% - 33.3%
Motor vehicles	25%
Furniture and equipment	10% - 20%

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in income statement.



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(e) Prepaid land lease premiums

Prepaid lease premiums on leasehold land are stated at cost less accumulated amortisation and impairment losses. The prepaid land lease premiums are amortised over the terms of the land lease on a straight-line basis, which range from 30 to 999 years.

Upon disposal of a prepaid land lease, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

When an indication of impairment exist, the carrying amount of the prepaid land lease premium is written down immediately to its recoverable amount.

(f) Leases

A lease is recognised as a finance lease if it transfers substantially to Singer all the risks and rewards incidental to ownership. All other leases are treated as operating leases.

(i) Finance leases and hire purchase arrangements - Singer as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding lease obligation is included in the balance sheet as liabilities. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practical to determine; otherwise, the entity's incremental borrowing rate is used.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.6.2 Summary of significant accounting policies (cont'd.)****(f) Leases (cont'd.)****(i) Finance leases and hire purchase arrangements - Singer as lessee (cont'd.)**

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 6.6.2(d).

(ii) Finance leases and hire purchase arrangements - Singer as lessor

Assets sold by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less provision for doubtful debts. The lease receivable is included in the balance sheet as an asset. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease.

Lease payments are apportioned between the earned carrying charges and the reduction of the outstanding asset. Unearned carrying charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an income in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(f) Leases (cont'd.)

(iii) Operating leases

Operating leases are leases other than finance leases. Lease rental under operating lease is charged to income statement on a straight line basis over the term of the relevant lease.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method and includes cost of purchase and other directly attributable costs of acquisition.

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

(h) Foreign currencies

(i) Functional and presentation currency

The financial statements Singer are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also Singer 's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of Singer, transactions in currencies other than Singer's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(h) Foreign currencies (cont'd.)

(ii) Foreign currency transactions (cont'd.)

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income statement for the period except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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

	2007 RM	2008 RM	2009 RM	31.12.2009 RM
One (1) Singapore Dollar ("SGD")	-	2.317	2.402	2.441
One (1) United States Dollar ("USD")	3.422	3.154	3.566	3.430

**6. Historical financial information (cont'd.)****6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.6.2 Summary of significant accounting policies (cont'd.)****(i) Provisions for liabilities**

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

(j) Income tax

Income tax expense for the year comprises current and deferred tax. Current tax expense is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous year/period.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised on temporary differences arising from the initial recognition of assets or liabilities that at the time of transaction affects neither accounting nor taxable profit.



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(j) Income tax (cont'd.)

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

Deferred tax is recognised directly in income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is recognised directly in equity.

(k) Employee benefits

(i) Short term benefits

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

(ii) Defined contributions plans

Contributions relating to defined contribution plans are recognised in the income statement when incurred. As required by law, companies in Malaysia make contribution to the Employees Provident Fund ("EPF").

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.6.2 Summary of significant accounting policies (cont'd.)****(k) Employee benefits (cont'd.)****(iii) Defined benefit plans**

Singer operates a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Singer's net obligation in respect of the Scheme are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

Past service cost is recognised in the income statement to the extent that the benefits are already vested. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested.

In calculating Singer's obligation in respect of the Scheme, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of the Scheme, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to Singer, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)****Notes to the financial statements (cont'd.)****6.6.2 Summary of significant accounting policies (cont'd.)****(l) Intangible assets - Computer software**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are amortised on a straight-line basis over the estimated economic useful lives of 4 to 10 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at each balance sheet date.

(m) Impairment of non-financial assets

The carrying amounts of the Singer's assets, other than inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in income statement in the period in which it arises.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(n) Financial instruments

Financial instruments are recognised in the balance sheet when Singer has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when Singer has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.6.2(m).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Trade and other receivables

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

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(n) Financial instruments (cont'd.)

(iii) Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank, and deposits at call which have an *insignificant risk of changes in value, net of outstanding bank overdrafts.*

(iv) Trade and other payables

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

(v) Interest-bearing borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(vi) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(o) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets and financial assets) are measured in accordance with FRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

(p) Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by Singer:

FRSs, Amendments to FRSs and Interpretations

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(p) Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010:

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (as revised in 2009)

FRS 123: Borrowing Costs

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
and FRS 127: Consolidated and Separate Financial Statements: Cost
of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and
Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued
Operations

Amendment to FRS 8: Operating Segments

Amendment to FRS 107: Statement of Cash Flows

Amendment to FRS 108: Accounting Policies, Changes in Accounting
Estimates and Errors

Amendment to FRS 110: Events after the Reporting Period

Amendment to FRS 116: Property, Plant and Equipment

Amendment to FRS 117: Leases

Amendment to FRS 118: Revenue

Amendment to FRS 119: Employee Benefits

Amendment to FRS 120: Accounting for Government Grants and Disclosure
of Government Assistance

Amendment to FRS 123: Borrowing Costs

Amendment to FRS 127: Consolidated and Separate Financial Statements

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(p) Standards and Interpretations issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010:
(cont'd.)**

Amendment to FRS 128: Investments in Associates
Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and
Measurement, FRS 7: Financial Instruments: Disclosures and
IC Interpretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(p) Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Singer is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 139, IC Interpretation 9 and the amendments thereto.

The other FRSs and IC Interpretations are expected to have no significant impact on the financial statements of Singer upon their initial application except for the changes arising from the adoption of FRS 139, IC Interpretation 9 and the amendments thereto.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(q) Significant accounting estimates and judgements

(i) Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying Singer's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

a. Provision for doubtful debts

Provision for doubtful debts consists of amount provided for hire purchase and equal payment debtors. Full provision was made for all delinquent Hire purchase and Equal payment receivables above 9 months. The provision was made on delinquent ageing based on management's past experience on the collectibility of the balances.

(ii) Key sources of estimation uncertainty

a. Depreciation of property, plant and equipment and amortisation of intangible assets

The cost of property, plant and equipment, prepaid land lease premiums and intangible assets are depreciated and amortised according to the rates as set out in Note 6.6.2(d), (e) and (l) on a straight-line basis. Changes in the expected economic useful lives and residual values of these items would change its future depreciation charges.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(q) Significant accounting estimates and judgements (cont'd.)

(ii) Key sources of estimation uncertainty (cont'd.)

b. Restoration costs

Singer rents shoplots for its operations and estimates of future restoration costs expense for the rented shoplots with the requirement to remove any improvements at the end of the tenancy.

Estimating the restoration costs involves subjective assumption regarding both amount and timing of the actual restoration costs. Future actual costs could differ significantly from amounts initially estimated.

c. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and unrecognised tax losses of Singer as at 31 December 2009 were RM60,928,000 and RM6,125,000 respectively.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.2 Summary of significant accounting policies (cont'd.)

(q) Significant accounting estimates and judgements (cont'd.)

(ii) Key sources of estimation uncertainty (cont'd.)

d. Contingent liabilities - Litigation

As disclosed in Note 6.6.30 to the financial statements, Singer has a pending litigation as at end of the current financial period. The Directors, after due consultation with Singer's solicitors, assess the merit of the case, and will make the necessary provision for liabilities in the financial statements if their crystallisation are deemed as probable.

e. Income tax expense provision

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax impact is uncertain during the ordinary course of business. Singer recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of such matters is different from the amounts that were initially recognised, the difference will be taken into the income statement in the period in which such determination is made.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.3 Revenue

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
	30.4.2007 RM'000	30.4.2008 RM'000	30.4.2009 RM'000		
Revenue of Singer consists:					
Sale of goods	234,876	257,814	274,089	287,233	275,462
Earned carrying charges	71,379	76,262	81,138	71,420	80,533
	<u>306,255</u>	<u>334,076</u>	<u>355,227</u>	<u>358,653</u>	<u>355,995</u>

6.6.4 Cost of sales

Cost of sales represents cost of inventories sold and cost of services rendered.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.5 Finance costs

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Interest expense on:					
Bank overdrafts	2,560	887	620	674	488
Bankers' acceptances	3,862	3,538	3,310	3,535	2,693
Revolving credits	4,962	4,493	3,859	4,149	2,944
Syndicated Revolving Credit	10,320	10,024	9,376	9,793	8,057
Hire purchase and lease financing	76	52	40	37	45
Others	2,080	2,180	2,563	2,406	2,277
	<u>23,860</u>	<u>21,174</u>	<u>19,768</u>	<u>20,594</u>	<u>16,504</u>

6.6.6 Investment related income/(expenses)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Dividend income from a subsidiary company	3,600	-	-	-	-
Provision for diminution in value	-	-	(49)	-	(49)
	<u>-</u>	<u>-</u>	<u>(49)</u>	<u>-</u>	<u>(49)</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.7 Profit before tax

Profit before tax is arrived at after charging/(crediting):

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	100	120	136	120	110
Depreciation	1,452	1,469	1,695	1,487	1,778
Amortisation of prepaid lease land	2	2	1	2	2
Amortisation of intangible assets	581	352	196	244	95
Director's remuneration	339	365	563	572	464
Inventories written off	78	237	113	30	51
Property, plant and equipment written off	34	5	296	4	298
Intangible assets written off	-	-	134	-	134
Net provision for doubtful debts	21,310	18,652	17,066	12,498	20,725
Bad debts written off	726	596	946	796	777
Rental of premises	5,112	5,339	5,978	5,750	6,102
Royalty fee	1,567	2,599	2,757	2,829	2,706
Employee benefits expenses (Notes 6.6.8)	18,127	18,849	18,706	19,870	18,257

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.7 Profit before tax (cont'd.)

Profit before tax is arrived at after charging/(crediting):

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	(1,269)	(1,481)	(2,577)	(2,188)	(2,727)
(Gain)/loss on disposal of property, plant and equipment	(1,610)	(2,363)	(187)	313	(378)
Net loss/(gain) in foreign exchange	-	410	(54)	18	(90)
Reversal of write-down of inventories	(3,460)	(421)	-	-	-

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.8 Employee benefits expenses

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Wages and salaries	15,257	15,961	15,876	16,993	15,340
Social security contributions	296	293	302	301	297
Short term compensated absences	146	(101)	16	(101)	16
Pension costs - defined contribution plans	2,330	2,628	2,440	2,609	2,532
Pension costs - defined benefit plans	98	68	72	68	72
	<u>18,127</u>	<u>18,849</u>	<u>18,706</u>	<u>19,870</u>	<u>18,257</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.9 Income tax (reversal)/expense

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Malaysian income tax:					
Tax expense for the year/period	247	-	-	-	-
Under provision in prior years/periods	5	14	-	-	-
	<u>252</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax					
Relating to origination and reversal of temporary difference	-	(5,154)	(6,346)	(6,000)	-
Relating to reduction in Malaysian income tax rate	-	154	346	-	-
	<u>-</u>	<u>(5,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Real property gains tax	51	45	-	-	-
	<u>303</u>	<u>(4,941)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
Statutory tax rate	27%	26%	25%	26%	25%

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.9 Income tax (reversal)/expense (cont'd.)

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

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Profit before tax	8,724	16,096	21,897	20,071	23,226
Taxation at Malaysian statutory tax rate	2,355	4,185	5,474	5,218	5,807
Effect of expenses not deductible for tax purposes	546	418	228	418	850
Effect of income not subject to tax	(501)	(753)	-	(753)	-
Effect of changes in tax rate on opening balance of deferred tax	143	154	346	346	-
Effect of changes in tax rate on deferred tax during the year/period	-	206	-	206	-
Effect of real property gains tax	(224)	(189)	-	(189)	-

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.9 Income tax (reversal)/expense (cont'd.)

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008	FPE 1.1.2009 to 31.12.2009
	30.4.2007	30.4.2008	30.4.2009	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Effect of utilisation of previously unrecognised business losses	(2,021)	(8,976)	(12,048)	(11,260)	(6,657)
Underprovision of tax expense in prior years /period	5	14	-	14	-
Tax (reversal)/expense for the year/period	303	(4,941)	(6,000)	(6,000)	-

The income for the period ended 31.12.2009 is not taxable due to availability of unabsorbed business losses as disclosed in Note 6.6.17.

6.6.10 Dividend

In respect of financial year ended 30 April 2008:	RM'000
First interim dividend: 0.3% less 26% taxation on 235,000,000 ordinary shares (0.22 sen per ordinary share)	522

9. ACCOUNTANTS' REPORT (CONT'D)
6 Historical financial information (cont'd.)
6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.6.11 Property, plant and equipment

	Buildings on freehold land		Buildings on leasehold land		Buildings on long term leasehold land		Leasehold improvements		Motor vehicles		Office and computer equipment		Furniture and fittings		Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Financial year ended 30 April 2007															
Net book value															
At 1 May 2006	2,600	439	835	901	656	2,795	1,429	9,655							
Additions	-	-	-	142	32	129	93	396							
Disposals	(671)	(130)	-	(1)	(38)	(10)	-	(850)							
Write-offs	-	-	-	-	-	(11)	(23)	(34)							
Reclassification as held for sale	(358)	(59)	(335)	-	-	-	-	(752)							
Depreciation charge for the year	-	(7)	(5)	(303)	(282)	(607)	(248)	(1,452)							
At 30 April 2007	1,571	243	495	739	368	2,296	1,251	6,963							
At 30 April 2007															
At Cost	1,571	1,265	602	1,361	3,015	8,606	2,720	19,140							
Accumulated depreciation	-	(1,022)	(107)	(622)	(2,647)	(6,310)	(1,469)	(12,177)							
Net book value	1,571	243	495	739	368	2,296	1,251	6,963							

9. ACCOUNTANTS' REPORT (CONT'D)
6 Historical financial information (cont'd.)
6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.6.11 Property, plant and equipment (cont'd.)

	Freehold land RM'000	Buildings on freehold land RM'000	Buildings on long term leasehold land RM'000	Leasehold improvements RM'000	Motor vehicles RM'000	Office and computer equipment RM'000	Furniture and fittings RM'000	Total RM'000
Financial year ended								
30 April 2008								
Net book value								
At 1 May 2007	1,571	243	495	739	368	2,296	1,251	6,963
Additions	-	-	-	188	4	578	207	977
Disposals	(184)	(28)	-	-	(7)	-	-	(219)
Write-offs	-	-	-	-	-	(5)	-	(5)
Reclassification as held for sale	(77)	-	-	-	-	-	-	(77)
Depreciation charge for the year	-	(6)	(5)	(328)	(208)	(688)	(234)	(1,469)
At 30 April 2008	1,310	209	490	599	157	2,181	1,224	6,170
At 30 April 2008								
At Cost	1,310	1,069	602	1,542	2,524	8,985	2,798	18,830
Accumulated depreciation	-	(860)	(112)	(943)	(2,367)	(6,804)	(1,574)	(12,660)
Net book value	1,310	209	490	599	157	2,181	1,224	6,170

9. ACCOUNTANTS' REPORT (CONT'D)

6 Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.11 Property, plant and equipment (cont'd.)

Financial year ended 30 April 2009	Buildings on freehold land		Buildings on long term leasehold land		Motor vehicles	Office and computer equipment	Furniture and fittings	Total
	RM'000	RM'000	RM'000	RM'000				
At 1 May 2008	1,310	209	490	599	157	2,181	1,224	6,170
Additions	-	-	-	544	511	636	420	2,111
Disposals	-	-	-	-	-	(1)	-	(1)
Write-offs	-	-	-	-	-	(296)	-	(296)
Depreciation charge for the year	-	(6)	(5)	(525)	(167)	(741)	(251)	(1,695)
At 30 April 2009	1,310	203	485	618	501	1,779	1,393	6,289
At 30 April 2009								
At Cost	1,310	1,069	602	2,086	2,859	8,151	2,951	19,028
Accumulated depreciation	-	(866)	(117)	(1,468)	(2,358)	(6,372)	(1,558)	(12,739)
Net book value	1,310	203	485	618	501	1,779	1,393	6,289

9. ACCOUNTANTS' REPORT (CONT'D)
6 Historical financial information (cont'd.)
6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)
Notes to the financial statements (cont'd.)
6.6.11 Property, plant and equipment (cont'd.)

Financial period ended	Buildings on freehold land		Buildings on long term leasehold land		Leasehold improvements	Motor vehicles	Office and computer equipment	Furniture and fittings	Total
	RM'000	RM'000	RM'000	RM'000					
31 December 2009									
Net book value									
At 1 January 2009	1,310	204	487	570	352	2,116	1,413	6,452	
Additions	-	-	-	448	520	414	200	1,582	
Write-offs	-	-	-	-	-	(298)	-	(298)	
Disposals	-	-	-	-	-	*	-	-	
Depreciation charge for the period	-	(6)	(6)	(576)	(221)	(719)	(250)	(1,778)	
At 31 December 2009	1,310	198	481	442	651	1,513	1,363	5,958	
At 31 December 2009									
At Cost	1,310	1,068	602	2,181	3,055	8,353	3,084	19,653	
Accumulated depreciation	-	(870)	(121)	(1,739)	(2,404)	(6,840)	(1,721)	(13,695)	
Net book value	1,310	198	481	442	651	1,513	1,363	5,958	

* - denotes amount less than RM1,000.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.11 Property, plant and equipment (cont'd.)

Net book values of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Computer equipments	550	723	695	545
Furniture and Fittings	43	43	102	72
	<u>593</u>	<u>766</u>	<u>797</u>	<u>617</u>

6.6.12 Prepaid land lease premium

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Cost				
At the beginning of the year/period	1,221	362	362	362
Reclassification as asset held for sales	(859)	-	-	-
At the end of the year/period	<u>362</u>	<u>362</u>	<u>362</u>	<u>362</u>
Accumulated amortisation				
At the beginning of the year/period	405	107	109	109
Reclassification as asset held for sales	(300)	-	-	-
Amortisation	2	2	1	2
At the end of the year/period	<u>107</u>	<u>109</u>	<u>110</u>	<u>111</u>
Analysed as:				
Short term leasehold land (Note 6.6.21)	2	1	2	1
Long term leasehold land	253	252	250	250
	<u>255</u>	<u>253</u>	<u>252</u>	<u>251</u>

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.13 Intangible assets

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Computer Software				
Cost				
At the beginning of the year/period	6,814	6,829	6,827	6,914
Additions	15	-	87	-
Written off	-	(2)	(2,291)	(2,291)
At the end of the year/period	<u>6,829</u>	<u>6,827</u>	<u>4,623</u>	<u>4,623</u>
Accumulated amortisation				
At the beginning of the year/period	5,510	6,091	6,441	6,591
Amortisation	581	352	196	95
Written off	-	(2)	(2,157)	(2,157)
At the end of the year/period	<u>6,091</u>	<u>6,441</u>	<u>4,480</u>	<u>4,529</u>
Net carrying amount	<u>738</u>	<u>386</u>	<u>143</u>	<u>94</u>

6.6.14 Investment in a subsidiary company

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Unquoted shares at cost	<u>93,795</u>	<u>93,795</u>	<u>93,795</u>	<u>93,795</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.14 Investment in a subsidiary company (cont'd.)

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Equity interest held (%)				Principal activities
		FYE 2007	FYE 2008	FYE 2009	FPE 31.12.2009	
		Biofield Sdn. Bhd.	Malaysia	100	100	

6.6.15 Investment in an associated company

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Unquoted shares at cost	49	49	49	-
Provision of diminution in value	-	-	(49)	-
	49	49	-	-

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.15 Investment in an associated company (cont'd.)

Details of the associate are as follows:

Name of associate	Country of incorporation	Equity Interest Held (%)				Principal activities
		FYE	FYE	FYE	FPE	
		2007	2008	2009	31.12.2009	
Kosppek Trading Sdn. Bhd.	Malaysia	49	49	49	-	Commission agents for the purchase and sales of consumer products

Had the equity method of accounting been applied, the carrying amount of investment in associated company would have been as follows:

	FYE	FYE	FYE	FPE
	30.4.2007	30.4.2008	30.4.2009	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Unquoted shares at cost	49	49	49	-
Share of post-acquisition reserves	23	24	24	-
	<u>72</u>	<u>73</u>	<u>73</u>	<u>-</u>
Singer's interest in the associated company is analysed as follows:				
Share of net assets	<u>72</u>	<u>73</u>	<u>73</u>	<u>-</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.15 Investment in an associated company (cont'd.)

The financial statements of the Kosppek Trading Sdn Bhd has a financial year end of 31 December to conform with its holding company's financial year end. For the purpose of the above disclosure, the financial statements for the year ended 31 December have been used and appropriate adjustments have been made for the effects of significant transactions between 31 December and 30 April.

Had the equity method of accounting been applied, the income statement of Singer would have been as follows:

	FYE	FYE	FYE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2009
	RM'000	RM'000	RM'000	to
				31.12.2009
				RM'000
Profit before tax and share of results in associated company	8,724	16,096	21,897	23,226
Share of results in associated company	1	1	-	-
Profit before tax	8,725	16,097	21,897	23,226
Tax	(303)	4,941	6,000	-
Profit after tax	8,422	21,038	27,897	23,226

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.15 Investment in an associated company (cont'd)

The summarised financial statements of the associate are as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Assets and liabilities				
Current assets representing total assets	195	213	239	-
Current liabilities representing total liabilities	48	65	91	-
Results				
Profit for the year/period	2	1	-	-

6.6.16 Other investments

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Club membership:				
At cost	701	701	701	701
At market value	1,111	1,143	1,104	1,104

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.17 Deferred tax assets

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
At the beginning of the year/period	4,000	4,000	9,000	15,000
Recognised in income statement	-	5,000	6,000	-
At the end of the year/period	4,000	9,000	15,000	15,000

The component and movement of deferred tax assets and liabilities during the financial year/period prior to off setting are as follows:

Deferred tax assets of Singer

	Provision for liabilities RM'000	Unabsorbed tax losses RM'000	Total RM'000
At 1 May 2006	-	4,859	4,859
Recognised in income statement	171	(421)	(250)
At 30 April 2007	171	4,438	4,609
At 1 May 2007	171	4,438	4,609
Recognised in income statement	(21)	4,937	4,916
At 30 April 2008	150	9,375	9,525
At 1 May 2008	150	9,375	9,525
Recognised in income statement	4	5,857	5,861
At 30 April 2009	154	15,232	15,386
At 31 December/1 January 2009	154	15,232	15,386

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.17 Deferred tax assets (cont'd.)

Deferred tax liability of Singer

Property, plant and equipment

	RM'000
At 1 May 2006	859
Recognised in income statement	<u>(250)</u>
At 30 April 2007	<u>609</u>
At 1 May 2007	609
Recognised in income statement	<u>(84)</u>
At 30 April 2008	<u>525</u>
At 1 May 2008	525
Recognised in income statement	<u>(139)</u>
At 30 April 2009	<u>386</u>
At 31 December/1 January 2009	<u>386</u>

Deferred tax asset has not been recognised in respect of the following item:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Unabsorbed business losses	<u>112,029</u>	<u>77,507</u>	<u>29,695</u>	<u>6,125</u>

The unutilised tax losses of Singer are available indefinitely for offsetting against future taxable profits, subject to no substantial change in shareholdings of Singer under Section 44(5A) and (5B) of Income Tax Act, 1967 and guidelines issued by the tax authority.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.18 Inventories

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Finished goods:				
At cost	25,319	33,243	37,317	33,610
At net realisable value	3,506	3,910	4,560	4,163
	<u>28,825</u>	<u>37,153</u>	<u>41,877</u>	<u>37,773</u>

6.6.19 Trade receivables

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Trade receivables	5,310	7,379	7,664	5,852
Less: Provision for doubtful debts	(2,256)	(2,256)	(2,256)	(2,232)
	<u>3,054</u>	<u>5,123</u>	<u>5,408</u>	<u>3,620</u>

Singer's normal trade credit term ranges from 30 to 90 days.

Other credit terms are assessed and approved on a case-by-case basis.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.20 Hire purchase and equal payment receivables

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Gross receivables:				
- Hire purchase	166,868	187,897	197,202	195,810
- Equal payment	266,212	278,647	298,008	261,983
	<u>433,080</u>	<u>466,544</u>	<u>495,210</u>	<u>457,793</u>
Unearned carrying charges:				
- Hire purchase	(32,132)	(35,165)	(34,761)	(37,664)
- Equal payment	(46,567)	(45,927)	(46,412)	(50,367)
	<u>(78,699)</u>	<u>(81,092)</u>	<u>(81,173)</u>	<u>(88,031)</u>
Less: Provision for doubtful debts				
- Hire purchase	(6,208)	(12,074)	(23,394)	(7,491)
- Equal payment	(33,172)	(48,783)	(62,147)	(10,043)
	<u>(39,380)</u>	<u>(60,857)</u>	<u>(85,541)</u>	<u>(17,534)</u>
	<u>315,001</u>	<u>324,595</u>	<u>328,496</u>	<u>352,228</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.20 Hire purchase and equal payment receivables (cont'd.)

The hire purchase and equal payment receivables are summarised as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Minimum lease receivables:				
Within one year	219,583	411,279	302,755	244,865
More than 1 year but less than 2 years	158,523	41,204	141,334	150,824
More than 2 years but less than 3 years	51,601	13,246	47,766	57,179
More than 3 years but less than 4 years	3,325	807	3,355	4,925
More than 4 years but less than 5 years	48	8	-	-
	<u>433,080</u>	<u>466,544</u>	<u>495,210</u>	<u>457,793</u>
Less: Unexpired carrying charges	(78,699)	(81,092)	(81,173)	(88,031)
Present value of lease receivables	354,381	385,452	414,037	369,762
Less: Provision for doubtful debts	(39,380)	(60,857)	(85,541)	(17,534)
	<u>315,001</u>	<u>324,595</u>	<u>328,496</u>	<u>352,228</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.20 Hire purchase and equal payment receivables (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Present value of lease receivables:				
Within one year	201,461	348,196	268,044	212,419
More than 1 year but less than 2 years	117,844	29,070	110,783	116,078
More than 2 years but less than 3 years	33,241	7,788	33,149	38,392
More than 3 years but less than 4 years	1,814	395	2,061	2,873
More than 4 years but less than 5 years	21	3	-	-
	<u>354,381</u>	<u>385,452</u>	<u>414,037</u>	<u>369,762</u>
Less: Provision for doubtful debts	(39,380)	(60,857)	(85,541)	(17,534)
	<u>315,001</u>	<u>324,595</u>	<u>328,496</u>	<u>352,228</u>
Hire purchase and equal payment receivables discounted to a financial institution for credit facilities	<u>12,509</u>	<u>16,056</u>	<u>20,316</u>	<u>17,844</u>

The normal tenure of hire purchase and equal payment sales range from 4 to 60 months. The normal credit term for monthly instalment under hire purchase and equal payment schemes is 30 days.

Singer has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The finance charge for hire purchase is 10% per annum and equal payment receivables are 1% to 2% per month.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.20 Hire purchase and equal payment receivables (cont'd.)

Proportion of hire purchase and equal payment receivables are summarised as follows:

	FYE 30.4.2007 %	FYE 30.4.2008 %	FYE 30.4.2009 %	FPE 31.12.2009 %
Minimum lease receivables:				
Within one year	51	88	61	53
More than 1 year but less than 2 years	36	9	28	33
More than 2 years but less than 3 years	12	3	10	-
More than 3 years but less than 4 years	1	-	1	1

6.6.21 Other receivables

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Sundry receivables	33,361	34,250	32,119	32,003
Less: Provision for doubtful debts	(31,926)	(32,623)	(31,297)	(31,624)
	1,435	1,627	822	379
Deposits	1,656	1,690	1,882	2,007
Prepayments	2,426	2,112	1,867	2,202
Retirement benefit surplus	142	74	2	2
Short term leasehold land (Note 6.6.12)	2	1	2	1
Amounts due from related companies	1,067	1,110	1,191	43,486
	<u>6,728</u>	<u>6,614</u>	<u>5,766</u>	<u>48,077</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.21 Other receivables (cont'd.)

Included in the amount due from related companies balance is an amount receivable of RM42,358,000 from the sale of the collection right, from a related company. Berjaya Group Berhad, a related company in the BCorporation Group, has provided an undertaking to guarantee the payment of this amount due (refer to Note 6.6.33).

(i) Retirement benefit surplus

Singer operates a funded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age of 55, on medical incapacity, on death or on resignation after five years of service.

The amounts recognised in the balance sheet are determined as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Present value of funded defined benefit obligations	874	948	1,022	1,022
Fair value of plan assets	(1,033)	(1,039)	(1,041)	(1,041)
	(159)	(91)	(19)	(19)
Unrecognised actuarial losses	17	17	17	17
Net assets	(142)	(74)	(2)	(2)

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.21 Other receivables (cont'd.)

(i) Retirement benefit surplus (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Analysed as:				
Current	45	12	16	16
Non-current:				
- Later than 1 year but not later than 2 years	6	(5)	(1)	(1)
- Later than 2 years but not later than 5 years	(53)	(22)	(5)	(5)
- Later than 5 years	(140)	(59)	(12)	(12)
	<u>(187)</u>	<u>(86)</u>	<u>(18)</u>	<u>(18)</u>
	<u>(142)</u>	<u>(74)</u>	<u>(2)</u>	<u>(2)</u>

The amounts recognised in the income statement are as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Current service cost	66	76	77	77
Interest cost	56	43	46	46
Expected return on plan assets	(24)	(51)	(51)	(51)
	<u>98</u>	<u>68</u>	<u>72</u>	<u>72</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.21 Other receivables (cont'd.)

(i) Retirement benefit surplus (cont'd.)

Movements in the net asset in the current year were as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
At 1 May/1 January	15	(142)	(74)	(2)
Recognised in income statement	98	68	72	-
Benefit paid directly by Singer	(255)	-	-	-
At 30 April/31 December	(142)	(74)	(2)	(2)

Principal actuarial assumptions used:

	FYE 30.4.2007 %	FYE 30.4.2008 %	FYE 30.4.2009 %	FPE 31.12.2009 %
Discount rate	5.0	5.0	5.0	5.0
Expected return on plan assets	3.5	3.5	3.5	3.5
Expected rate of salary increases	6.5	6.5	6.5	6.5

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.22 Cash and cash equivalents

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Cash and bank balances	6,211	3,340	3,482	3,770
Bank overdrafts (6.6.25)	(32,032)	(10,725)	(5,974)	(6,562)
	<u>(25,821)</u>	<u>(7,385)</u>	<u>(2,492)</u>	<u>(2,792)</u>

6.6.23 Non current assets classified as held for sale

The non-current assets classified as held for sale on the Singer's balance sheet are as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Cost				
Freehold land and buildings	647	77	-	-
Prepaid land lease premiums	859	-	-	-
Buildings	514	-	-	-
	<u>2,020</u>	<u>77</u>	<u>-</u>	<u>-</u>
Accumulated depreciation				
Freehold land and buildings	(230)	-	-	-
Prepaid land lease premiums	(300)	-	-	-
Buildings	(179)	-	-	-
	<u>(709)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amounts				
Freehold land and building	417	77	-	-
Prepaid land lease premiums	559	-	-	-
Buildings	335	-	-	-
	<u>1,311</u>	<u>77</u>	<u>-</u>	<u>-</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.23 Non current assets classified as held for sale (cont'd.)

These represent carrying values of properties owned by Singer with the intention of disposing off in the immediate future. The carrying amounts of the assets immediately before reclassification are not materially different from their fair value.

6.6.24 Share capital

As at 31 December 2009/30 April 2009/2008/2007	Number of ordinary share of RM1 each	Amount RM'000
Authorised share capital	250,000	250,000
Issued and fully paid	235,000	235,000

6.6.25 Borrowings

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Short term borrowings				
Secured:				
Hire purchase and finance lease payables	281	429	313	289
Advances under block discounting arrangement (b)	896	3,032	6,615	6,747
	<u>1,177</u>	<u>3,461</u>	<u>6,928</u>	<u>7,036</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.25 Borrowings (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Unsecured:				
Bank overdrafts (Note 6.6.22)	32,032	10,725	5,974	6,562
Bankers' acceptances	54,642	56,055	46,683	51,260
Revolving credits (c)	57,578	51,894	46,420	38,534
Syndicated Revolving Credit (SRC)	6,500	10,000	16,000	25,000
	<u>150,752</u>	<u>128,674</u>	<u>115,077</u>	<u>121,356</u>
	<u>151,929</u>	<u>132,135</u>	<u>122,005</u>	<u>128,392</u>

Long term borrowings

Secured:

Hire purchase and finance lease payables	268	30	330	334
Advances under block discounting arrangement (b)	7,025	8,330	8,571	7,224
	<u>7,293</u>	<u>8,360</u>	<u>8,901</u>	<u>7,558</u>

Unsecured:

Syndicated Revolving Credit ("SRC")	116,000	106,000	90,000	70,000
	<u>123,293</u>	<u>114,360</u>	<u>98,901</u>	<u>77,558</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.25 Borrowings (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Total borrowings				
Bank overdrafts (Note 6.6.22)	32,032	10,725	5,974	6,562
Bankers' acceptances	54,642	56,055	46,683	51,260
Hire purchase and finance lease payables	549	459	643	623
Advances under block discounting arrangements (b)	7,921	11,362	15,186	13,971
Revolving credits (c)	57,578	51,894	46,420	38,534
Syndicated Revolving Credit ("SRC")	122,500	116,000	106,000	95,000
	<u>275,222</u>	<u>246,495</u>	<u>220,906</u>	<u>205,950</u>

The repayment periods of the borrowings (excluding hire purchase and finance lease arrangement) at 31 December 2009 are as follows:

	RM'000
Within one year	128,103
More than 1 year but less than 2 years	74,860
More than 2 years but less than 3 years	1,617
More than 3 years but less than 4 years	747
	<u>205,327</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.25 Borrowings (cont'd.)

The range of interest rates per annum at the balance sheet date for borrowings, excluding hire purchase and finance lease payables, were as follows:

	FYE 30.4.2007 %	FYE 30.4.2008 %	FYE 30.4.2009 %	FPE 31.12.2009 %
Bank overdrafts	8.50 - 9.05	8.83 - 9.00	8.00 - 8.05	8.00 - 8.45
Bankers' acceptances	5.00 - 8.80	5.61 - 6.27	4.12 - 5.62	4.23 - 5.87
Revolving credits	6.20 - 9.30	8.14 - 8.17	4.57 - 8.50	4.57 - 8.50
Advances under block discounting arrangement	9.50	8.75 - 8.95	8.75 - 9.25	8.75 - 9.75
Syndicated Revolving Credit	6.30 - 9.30	8.62 - 8.79	4.87 - 8.05	4.82 - 9.30

(a) The commitment terms under hire purchase and finance lease arrangements are summarised as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Minimum lease payments:				
Within one year	309	443	341	312
More than 1 year but less than 2 years	277	30	154	141
More than 2 years but less than 5 years	-	-	205	220
	586	473	700	673
Less: Unexpired carrying charges	(37)	(14)	(57)	(50)
Present value of finance lease liabilities	549	459	643	623

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.25 Borrowings (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Present value of finance lease liabilities:				
Within one year	281	429	313	289
More than 1 year but less than 2 years	268	30	140	126
More than 2 years but less than 5 years	-	-	190	208
	<u>549</u>	<u>459</u>	<u>643</u>	<u>623</u>

- (b) Advances under block discounting arrangement are secured on hire purchase and equal payment receivables of Singer.
- (c) Certain revolving credits are secured by a negative pledge on the assets of Singer.
- (d) On 18 January 2007, a Supplementary Facility Agreement was entered into by the Company to restructure the balance of SRC with the following salient terms:
- (i) the tenure of the SRC has been extended until 14 June 2011;
 - (ii) the SRC is secured by way of a negative pledge over Singer's assets; and
 - (iii) the remaining repayment schedule are as follows:
 - three quarterly instalments of RM5 million each commencing 14 March 2010;
 - two quarterly instalments of RM10 million each commencing 14 December 2010; and
 - the balance of the principal sum of RM60 million to be repaid on 14 June 2011.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.26 Trade payables

The normal trade credit terms granted to Singer range from 30 days to 90 days.

6.6.27 Other payables

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Security deposits	25,912	26,294	25,240	25,872
Other payables and accruals	19,094	24,765	30,380	35,601
Amount due to holding company	1,297	1,807	2,535	3,141
Amount due to a subsidiary company	7,451	26,364	32,500	31,736
Amounts due to related companies	1,166	799	989	943
	<u>54,920</u>	<u>80,029</u>	<u>91,644</u>	<u>97,293</u>

Security deposits are monies deposited with Singer by certain employees and sales agents who have custodial responsibility of Singer monies, good or property.

6.6.28 Due from/(to) holding, subsidiary and related companies

The amounts due from related companies are unsecured, interest-free and have credit terms ranging from 30 days to 90 days.

The amounts due to holding company and related companies are unsecured, interest-free and have no fixed terms of repayment.

The amount due to subsidiary is unsecured, interest-free and has no fixed term of repayment.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.29 Commitments

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Capital commitments:				
Approved but not contracted for:				
Purchase of property, plant and equipment	526	558	559	825
Non cancellable operating lease commitments:				
Rental of premises				
- Within 1 year	4,641	4,551	3,252	4,925
- Later than 1 year but not more than 5 years	3,241	3,456	2,100	4,689
	<u>7,882</u>	<u>8,007</u>	<u>5,352</u>	<u>9,614</u>

6.6.30 Contingent liabilities

Singer has been sued by its customer and former employee during the period with total claim of RM3,059,280. The directors do not expect the amount to be payable after taking into consideration of the legal advice and given that the basis of claim is frivolous.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.31 Significant related party transactions

		FYE	FYE	FYE	FPE
		30.4.2007	30.4.2008	30.4.2009	1.1.2009
		RM'000	RM'000	RM'000	to
					31.12.2009
					RM'000
Sales to related companies	(a)	(922)	(868)	(1,011)	(711)
Purchases from related companies	(a)	781	665	1,200	907
Sale of collection rights to a related company	(a)	-	-	-	45,000
Management fee payable to holding company	(c)	360	360	360	360
Rental receivable from a subsidiary	(b)	(60)	(60)	(60)	(60)
Rental payable to a related company	(d)	429	404	467	485

Nature of relationships

- (a) Related companies of Cosway Corporation Berhad and Berjaya Corporation Berhad.
- (b) Subsidiary company, Biofield Sdn Bhd.
- (c) Holding company, Cosway Corporation Berhad.
- (d) Related company, Regnis Industries (M) Sdn Bhd.

The related company transactions were undertaken at mutually agreed terms between the parties in the normal course of business of Singer.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.31 Significant related party transactions (cont'd.)

Executive director's remuneration which is also the key management compensation is as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 01.1.2008 to 31.12.2008 RM'000	FPE 01.1.2009 to 31.12.2009 RM'000
Salaries and other emoluments	257	268	389	396	313
Bonus	31	44	100	101	82
Pension costs - defined contribution plans	34	37	59	60	47
Benefits-in-kind	17	16	15	15	22
	<u>339</u>	<u>365</u>	<u>563</u>	<u>572</u>	<u>464</u>

6.6.32 Financial instruments

(i) Financial risk management objectives and policies

Singer's financial risk management policy seeks to ensure that adequate financial resources are available for the development of Singer's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. Singer operates within clearly defined guidelines and Singer's policy is not to engage in speculative transactions.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.32 Financial instruments (cont'd.)

(ii) Interest rate risk

Singer's primary interest rate relates to interest bearing debt such as bank borrowings, hire purchase and finance lease payables and amounts due to related companies.

(iii) Foreign exchange risk

Singer is exposed to the currency, United States Dollar and Singapore Dollar. Foreign currency denominated liabilities together with expected cash flows from highly probable purchases give rise to foreign exchange exposures.

The net unhedged financial liabilities of Singer that are not denominated in their functional currency are as follow:

		FYE	FYE	FYE	FPE
	Functional	30.4.2007	30.4.2008	30.4.2009	31.12.2009
	currency	RM'000	RM'000	RM'000	RM'000
Trade Receivables					
Ringgit Malaysia	SGD	-	783	787	990
Trade payables					
Ringgit Malaysia	USD	786	200	1,059	463



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.32 Financial instruments (cont'd.)

(iv) Liquidity risk

Singer actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, Singer maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, Singer strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, Singer raises committed funding from financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

(v) Credit risk

Credit risk arises when sales are made on deferred payment terms. Credit risks are minimised via credit scoring and collection follow-up techniques. Singer closely monitors credit performance statistics and takes action as necessary. Singer does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.32 Financial instruments (cont'd.)

(vi) Fair values

The aggregate net fair values of financial assets and financial liabilities which are not carried at fair value on the balance sheet of Singer as at the end of the financial year are represented as follows:

	Hire purchase and finance lease payable	Advance under block discounting arrangement
FYE 30.4.2007		
-carrying value	549	7,921
-fair value	<u>565</u>	<u>9,394</u>
FYE 30.4.2008		
-carrying value	459	11,362
-fair value	<u>421</u>	<u>10,022</u>
FYE 30.4.2009		
-carrying value	643	15,186
-fair value	<u>513</u>	<u>14,045</u>
FPE 31.12.2009		
-carrying value	623	13,971
-fair value	<u>602</u>	<u>13,111</u>

It is not practical to estimate the fair values of amounts due to/from holding, subsidiary and related companies due principally to the lack of fixed repayment terms entered into by the parties involved and inability to estimate without incurring excessive costs.



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.32 Financial instruments (cont'd.)

The following methods and assumptions are used to estimate the fair values of the financial instruments:

a. Cash and cash equivalents, trade and other receivables/payables, short term borrowings

The carrying amounts approximate their fair values due to the relatively short term maturity of these financial instruments.

b. Other borrowings

The fair value of other borrowings is estimated by discounting the expected future cash flows using the current interest rates for liabilities with similar risk profiles.

6.6.33 Significant event

On 20 June 2009, the Board of Directors of Singer has approved to engage and grant the exclusive right to collect and full and unfettered right of administration in the collection of its gross hire purchase receivables of RM240 million to The Catalog Shop Sdn Bhd ("TCS"), a related company, for an amount of RM45 million. These gross hire purchase receivables are debts which have been fully provided for as doubtful debts in the accounts of Singer as at 8 June 2009.

As the Company and TCS are both wholly owned subsidiaries of Cosway Corporation Berhad ("CCB"), this sale is deemed as a shareholder related transaction. Hence, the gain on this sale has been recorded as an equity transaction as reflected in the statement of changes in equity

Correspondingly, the receivable from TCS has been recorded as an amount due from related company. Berjaya Group Berhad, a related company in the BCorporation Group, has provided an undertaking to guarantee the payment of this amount due, in the event that TCS is not able to meet its obligation to pay.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.6 Singer (Malaysia) Sdn. Bhd. (cont'd.)

Notes to the financial statements (cont'd.)

6.6.34 Comparatives

The comparative figures for the income statement, the cash flow statement, the statement of changes in equity and the related notes to financial statements are for the comparable twelve-month period ended 31 December 2008. Pursuant to Paragraph 12.12(a) of the Prospectus Guidelines issued by the Securities Commission Malaysia, the comparative figures need not be audited as the directors of Singer are of the opinion that auditing the comparative figures would not be of value for the purpose for which the current financial statements have been prepared as explained in Note 6.6.2(a).

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd

Income statements

		FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
	Note	30.4.2007 RM'000	30.4.2008 RM'000	30.4.2009 RM'000		
Revenue	6.7.3	257	307	327	309	310
Other income		-	-	-	-	1
Administrative expenses		(275)	(299)	(310)	(309)	(499)
Investment related income	6.7.4(i)	4,076	4,257	4,973	4,473	1,528
Investment related expenses	6.7.4(ii)	(53)	-	-	-	-
Profit before tax	6.7.5	4,005	4,265	4,990	4,473	1,340
Income tax expense	6.7.6	(716)	(934)	(1,011)	(922)	(262)
Profit for the year/period		3,289	3,331	3,979	3,551	1,078

*Profit before tax is
analysed as follows:*

Profit before amortisation of investment property and interest expense		4,005	4,265	4,990	4,473	1,480
Amortisation of Investment Property		-	-	-	-	(140)
Profit before tax		4,005	4,265	4,990	4,473	1,340

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Income statements (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Weighted average number of ordinary shares in issue	38,800	38,800	38,800	38,800	38,800
Gross earnings per share (RM)*	0.10	0.11	0.13	0.12	0.03
Net earnings per share (RM)*	0.08	0.09	0.10	0.09	0.03
Effective tax rate (%)	18	22	20	21	20

* The gross earnings per share is computed based on the profit before tax divided by the weighted average number of ordinary shares in issue during the relevant financial year/period.

The net earnings per share is computed based on the profit after tax divided by the weighted average number of ordinary shares in issue during the relevant financial year/period.

Balance sheets

	Note	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Assets					
Non-current assets					
Investment property	6.7.7	-	-	10,500	10,360
Investment in a subsidiary	6.7.8	-	-	-	-
Investment in a related company	6.7.9	-	-	61,108	61,108
		-	-	71,608	71,468

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Balance sheets (cont'd.)

	Note	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Current assets					
Other receivables	6.7.10	2,723	2,762	-	-
Due from holding company	6.7.11	7,451	26,364	32,500	31,736
Due from intermediate holding company	6.7.11	86,583	70,878	-	-
Tax recoverable		-	-	-	685
Cash and bank balances		2	18	3	12
Total assets		96,759	100,022	32,503	32,433
Equity and liabilities					
Equity attributable to equity holder of Biofield					
Share capital	6.7.12	93,775	93,775	93,775	93,775
Retained earnings		2,851	6,182	10,161	10,021
Total equity		96,626	99,957	103,936	103,796
Current liabilities					
Other payables		77	43	39	85
Amount due to intermediate holding company	6.7.11	-	-	-	20
Tax payable		56	22	136	-
Total equity and liabilities		96,759	100,022	104,111	103,901

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Statements of changes in equity

	Share capital RM'000	Retained earnings RM'000	Total RM'000
At 1 May 2006	93,775	2,190	95,965
Profit for the year, representing total recognised income and expense for the year	-	3,289	3,289
Dividend		(2,628)	(2,628)
At 30 April 2007	<u>93,775</u>	<u>2,851</u>	<u>96,626</u>
At 1 May 2007	93,775	2,851	96,626
Profit for the year, representing total recognised income and expense for the year	-	3,331	3,331
At 30 April 2008	<u>93,775</u>	<u>6,182</u>	<u>99,957</u>
At 1 May 2008	93,775	6,182	99,957
Profit for the year, representing total recognised income and expense for the year	-	3,979	3,979
At 30 April 2009	<u>93,775</u>	<u>10,161</u>	<u>103,936</u>
At 1 Jan 2008	93,775	5,392	99,167
Profit for the period, representing total recognised income and expense for the period	-	3,551	3,551
At 31 December 2008	<u>93,775</u>	<u>8,943</u>	<u>102,718</u>
At 1 Jan 2009	93,775	8,943	102,718
Profit for the period, representing total recognised income and expense for the period	-	1,078	1,078
At 31 December 2009	<u>93,775</u>	<u>10,021</u>	<u>103,796</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Cash flow statements

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Receipts from customers	257	307	327	310	310
Payments for operating expenses	(249)	(243)	(224)	(308)	(283)
Other receipt	43	-	-	-	-
Payments of income taxes	(1,493)	(969)	(897)	(853)	(1,052)
Tax refund	2	-	-	-	-
Net cash used in operating activities	(1,440)	(905)	(794)	(851)	(1,025)
Cash flows from financing activities					
Net change in inter-company indebtedness, representing net cash generated from financing activity	1,441	921	779	848	1,027

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Cash flow statements (cont'd.)

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
Net increase/ (decrease) in cash and bank balance	1	16	(15)	(3)	2
Cash and bank balance at beginning of financial year/ period	1	2	18	13	10
Cash and bank balance at end of financial year/ period	2	18	3	10	12

Note:

Purchase of investment property by way of contra of other debtor balance and amount due from related company	-	-	10,500	-	10,500
Purchase of unquoted shares by way of contra of amount due from related company	-	-	61,108	-	61,108
	-	-	71,608	-	71,608

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements

6.7.1 Corporate information

The principal activities of Biofield is that of a general insurance agent, property investment and investment holding. There has been no significant change in the nature of the principal activity during the financial period.

Biofield is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of Biofield is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur. The principal place of business is located at Lot 6, Jalan 51/217, Section 51, 46050 Petaling Jaya, Selangor Darul Ehsan.

The holding, intermediate and ultimate holding companies of Biofield are Singer, Cosway and BCorporation respectively, all of which are incorporated in Malaysia. BCorporation is listed on the Main Market of Bursa Malaysia Securities Berhad. Related companies in these financial statements refer to subsidiary companies of BCorporation other than the holding and subsidiary companies of Biofield.

6.7.2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements of Biofield have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements for the twelve months period ended 31 December 2009 have been prepared to be used solely for the preparation of the Accountants' Report to be included in the prospectus to be issued in connection with the listing and quotation of Berjaya Retail Berhad on the Main Market of the Bursa Malaysia Securities Berhad.

The financial statements are expressed in Ringgit Malaysia ("RM").

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(b) Subsidiaries and basis of consolidation

(i) Investment in subsidiary

Biofield's investment in a subsidiary is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.7.2(g).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(ii) Basis of consolidation

For the purposes of the annual financial statements, it is permitted by Paragraph 10(d) of FRS 127: Consolidated and Separate Financial Statements that, Biofield need not present consolidated financial statements as its ultimate holding company, BCorporation incorporated in Malaysia, produces consolidated financial statements available for public use that comply with Financial Reporting Standards.

However for the twelve-month period ended 31 December 2009, BCorporation did not produce any consolidated financial statements for public use. Biofield did not prepare any consolidated financial statements for the period ended 31 December 2009.

This represents a departure from the provision of paragraph 10(d) of FRS127. However, the directors of Biofield are of the opinion that the preparation of consolidated financial statements would not be of value for the purpose for which the current financial statements have been prepared as explained in Note 6.7.2(a).

9. ACCOUNTANTS' REPORT (CONT'D)

**6. Historical financial information (cont'd.)****6.7 Biofield Sdn Bhd (cont'd.)****Notes to the financial statements (cont'd.)****6.7.2 Summary of significant accounting policies (cont'd.)****(c) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or both and is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of investment property is provided for on a straight line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Exhibition hall	50 years
-----------------	----------

Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 6.7.2(g).

(d) Provisions for liabilities

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

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(e) Income tax

Income tax expense for the year/period comprises current and deferred tax. Current tax expense is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of the previous year/period.

Deferred tax is provided for, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred tax is recognised directly in income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is recognised directly in equity.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(f) Revenue recognition

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

Insurance commission and interest income are recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(g) Impairment of non-financial assets

The carrying amounts of Biofield's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss is recognised in income statement in the period in which it arises.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(h) Employee benefits

(i) Short term benefits

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

(ii) Defined contributions plans

Contributions relating to defined contribution plans are recognised in the income statement when incurred. As required by law, companies in Malaysia make contribution to the Employees Provident Fund ("EPF").

(i) Financial instruments

Financial instruments are recognised in the balance sheet when Biofield has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when Biofield has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(i) Financial instruments (cont'd.)

(i) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank which have an insignificant risk of change in value.

(ii) Other receivables

Other receivables are carried at anticipated realisable values. All known bad debts are written off while doubtful debts are provided based on estimates of possible losses that may arise from non-collection.

(iii) Other payables

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

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(i) Financial instruments (cont'd.)

(v) Cumulative Redeemable Preference Shares ("CRPS")

The CRPS are recorded at the amount of proceeds received, net of transaction costs.

The CRPS are classified as equity in the balance sheet and the preferential dividends are recognised as dividend in the statement of changes in equity in the period in which they are appropriated in accordance with the transitional provision under FRS 132 Financial Instruments: Disclosure and Presentation, which exempts the component classification of compound instruments into liability and equity element for financial instruments issued prior to 1 January 2003.

(j) Standards and Interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by Biofield:

FRSs, Amendments to FRSs and Interpretations

Effective for financial periods beginning on or after 1 July 2009:

FRS 8: Operating Segments

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(j) Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 January 2010:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations
- Amendment to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendment to FRS 8: Operating Segments
- Amendment to FRS 107: Statement of Cash Flows
- Amendment to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors
- Amendment to FRS 110: Events after the Reporting Period
- Amendment to FRS 116: Property, Plant and Equipment
- Amendment to FRS 117: Leases
- Amendment to FRS 118: Revenue
- Amendment to FRS 119: Employee Benefits
- Amendment to FRS 120: Accounting for Government Grants and Disclosure Government Assistance
- Amendment to FRS 123: Borrowing Costs
- Amendment to FRS 127: Consolidated and Separate Financial Statements
- Amendment to FRS 128: Investments in Associates
- Amendment to FRS 129: Financial Reporting in Hyperinflationary Economies

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(j) Standards and Interpretations issued but not yet effective (cont'd.)

**Effective for financial periods beginning on or after 1 January 2010:
(cont'd.)**

Amendment to FRS 131: Interests in Joint Ventures
Amendments to FRS 132: Financial Instruments: Presentation
Amendment to FRS 134: Interim Financial Reporting
Amendment to FRS 136: Impairment of Assets
Amendment to FRS 138: Intangible Assets
Amendments to FRS 139: Financial Instruments: Recognition and
Measurement, FRS 7: Financial Instruments: Disclosures and IC
Interpretation 9: Reassessment of Embedded Derivatives
Amendment to FRS 140: Investment Property
Amendments to FRSs 'Improvements to FRSs (2009)'
IC Interpretation 9: Reassessment of Embedded Derivatives
IC Interpretation 10: Interim Financial Reporting and Impairment
IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13: Customer Loyalty Programmes
IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction
TR i - 3: Presentation of Financial Statements of Islamic Financial
Institutions

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(j) Standards and Interpretations issued but not yet effective (cont'd.)

Effective for financial periods beginning on or after 1 July 2010:

FRS 1: First-time Adoption of Financial Reporting Standards (revised)

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS 138: Intangible Assets

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Biofield is exempted from disclosing the possible impact to the financial statements upon the initial application of FRS 139, IC Interpretation 9 and the amendments thereto.

The other FRSs and IC Interpretations are expected to have no significant impact on the financial statements of Biofield upon their initial application except for the changes arising from the adoption of FRS 139, IC Interpretation 9 and the amendments thereto.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.2 Summary of significant accounting policies (cont'd.)

(k) Significant accounting estimates and judgements

(i) Significant judgements made in applying accounting policies

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

(ii) Key source of estimation uncertainty

The key assumption concerning the future and other key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period is:

(i) Income tax expense provision

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax impact is uncertain during the ordinary course of business. Biofield recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of such matters is different from the amounts that were initially recognised, the differences will be taken into account in the period in which such determination is made.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.3 Revenue

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
	30.4.2007 RM'000	30.4.2008 RM'000	30.4.2009 RM'000		
Insurance commission	257	307	327	309	310

6.7.4 Investment related income and expenses

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008 RM'000	FPE 1.1.2009 to 31.12.2009 RM'000
	30.4.2007 RM'000	30.4.2008 RM'000	30.4.2009 RM'000		
(i) Income					
Reversal of doubtful debts on amounts due from subsidiary company	66	888	948	679	431
Interest income					
- Intermediate holding company	4,010	3,330	3,986	3,755	1,267
- Other receivable	-	39	39	39	13
- Stamp duty	-	-	-	-	(183)
	<u>4,076</u>	<u>4,257</u>	<u>4,973</u>	<u>4,473</u>	<u>1,528</u>
(ii) Expenses					
Interest overcharged	(53)	-	-	-	-

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.5 Profit before tax

Profit before tax is stated after charging:

	FYE	FYE	FYE	Unaudited FPE	FPE
	30.4.2007	30.4.2008	30.4.2009	1.1.2008 to 31.12.2008	1.1.2009 to 31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	6	6	5	5	5
Amortisation of investment property	-	-	-	-	140
Reversal of provision for doubtful debts on due from a related company	-	-	-	-	(28,001)
Amount due from a related company written off	-	-	-	-	28,001
Rental for premises	60	60	60	60	60
Employee benefits expense (Note a)	109	133	149	143	183

Note a

Employee benefits expense
comprise the following:

Salary and wages	96	118	132	127	162
Defined contribution plan	11	13	15	14	19
Social security contributions	2	2	2	2	2
	109	133	149	143	183

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.6 Income tax expense

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008	FPE 1.1.2009 to 31.12.2009
	30.4.2007	30.4.2008	30.4.2009	31.12.2008	31.12.2009
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysian income tax:					
Tax expense for the year/period	1,065	879	1,011	887	263
(Over)/under provision in prior year/period	(347)	55	-	35	(1)
	718	934	1,011	922	262
Real property gains tax	(2)	-	-	-	-
	716	934	1,011	922	262

Income tax is calculated at the statutory tax rate set out below:

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008	FPE 1.1.2009 to 31.12.2009
	30.4.2007	30.4.2008	30.4.2009	31.12.2008	31.12.2009
Statutory tax rate	27%	26%	25%	26%	25%
Profit before tax	4,005	4,265	4,990	4,473	1,340
Tax at Malaysian statutory tax rate	1,081	1,109	1,247	1,163	335
Effect of expenses not deductible for tax purposes	-	1	1	1	36

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9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.6 Income tax expense (cont'd.)

	FYE	FYE	FYE	Unaudited FPE 1.1.2008 to 31.12.2008	FPE 1.1.2009 to 31.12.2009
	30.4.2007	30.4.2008	30.4.2009		
Income not subject to tax	(16)	(231)	(237)	(277)	(108)
(Over)/under provision of income tax in prior year/period	(347)	55	-	35	(1)
Effect of real property gains tax	(2)	-	-	-	-
Income tax expense for the year/period	716	934	1,011	922	262

6.7.7 Investment property

	FYE	FYE	FYE	FPE
	30.4.2007	30.4.2008	30.4.2009	31.12.2009
	RM'000	RM'000	RM'000	RM'000
At the beginning of the year/period	-	-	-	10,500
Addition during the year/period	-	-	10,500	-
Amortisation	-	-	-	(140)
At the end of the year/period	-	-	10,500	10,360

The fair value of the investment property approximates to its carrying value as estimated by the directors based on market evidence of transaction prices of similar properties and comparable market data. The fair value of the investment property as at 31 December 2009 was estimated to be approximately RM10,500,000.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.8 Investment in a subsidiary

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Unquoted shares at cost	9,007	9,007	9,007	-
Less: Accumulated impairment losses	(9,007)	(9,007)	(9,007)	-
	-	-	-	-

Details of the subsidiary are as follows:

Name of Subsidiary	Country of Incorporation	Equity Interest Held (%)				FPE 31.12.2009	Principal Activities
		FYE 30.4.2007	FYE 30.4.2008	FYE 30.4.2009	FYE 31.12.2009		
The Catalog Shop Sdn. Bhd.	Malaysia	100	100	100	-	Retailing of consumer products on cash and equal payment schemes. (Ceased operations since May 2003.)	

On 16 June 2009, Biofield completed its sales of the entire 100% interest in The Catalog Shop Sdn Bhd which comprises 30,000,000 ordinary shares of RM1.00 each to its intermediate holding company for a total consideration of RM1.00.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.9 Investment in related company

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Quoted shares at cost				
At the beginning of the year/period	-	-	-	-
Addition during the year/period	-	-	-	61,108
At the end of the year/period	-	-	-	61,108
Unquoted shares at cost				
At the beginning of the year/period	-	-	-	61,108
Addition during the year/period	-	-	61,108	-
Disposal during the year/period	-	-	-	(61,108)
At the end of the year/period	-	-	61,108	-
Market value of quoted shares at year/period end	-	-	-	258,914

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.9 Investment in related company (cont'd.)

Name of Company	Country of Incorporation	Equity Interest Held (%)				FPE	Principal Activities
		FYE 30.4.2007	FYE 30.4.2008	FYE 30.4.2009	FYE 31.12.2009		
Cosway (M) Sdn Bhd	Malaysia	-	-	6.11	-	-	Direct selling of household, personal care, and other consumer products.
Cosway Corporation Limited	Hong Kong	-	-	-	6.97	-	Direct selling of household, personal care, and other consumer products.

6.7.10 Other receivables

Other receivable relates to the amount due from Dunham-Bush (Malaysia) Berhad, which was unsecured, and carried an interest of 2.87% per annum. This amount was fully repaid in 2009.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.11 Due from/(to) holding, intermediate holding and related companies

		FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Amount due from					
Holding Company	(a)	7,451	26,364	32,500	31,736
Intermediate holding company	(b)	86,583	70,878	-	-
Subsidiary company	(c)	29,965	29,077	28,130	-
Provision for doubtful debts		(29,965)	(29,077)	(28,130)	-
		<u>94,034</u>	<u>97,242</u>	<u>32,500</u>	<u>31,736</u>
Amount due to					
Intermediate holding company		-	-	-	20

Nature of relationships

- (a) Holding company, Singer (Malaysia) Sdn. Bhd.
 (b) Intermediate holding company, Cosway Corporation Berhad.
 (c) Subsidiary and related company, The Catalog Shop Sdn Bhd.

On 22 April 2009, the intermediate holding company fully settled the amount outstanding by the way of a transfer of shares in Cosway (M) Sdn Bhd, a related company within the BCorporation group.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.12 Share capital

As at 31 December 2009/ 30 April 2009/2008/2007	Number of ordinary/preference shares of RM1 each '000	Amount RM'000
Authorised:		
Ordinary shares	45,000	45,000
Preference shares	55,000	55,000
	100,000	100,000
Issued and fully paid		
Ordinary shares	38,800	38,800
7.5% cumulative redeemable preference shares	9,975	9,975
8.0% cumulative redeemable preference shares	45,000	45,000
	93,775	93,775

(i) Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Biofield. All ordinary shares rank pari passu with regard to Biofield's residual assets.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.12 Share capital (cont'd.)

(ii) Cumulative Redeemable Preference Shares ("CRPS")

The 7.5% and 8.0% CRPS confer on the holders of such shares the right to receive out of the profit of Biofield, a fixed cumulative preferential dividend at the rate of 7.5% and 8.0% per annum respectively. Such dividends are calculated on the amount of paid-up capital from the date of subscription to 30 April each year. The CRPS are redeemable at par plus any outstanding amount of dividends calculated at the rate of 7.5% and 8.0% per annum respectively of the par value of the CRPS, at any time as Biofield deems fit provided a notice in writing is to be served to the preference shareholders one month in advance.

At the financial year/period end, the cumulative amount of gross dividends in respect of the CRPS that have yet to be declared are as follows:

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
7.5% CRPS:				
30 April 2006	748	748	748	748
30 April 2007	748	748	748	748
30 April 2008	-	748	748	748
30 April 2009	-	-	748	748
	<u>1,496</u>	<u>2,244</u>	<u>2,992</u>	<u>2,992</u>
8.0% CRPS:				
30 April 2005	3,600	3,600	3,600	3,600
30 April 2006	3,600	3,600	3,600	3,600
30 April 2007	3,600	3,600	3,600	3,600
30 April 2008	-	3,600	3,600	3,600
30 April 2009	-	-	3,600	3,600
	<u>10,800</u>	<u>14,400</u>	<u>18,000</u>	<u>18,000</u>
	<u>12,296</u>	<u>16,644</u>	<u>20,992</u>	<u>20,992</u>

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.13 Significant related party transactions

	FYE 30.4.2007 RM'000	FYE 30.4.2008 RM'000	FYE 30.4.2009 RM'000	FPE 31.12.2009 RM'000
Rental payable to holding company	60	60	60	60
Management fee payable to intermediate holding company	30	30	30	30
Interest receivable from Intermediate holding company	(4,010)	(3,330)	(3,986)	(1,267)

Biofield does not have any key management compensation as Biofield is managed by the directors and employees of the holding company.

6.7.14 Financial instruments

(a) Financial risk management objectives and policies

Biofield's financial risk management policy seeks to ensure that adequate financial resources are available for development of Biofield's businesses whilst managing its interest rate, liquidity and credit risks. Biofield operates within clearly defined guidelines and Biofield's policy is not to engage in speculative transactions.



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.14 Financial instruments (cont'd.)

(b) Interest rate risk

Biofield's primary interest rate risk relates to interest-bearing related company debt. The pricing of this debt fluctuates based on the market interest rate and a mark-up margin determined by its holding company.

(c) Liquidity risk

Biofield actively manages its debt maturity profile and operating cash flows so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, Biofield maintains sufficient levels of cash or cash equivalents to meet its working capital requirements.

(d) Credit risk

Credit risks are minimised and monitored by limiting Biofield's associations to business partners with high creditworthiness. The credit risks of other customers are minimal as its insurance operations are on cash basis.

(e) Fair values

It is not practical to estimate the fair values of amounts due from holding and intermediate holding company due principally to a lack of fixed repayment term entered by the parties involved and cannot be estimated without incurring excessive costs. Biofield does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

9. ACCOUNTANTS' REPORT (CONT'D)



6. Historical financial information (cont'd.)

6.7 Biofield Sdn Bhd (cont'd.)

Notes to the financial statements (cont'd.)

6.7.14 Financial instruments (cont'd.)

(e) Fair values (cont'd.)

The carrying amounts of cash and cash equivalents, other receivables/payables approximate their fair values due to the relatively short term maturity of these financial instruments.

6.7.15 Comparatives

The comparative figures for the income statement, the cash flow statement, the statement of changes in equity and the related notes to financial statements are for the comparable twelve-month period ended 31 December 2008. Pursuant to paragraph 12.12(a) of the Prospectus Guidelines issued by the Securities Commission of Malaysia, the comparative figures need not be audited as the directors of Biofield are of the opinion that auditing the comparative figures would not be of value for the purpose for which the current financial statements have been prepared as explained in Note 6.7.2(a).

Yours faithfully

A stylized signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young
AF : 0039
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Teoh Soo Hock'.

Teoh Soo Hock
No. 2477/10/11(J)
Chartered Accountant

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA



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15 JUN 2010

The Board of Directors
Berjaya Retail Berhad
Lot 13-01A
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Berjaya Times Square
No. 1 Jalan Imbi
55100 Kuala Lumpur

Dear Sirs/Madam

Vital Factor Consulting Sdn Bhd
(Company No. 266797-T)

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Selangor Darul Ehsan, Malaysia

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Independent Assessment of the Retailing Industry focusing on Convenience Store Operations and Direct Selling of Consumer Durables in Malaysia

The following is an independent assessment of the Retailing Industry focusing on Convenience Store Operations and Direct Selling of Consumer Durables in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the Prospectus of Berjaya Retail Berhad (herein together with all or any one or more of its subsidiaries will be referred as Berjaya Retail Group or the Group) in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

1. BACKGROUND

- Berjaya Retail Group's principal business activities are in the operation of a chain of convenience stores, and the marketing and direct selling of consumer durables with installment option schemes.
- Its chain of convenience stores operates under the "7-Eleven" brand name through 7-Eleven Malaysia Sdn Bhd (7-Eleven Malaysia) and its subsidiaries. Its marketing and selling of consumer durables with installment option schemes operates under the "Singer" brand name through Singer (Malaysia) Sdn Bhd (Singer Malaysia).

2. SOCIAL-ECONOMIC PERFORMANCE OF MALAYSIA

2.1 Gross Domestic Product (GDP)

- Malaysia's real GDP has been growing every year from 2005 to 2008. The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in the global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported the growth during the year.
- While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major corrections in commodity prices in the second half of the year led to a contraction in Malaysia's export performance.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- In 2009, Malaysia's real GDP contracted by 1.7%. However, the real GDP growth forecast for 2010 is 4.5% to 5.5% (Source: Bank Negara Malaysia).



Source: Bank Negara Malaysia

Figure 1 Performance of the Malaysian Economy

- The Malaysian economy registered strong real GDP growth of 10.1% in the first quarter of 2010, led by continued expansion in domestic demand and stronger external demand. The expansion in domestic demand was supported by higher private consumption and sustained public sector spending. The robust external demand provided further impetus to domestic growth through its spill-over effects on production, employment and overall sentiments. All economic sectors recorded positive growth during the first quarter of 2010, led by strong growth in the manufacturing and services sectors (Source: Bank Negara Malaysia).

2.2 Consumer Sentiment Index

- During the fourth quarter of 2008, the CSI slumped to 71.4 points. The decline in current and expected incomes, and the weak consumer outlook contributed to the decline in the CSI.
- While the CSI rose to 78.9 points during the first quarter of 2009, it remained below the benchmark 100-point level. This is due to consumers' less than optimistic outlook of the economic conditions.

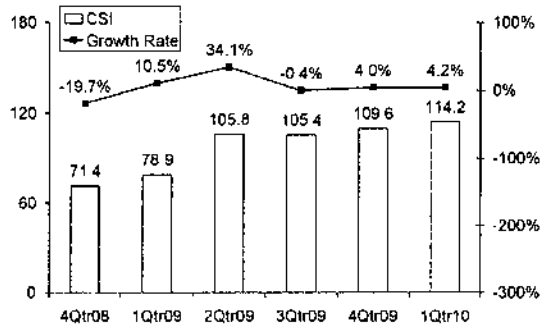
10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- After the CSI fell below the benchmark of 100 points for three consecutive quarters, the CSI gained 26.9 points in the second quarter of 2009 to reach 105.8 points. This was contributed by higher employment opportunities, which have improved household finances, and the expectations of increases in household income in the future.



Source: Consumer Sentiments Quarterly Report – Various Issues, Malaysian Institute of Economic Research (MIER)

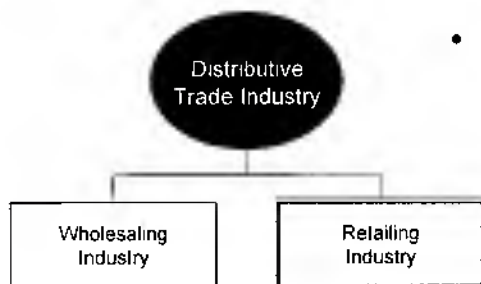
Figure 2 Consumer Sentiment Index

- In the fourth quarter of 2009, the CSI increased by 4.2 points to 109.6 points compared to the third quarter of 2009. Consumers continue to remain optimistic, albeit cautiously. Favourable current and expected finances, and employment expectations contributed to the growth in the CSI.
- The CSI registered a growth of 4.2% to reach 114.2 points in the first quarter of 2010. The growth is attributable to the continued improvement in current and expected finances, and employment expectations.

(Source: Consumer Sentiments Quarterly Report – Various Issues, Malaysian Institute of Economic Research)

3. OVERALL INDUSTRY STRUCTURE

3.1 The Distributive Trade Industry



Berjaya Retail Group is involved in this segment of the Distributive Trade Industry

Figure 3 Structure of the Distributive Trade Industry

- In general, the Distributive Trade Industry in Malaysia comprises two major segments, the Wholesaling and Retailing Industries. The Wholesaling Industry comprises operators concerned with the resale of goods (without transformation) to industrial, commercial, institutional or professional users, or to retailers and other wholesalers. Wholesalers may physically assemble, sort and grade goods in large lots, break-bulk, repack and redistribute goods in smaller lots, but do not refine, process, manufacture or otherwise transform the goods.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)

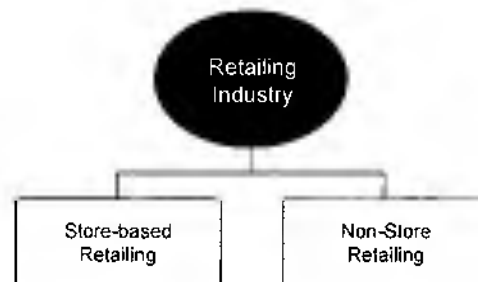


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3.2 The Retailing Industry

- The Retailing Industry is concerned with the resale of goods (without transformation) to the general public for personal or household consumption.
- The overall structure of the Retailing Industry may be segmented into store-based and non-store retailing.
- A "store" is described as an enclosed structure used for business activities, which is usually in a building, where the premises can be locked up to keep goods and equipment.
- Store-based retailing refers to retail trade that is carried out primarily from a store in a fixed location. Examples of retail stores include convenience stores, hypermarkets, departmental stores, bookshops, pharmacies and shoe shops
- Non-store retailing refers to retail trade that is carried out independently of a fixed enclosed structure, including instances where the customer does not have direct contact with the retailer at a fixed location. Examples of non-store retailing include direct selling, mail order sales, Internet commerce, and retail trade from temporary structures such as stalls and kiosks.
- Berjaya Retail Group's operation of its chain of 7-Eleven convenience stores is included under the Store-based Retailing Industry, while the direct selling of consumer durables under the "Singer" brand name is included under the Non-Store Retailing Industry.



Berjaya Retail Group is involved in both segments of the Retailing Industry

Figure 4 Structure of the Retailing Industry

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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3.3 Overview of the Store-Based Retailing Industry

- The general structure of the Store-based Retailing Industry may be depicted as follows

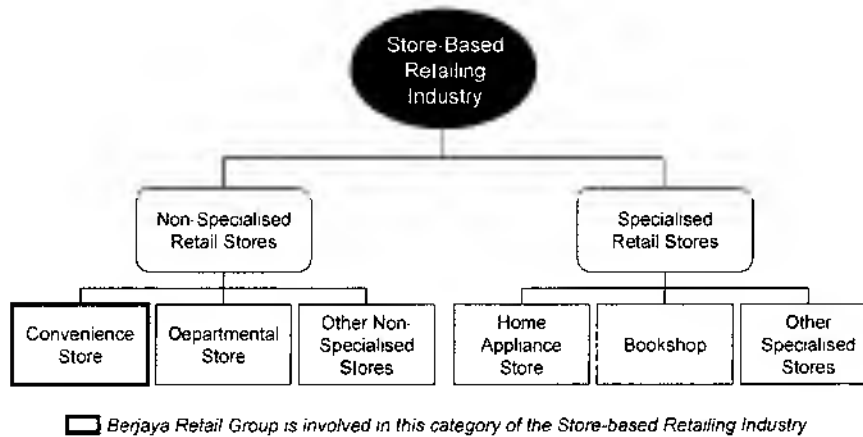


Figure 5 Structure of the Store-based Retailing Industry

- Non-specialised retail stores refer to retail stores that are involved in selling more than one type of goods. For example, a departmental store is regarded as a non-specialised retail store as it is commonly engaged in selling a wide range of goods such as clothing, home furnishings, electrical appliances, toys and games, cosmetics, health and beauty aids, stationeries and many other goods.
- Other examples of non-specialised retail stores include hypermarkets, supermarkets, provision stores, mini-markets, and newsagents.
- A convenience store is another example of a non-specialised store, as it is commonly involved in selling a wide range of goods such as prepared foods, perishable foods, snack foods, confectioneries, bakery products, beverages, tobacco products, household goods and publications. Convenience stores usually have longer shopping hours compared to other types of retail stores, with some convenience stores operating 24 hours per day, 7 days per week.
- Berjaya Retail Group's 7-Eleven stores are regarded as convenience stores operating within the Store-based Retailing Industry.
- Specialised retail stores refer to retail stores that specialise in selling one category of goods. For example, a shoe shop is regarded as a specialised retail store as it is engaged in selling only one type of goods, i.e. footwear and accessories. Other examples of specialised retail stores include home appliance stores, bookshops, sporting goods stores, fashion and apparel stores, pharmacies, hardware stores and computer stores.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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3.4 Overview of the Non-Store Retailing Industry

- The general structure of the Non-Store Retailing Industry may be depicted as follows

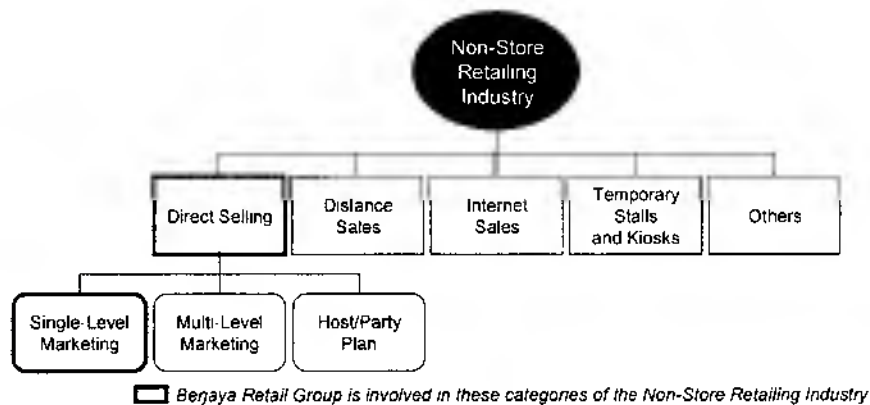


Figure 6 Structure of the Non-Store Retailing Industry

- Retail sale via direct selling is as a non-store retail trade, as direct selling relies on face-to-face contact between sales people and prospective customers to generate sales. The direct selling process normally includes the salesperson personally explaining or demonstrating the goods and services to the prospective customer. Face-to-face contact is usually established at the prospective customer's home, place of employment, or in public places such as shopping centres.
- Operators that are engaged in direct selling may sometimes have outlets that retail directly to end-consumers.
- The direct selling segment may be further segmented into single-level marketing, multi-level marketing and host/party plan.
- Under the single-level marketing model, salespeople receive little or no incentive to recruit additional salespeople. The compensation earned by a salesperson under the single-level marketing model is primarily based on individual sales performance. In some cases, the salesperson is a salaried employee of the direct selling company.
- Under the multi-level marketing model, salespeople receive incentives to recruit additional salespeople. The compensation earned by a salesperson under the multi-level marketing model is typically based on a combination of individual sales performance, success in recruiting new salespeople, and the sales performance of the salespeople that they recruit. Multi-level marketing may also be referred to as network marketing or structure marketing.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- Under the host/party plan model, the salesperson arranges with a friend or relative who acts as host to invite a group of guests to a party where products will be demonstrated. During the course of the party plan, the salesperson generates orders for the goods. The host normally receives goods as compensation for the use of his or her home and for gathering guests to participate in the party plan. The salesperson is typically compensated based on sales performance.
- Berjaya Retail Group's "Singer" brand uses the direct selling channel based on single level marketing to sell consumer durables to its customers.
- Distance selling refers to the sales of goods that utilises one or more communications media to affect a response. They include:
 - Mail order sales through direct mailing, catalogue sales and advertisements in printed media;
 - Telemarketing through telephone selling, television marketing, tele-shopping, and selling by video text.
- Internet selling refers to retail trade where transactions are conducted mainly through the Internet. Internet selling includes sales where goods are physically delivered to the customer.
- Temporary stalls and kiosks refer to retail trade carried out at temporary structures such as roadside kiosks, stalls in wet markets and stalls at temporary farmer's markets.
- Other examples of non-store retail trade include retail trade through vending machines.

4. SUBSTITUTE PRODUCTS

- In general, there are no practical substitutes for the Retailing Industry's role in distributing goods to individual consumers and households. It is inconvenient and impractical for individual consumers to purchase goods directly from farmers and manufacturers, especially in the case of imported goods. It is also impractical for consumers to purchase goods from wholesalers, as wholesalers normally specialise in distributing a limited range of products and typically require purchases to be made in large quantities.
- There are several substitutes for convenience stores, including provision stores, Chinese medical halls, pharmacies, wet market, dry market, night market, minimarkets, supermarkets and hypermarkets. However, these types of retailing format are unlikely to totally replace convenience stores as convenience stores possess the following advantages:
 - Convenience stores typically offer longer shopping hours compared to other types of retail stores, with many convenience stores operating 24 hours a day, 7 days a week;
 - Convenience stores are often more widely distributed and are located in convenient locations.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- There are several substitutes to direct selling as a means of retailing household appliances. This includes store base retailing, distance selling, internet sales and temporary stalls and kiosks. However, these types of retail stores are unlikely to replace direct selling entirely as direct selling possess the following advantages:
 - Direct selling offers personalised face-to-face service;
 - Direct selling salespeople often offer prospective customers the convenience of a home visit, so that purchases may be made without having to visit a store.

5. GOVERNMENT REGULATIONS AND POLICIES

5.1 Government Laws and Regulations

Trading Licence

- Under the Local Government Act 1976, a retailing outlet is required to obtain a Trading Licence from the relevant local council in order to operate. This applies to all of Berjaya Retail Group's 7-Eleven stores and Singer Malaysia's branches.
- A Trading Licence is normally valid for a period of one year, and may be renewed as and when it expires.

Signboard Licence

- Under the Local Government Act 1976, a retailing outlet is required to obtain a Signboard Licence from the relevant local council to display a signboard at its premises. This applies to all of Berjaya Retail Group's 7-Eleven stores and Singer Malaysia's branches.
- A Signboard Licence is normally valid for a period of one year, and may be renewed as and when it expires

Retail Licence for Rice

- Under the Control of Padi and Rice Act 1994, those who wish to engage in the retailing of rice are required to obtain a Retail Licence for Rice under the Control of Padi and Rice (Wholesale and Retail Licensing) Regulation 1996. The licence is issued by the Ministry of Agriculture and Agro-based Industry. This applies to some of Berjaya Retail Group's 7-Eleven stores that undertake retailing of rice.
- A Retail Licence for Rice is normally valid for a period of two years, and may be renewed as and when it expires.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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Direct Sales Licence

- Under the Direct Sales Act 1993, a company that wishes to carry out the sale of goods through the direct sales method are required to obtain a Direct Sales Licence issued by the Ministry of Domestic Trade, Co-operatives and Consumerism. This applies to Singer Malaysia.
- A Direct Sales Licence is normally valid for a period of three years, and may be renewed as and when it expires.

Hire-Purchase Act 1967

- According to the Hire-Purchase Act 1967, goods that are covered by the Act include all consumer goods, and motor cycles. This applies to Singer Malaysia.

5.2 Environmental Regulations – Scheduled Waste

- During the normal course of operation of convenience stores and direct selling of consumer durables, no waste is generated that is classified as a Scheduled Waste under the Environmental Quality (Scheduled Waste) Regulations 2005.

6. DEMAND AND SUPPLY

- Berjaya Retail Group's principal business activities are the operation of a chain of convenience stores, and the marketing and direct selling of consumer durables with installment option schemes.
- The convenience stores operated by the Group operate under the "7-Eleven" brand name, while the Group's direct selling of consumer durables business is operated under the "Singer" brand name.
- The Group's 7-Eleven stores are currently engaged in selling the following types of products and services:
 - Tobacco products;
 - Beverages;
 - Confectioneries and snack foods;
 - Household goods and publications;
 - Perishables and other foods;
 - Food services;
 - In-store services.
- Berjaya Retail Group is currently engaged in direct selling the following types of consumer durables:
 - Home appliances;
 - Motorcycles;
 - Sewing machines;
 - Others consumer durables.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- There are no specific data and statistics available on the sales value generated by convenience stores and by direct selling retail activities of the type carried out by Berjaya Retail Group. As a result, the report will cover the larger categories under which the data and statistics of these types of retailing activities are captured.
- Demand for motorcycles in Malaysia is reflected by the number of motorcycles registered with the Road Transport Department.

6.1 Sales Value of the Overall Retail Industry

- Between 2005 and 2009, the sales value of the overall retail industry increased at an average annual rate of 19.9%.
- In 2009, the sales value of the overall retail industry increased by 5.5% to reach RM122.5 billion.

(Source: Department of Statistics)

6.2 Sales Value of Other Retail Sale in Non-specialised Stores

- According to the Department of Statistics, the convenience store segment of the overall Retailing Industry is classified under the "other retail sale in non-specialised stores" category. This category also includes the departmental store, hypermarket, supermarket, mini-market, newsagents and other segments of the Retailing Industry where sales are primarily generated through non-specialised stores.
- Between 2005 and 2009, the sales value of other retail sale in non-specialised stores increased at an average annual rate of 49.2%.
- In 2009, the sales value of other retail sale in non-specialised stores increased by 37.0% to reach RM29.8 billion.

(Source: Department of Statistics)

6.3 Sales Value of Retail Trade Not in Stores

- According to the Department of Statistics, retail trade through the direct selling channel is classified under the "retail trade not in stores" category. This category also includes the retail trade through mail order houses, and retail trade carried out at temporary stalls and markets.
- Between 2005 and 2009, the sales value of retail trade not in stores increased at an average annual rate of 29.4%.
- In 2009, the sales value of retail trade not in stores increased by 1.8% to reach RM3.7 billion.

(Source: Department of Statistics)

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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6.4 Number of Motorcycles Registered

- Between 2005 and 2009, the number of motorcycles registered in Malaysia increased at an average annual rate of 6.3%.
- As at the end of 2009, the number of motorcycles registered in Malaysia increased by 5.3% to reach 8.9 million motorcycles.
- The Road Transport Department reported that during 2009, a total of 441,545 motorcycles were registered in Malaysia.

(Source: Road Transport Department)

7. DEMAND DEPENDENCIES

- In general, overall size of the population in Malaysia will influence demand for goods purchased at convenience stores, and consumer durables.
- Demand for some of the products sold by Berjaya Retail Group's 7-Eleven stores is influenced by the growth of household expenditure on the following product categories:
 - Food and non-alcoholic beverages;
 - Alcoholic beverages and tobacco.
- Demand for some of the consumer durables sold by Berjaya Retail Group's direct selling operation is influenced by the growth of household expenditure on furnishings, household equipment and routine household maintenance.

7.1 Population of Malaysia

- Between 30 June 2005 and 30 June 2009, it was estimated that the population of Malaysia grew at an average annual rate of 2.0%.
- As at 30 June 2009, the population of Malaysia was estimated at 28.3 million persons, which represented an increase of 2.1% compared to the preceding year.

(Source: Department of Statistics)

7.2 Average Monthly Household Expenditure on Food and Non-alcoholic Beverages

- Between 1998/1999 and 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on food and non-alcoholic beverages increased at an average annual rate of 1.1%.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- In 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on food and non-alcoholic beverages was RM393 per month.

(Source: Department of Statistics)

7.3 Average Monthly Household Expenditure on Alcoholic Beverages and Tobacco

- Between 1998/1999 and 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on alcoholic beverages and tobacco increased at an average annual rate of 2.6%.
- In 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on alcoholic beverages and tobacco was RM35 per month.

(Source: Department of Statistics)

7.4 Average Monthly Household Expenditure on Furnishings, Household Equipment and Routine Household Maintenance

- Between 1998/1999 and 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on furnishings, household equipment and routine household maintenance declined at an average annual rate of 0.2%.
- In 2004/2005 (the most recent period for which this information is available), average monthly household expenditure on furnishings, household equipment and routine household maintenance was RM83 per month.

(Source: Department of Statistics)

8. SUPPLY DEPENDENCIES

- Berjaya Retail Group currently sources most of its goods from local suppliers.
- In terms of supply dependency, some of the main types of goods used by Berjaya Retail Group in its convenience store operations and in direct selling of consumer durables are as follows:
 - Tobacco products, which the Group sources from local suppliers;
 - Non-alcoholic beverages, which the Group sources from local suppliers;
 - Snacks, which the Group sources from local suppliers;
 - Home appliances, which the Group sources from local and overseas suppliers;
 - Motorcycles, which the Group sources from local suppliers.

(Source: Department of Statistics)

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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8.1 Manufacture of Non-alcoholic Beverages

- Between 2005 and 2009, the sales value of the manufacture of non-alcoholic beverages products grew at an average annual rate of 14.2%.
- In 2009, the sales value of manufacture of non-alcoholic beverages increased by 22.6% to reach RM1.4 billion.

(Source: Department of Statistics)

8.2 Manufacture of Tobacco Products

- Between 2005 and 2009, the sales value of the manufacture of tobacco products grew at an average annual rate of 3.1%.
- In 2009, the sales value of manufacture of tobacco products increased by 9.2% to reach RM1.4 billion.

(Source: Department of Statistics)

8.3 Manufacture of Snacks

- Between 2005 and 2009, the sales value of the manufacture of snacks grew at an average annual rate of 12.8%.
- In 2009, the sales value of manufacture of snacks declined by 2.2% to RM572.5 million.

(Source: Department of Statistics)

8.4 Manufacture of Domestic Appliances

- According to the Department of Statistics, the manufacture of domestic appliances category includes the manufacture of, among others, refrigerators and freezers, clothes washing machines, table and stand fans, irons, kettles, rice cookers and domestic water heaters.
- Between 2005 and 2009, the sales value of the manufacture of domestic appliances grew at an average annual rate of 4.1%.
- In 2009, the sales value of manufacture of domestic appliances declined by 14.4% to RM2.5 billion.

(Source: Department of Statistics)

8.5 Manufacture of Motorcycles

- Between 2005 and 2009, the sales value of the manufacture of motorcycles grew at an average annual rate of 12.2%.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- In 2009, the sales value of manufacture of motorcycles increased by 3.6% to reach RM2.5 billion.

(Source: Department of Statistics)

9. RELIANCE ON AND VULNERABILITY TO IMPORTS

Reliance on Imports

- The Retailing Industry covers a very large range of products, some of which are manufactured and produced locally while others must be sourced from overseas.
- Some of the products, which are reliant on imports, are as follows:
 - overseas and internationally branded products;
 - produce and produce-based products where the raw material produce is not grown in Malaysia;
 - products not manufactured in Malaysia.

Vulnerability to Imports

- In general, the Retailing Industry is not vulnerable to imports due to the nature of the consumer market where there are many manufacturers and suppliers of the same or substitute products locally and overseas. The ease of product substitution and the large number of suppliers of most consumer products reduces significantly the vulnerability to imports by Malaysian retailers.

10. COMPETITION

10.1 Nature of Competition in the Industry

- In general, operators in the Retailing Industry focusing on operating convenience stores and direct selling of consumer durables face **normal competitive conditions**, which is similar to a free enterprise environment which is characterised by the following:
 - There are no undue government regulations or licensing requirements;
 - There are many operators;
 - Operators may enter and leave the industry with relative ease;
 - No individual operator is large enough to dictate pricing.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete on product and service differentiations, and other factors of competition.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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10.2 Factors of Competition

- As with most free enterprise environments, competition amongst operators in the Retailing Industry is based on a number of factors, including:
 - Branding;
 - Size of sales network;
 - Economies of scale;
 - Long operating hours for convenience stores;
 - Financing schemes;
 - Established reputation and track record.

10.3 Impact of Factors of Competition on Berjaya Retail Group

Branding

- In a consumer market, branding is commonly an important factor of competition. Brands with strong equity would normally command higher customer loyalty to compete against other lesser equity brand or unbranded products.
- Berjaya Retail Group has the exclusive right to use the "7-Eleven" and "Singer" brands in Malaysia. The "7-Eleven" brand is a globally recognised convenience store brand that has been in use in Malaysia since 1984, while the "Singer" brand has been used in Malaysia since 1906.
- Berjaya Retail Group's use of recognised brands helps to create and maintain customer loyalty. Successful brand management can also enable the Group to differentiate its operations from those run by other operators, creating a distinct identity and brand values.
- The Group can also use these brands to help launch new products or services, or expand into new markets.

Size of Sales Network

- In a consumer market, consumer reach is important to ensure products and services reach as large a market as possible. As such, consumer reach would primarily depend on the extensiveness of the sales network.
- Berjaya Retail Group has established a large and geographically diverse sales network consisting of 1,127 7-Eleven stores and 561 Singer Malaysia branches throughout Malaysia as at 18 May 2010. The Group's large and diverse sales network enables it to reach a very large potential customer base.
- It would be costly and time-consuming for a competitor to create a sales network of comparable size and scope.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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Economies of Scale

- In the consumer market, economies of scale commonly help increase profit margins through better purchasing prices and commercial terms. In addition, a large volume sales company in the grocery business including chain convenience stores, commonly can derive additional income from product placement on the display shelf.
- Berjaya Retail Group enjoys economies of scale derived from its large size where for the proforma financial year ended 31 December 2009, its total revenue amounted to RM1.54 billion. In addition, economies of scale are also derived from its wide network of 1,127 convenience stores, and 561 branches and approximately 3,500 sales agents for its direct selling of consumer durables as at 18 May 2010.
- These economies of scale enable Berjaya Retail Group to spread its fixed and operating costs across a large number of 7-Eleven stores and Singer Malaysia branches and sales agents. This is particularly pertinent in terms of headoffice personnel and centralised functions including, procurement, warehousing, logistics, training, advertising and promotional costs.
- In addition, the Group's large size provides it with strong bargaining power to obtain better commercial terms from its suppliers including product costs, credit terms, logistics arrangements and others.

Long Operating Hours for Convenience Store

- One of the considerations of convenience store is the length of operating hours. Longer operating hours would provide increased convenience to consumers, particularly during late nights and early mornings when most retail outlets are closed.
- As at 18 May 2010, almost all of the Group's 7-Eleven stores operate 24 hours a day, seven days a week, with only eight stores located in shopping centres following the shopping centres' opening hours. As a result, consumers can be certain that they can make purchases from a 7-Eleven store at any time, including late at night and on public holidays.
- The long operating hours of Berjaya Retail Group's 7-Eleven stores allows it to generate sales when other retailers such as provision shops, supermarkets and hypermarkets are closed for the day.

Financing Schemes

- Businesses that are able to provide financing for their products would be in a better competitive position to appeal to certain sectors of the consumer market as it would make their products more affordable.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- Berjaya Retail Group offers customers the option of using the Group's hire purchase or equal payment schemes to finance purchases of some of its consumer durables. These options increase the affordability of consumer durables, as consumers can now pay for the goods with smaller monthly payments rather than a single large payment.

10.4 Competitive Intensity

10.4.1 Convenience Store Operation

- The overall level of competition among operators in the Retailing Industry focusing on convenience store operations in Malaysia is high.
- In general, convenience store operators compete closely with other operators of convenience stores, including both stand-alone convenience stores and convenience stores that are attached to petrol stations.
- To a certain extent, operators of convenience stores also compete against other retailers such as provision stores, Chinese medical halls, pharmacies, minimarkets, supermarkets and hypermarkets, to the extent that these retailers sell many similar goods.
- However, competition from other types of retailers is moderated by the following factors:
 - Convenience stores generally have longer operating hours, with many convenience stores operating 24 hours a day, seven days a week. As a result, some convenience stores continue to operate when other retail outlets are closed.
 - Convenience stores are generally more widely dispersed than other types of retail outlets. For example, convenience stores may be located at highway rest stops, and at petrol stations.

10.4.2 Direct Selling of Consumer Durables

- The overall level of competition among operators in the Retailing Industry focusing on operators engaged in direct selling of consumer durables in Malaysia is high.
- Operators engaged in direct selling of consumer durables compete amongst themselves and against other retailers such as specialised retail stores, hypermarkets and departmental stores that sell similar types of goods.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- However, competition from other types of retailers is moderated by the following factors:
 - Direct sellers offer customers the convenience of face-to-face service. A customer wishing to purchase consumer durables from a direct seller can arrange for a demonstration at their residence or place of work at their convenience, whereas customers have to visit a store if they wish to purchase from other types of retailers.
 - Direct sellers often offer better after-sales service, as salespeople can continue to serve customers after the consumer durables are delivered.

10.5 Operators in the Retailing Industry

- Listed below are some of the trade names of convenience store chains that are currently operating in Malaysia (sorted in alphabetical order):
 - **7-Eleven Malaysia;**
 - "BHP Mart" stand-alone convenience store (operated by Boustead Petroleum Marketing Sdn Bhd);
 - "BHP Petrol Mart" at some BHP petrol stations;
 - "D-Lima" stores operated by D-Five Convenient Store (M) Sdn Bhd;
 - "Esso Tigermart" at Esso some petrol stations;
 - "KK Supermart" stores operated by KK Supermart Holdings Sdn Bhd;
 - "Kwik Stop" stores, with Virtual Seven Mart Sdn Bhd as the franchisor;
 - "Mesra Drive-Thru" stores at some PETRONAS petrol stations;
 - "Mesra Shoppe" stand-alone store (operated by PETRONAS Dagangan Bhd);
 - "Mobil Mart" at some Mobil petrol stations;
 - "MyMart" stores, with Mydin Mohamed Holdings Bhd as the franchisor;
 - "On-the-Run" stores at some Esso petrol stations;
 - "Orange" convenience stores;
 - "OE" convenience stores;
 - "Shell Select" stores at some Shell petrol stations;
 - "Star Mart" stores at some Caltex petrol stations.

Note: The list above is not an exhaustive list of chain convenience store trade names in Malaysia.

(Sources: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- In addition to the operators listed above, there are a number of small convenience store operators that operate one or a small number of convenience stores serving a small local area.
- Listed below are some hypermarket, supermarket, departmental store, mini-markets and provision store chains that are currently operating in Malaysia (sorted in alphabetical order):
 - "99 Speedmart" mini-markets;
 - "Carrefour" hypermarkets;
 - "Cold Storage" supermarkets;
 - "Econsave" hypermarkets and supermarkets;

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- "Giant" hypermarkets and supermarkets;
- "Isetan" supermarkets;
- "Jaya Jusco" supermarkets;
- "MYDIN" hypermarkets and supermarkets;
- "Tesco" hypermarkets;
- "The Store" hypermarkets and supermarkets.

Note: The list above is not an exhaustive list of hypermarket, supermarket, departmental store and provision store chains in Malaysia.

(Sources: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- As at March 2009, there were 1,088 companies that held valid Direct Sales Licences for various types of products and services. Some of the companies engaged in direct selling of consumer durables are as follows (sorted in alphabetical order):
 - Amway (Malaysia) Sdn Bhd;
 - Cosway (M) Sdn Bhd;
 - Elken Sdn Bhd;
 - Luxor Network Sdn Bhd;
 - **Singer Malaysia.**

Note: The list above is not an exhaustive list of companies that hold valid Direct Sales Licences engaged in the retail trade of consumer durables in Malaysia.

(Sources: Direct Selling Association of Malaysia, Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- Listed below are some of the store-based retail operators that are engaged in selling consumer durables that are similar to the range sold by Singer Malaysia (sorted in alphabetical order):
 - "Best Denki" stores;
 - "Courts Mammoth" stores;
 - "Harvey Norman" stores;
 - "HSL" stores;
 - "Isetan" departmental stores;
 - "Jaya Jusco" departmental stores;
 - "Metrojaya" departmental stores;
 - "Parkson" departmental stores;
 - "Senheng" and "senQ" stores;
 - "The Store" departmental stores.

Note: The list above is not an exhaustive list of retail operators engaged in selling consumer durables that are similar to the range of consumer durables that are sold by Singer Malaysia in Malaysia.

(Sources: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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11. BARRIERS TO ENTRY

- The barriers to entry faced by a new entrant into the Retailing Industry, focusing on the convenience store and direct selling segments include:
 - Capital and set-up costs;
 - Establishing a distribution network;
 - Inventory management skills;
 - Brand recognition and reputation;
 - Regulatory requirements.

11.1 Capital and Set-up Costs

Convenience Store

- Capital and set-up costs for a single convenience store represent a low barrier to a new entrant. However, the capital and set-up costs to establish a chain of convenience stores would represent a higher barrier to entry.
- The capital and set-up cost required to establish a single entry-level convenience store is estimated at RM0.2 million (excluding land and building costs), which would include the purchase of the following major items:
 - Chillers and freezers;
 - Shelving and display cases;
 - Point-of-sales machine/cash register;
 - Renovations.
- In addition, it is estimated that working capital of RM0.15 million to RM0.2 million is required to purchase inventory and for other miscellaneous expenses.
- This entry-level convenience store will be able to generate revenue of approximately RM0.7 million per year.
- It should be noted, however, that a new entrant operating a single entry-level convenience store will face several operational constraints due to its small size:
 - The convenience store may not be able to employ enough staff to operate 24 hours per day, 7 days per week. This is likely to reduce the new entrant's revenue.
 - Suppliers may subject the new entrant to unfavourable pricing or credit terms due to its lack of size and bargaining power.
 - The new entrant is likely to lack brand recognition, which may lower its attractiveness to potential customers.
- A new entrant will need to establish a chain of convenience stores to create sufficient economies of scale. It is estimated that the capital and set-up cost required to establish a chain of 20 convenience stores is RM4 million (excluding land and building costs), with an additional RM3 million to RM4 million for working capital.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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Direct Selling

- Capital and set-up costs represent a moderate barrier to entry for a new entrant that wishes to establish itself in the direct selling segment of the Retailing Industry.
- As the direct selling channel relies on face-to-face contact between a salesperson and a prospective customer to generate sales, it is possible to start up a direct selling business without having to invest capital in an outlet. The working capital required to start up a direct selling business dealing in a very narrow range of consumer durables is estimated at RM5 million.
- It should be noted, however that a new entrant operating an entry-level direct selling business will face several operational difficulties due to its small size:
 - The new direct selling business may not be able to attract salespeople due to its small size and lack of brand recognition and track record. This will seriously restrict its ability to generate sales.
 - The new direct selling business may not be able to establish a wide distribution network, which will limit its ability to generate sales.
 - Suppliers may not extend credit to the new entrant due to its small size and lack of track record, forcing it to pay cash for its purchases.
- As a result, it is likely that the new entrant will have to make additional capital investment in areas such as advertising, brand development and in establishing one or more distribution outlets to establish a network and gain credibility. This will increase the amount of capital required to establish a direct selling business.

11.2 Establishing a Sales Network

- The requirement to establish a sales network creates a barrier to entry for new entrants into the Retailing Industry, including new entrants to the convenience store and direct selling segments.
- In this industry, an extensive sales network is critical to ensure that there is a sufficient coverage of the market to reach a large number of customers, including customers in remote areas that are not well served by other retailers.
- In this respect, operators with an extensive sales network covering Peninsular and East Malaysia are at an advantage due to their ability to service a wider range of customers.
- A new entrant will require time and resources to establish a sales network, which is critical to in succeed the convenience store and direct selling segments of the Retailing Industry. This creates a moderate barrier to entry.

11.3 Inventory Management Skills

- Operators of any type of retail business, including convenience store operators and direct selling operators, require inventory management skills.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- An operator that is able to efficiently manage its inventory will be able to minimise its working capital requirements, inventory holding costs and wastage resulting from spoiled, expired or damaged goods.
- The level of inventory management skill required by an operator increases as the number of stores it operates increases, and as geographic dispersal increases.
- Having access to an efficient inventory management system is necessary to succeed in the Retailing Industry. As a new entrant can purchase an inventory management system from a third-party service provider, this results in a relatively low barrier to entry.

11.4 Brand Recognition and Reputation

- The requirement to establish brand recognition and reputation creates a barrier to entry for new entrants into the Retailing Industry.
- Operators of convenience stores and direct selling operators rely on the strength of their brands to attract customers and drive sales. Operators with established brands are also able to sell self-branded products, which normally have more attractive margins compared to similar third-party or unbranded products.
- An established reputation is necessary for operators who sell consumer durable products, including direct selling operators. Most types of consumer durable products are big-ticket items that consumers expect to use for a relatively long period of time. As a result, consumers are more likely to purchase consumer durables from a retailer that has a reputation of selling durable products, and who has a reputation of providing after-sales customer service.
- A new entrant will need to build its own distinct brand and establish a reputation for itself, which creates a moderate barrier to entry.

11.5 Licensing and Regulatory Requirements

- A new entrant that wishes to operate a convenience store is required to obtain the following licences:
 - Trading Licence;
 - Signboard Licence;
 - Retail Licence for Rice (only if the store retails rice).
- A new entrant that wishes to open a new direct selling business is required to obtain a Direct Selling Licence from the Ministry of Domestic Trade, Co-operatives and Consumerism.
- A new entrant that wishes to offer hire-purchase financing to its customers for the purchase of consumer durables and certain types of vehicles, including motorcycles, are required to comply with the Hire-Purchase Act 1967.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- Compliance with these licensing and regulatory requirements creates a low to moderate barrier to entry.

12. INDUSTRY OUTLOOK

- Since the start of the global financial crisis in mid-2007, which also affected Malaysia, there are strong indications that economic conditions in Malaysia are improving and the outlook for the near term, especially 2010 will be better than 2009. This is supported by the following observations:
 - In 2009, the real GDP of Malaysia contracted by 1.7%. However, the real GDP growth forecast for 2010 is 4.5% to 5.5% (*Source: Bank Negara Malaysia*).
 - The Malaysian economy registered strong real GDP growth of 10.1% in the first quarter of 2010, led by continued expansion in domestic demand and stronger external demand (*Source: Bank Negara Malaysia*).
 - The CSI registered a growth of 4.2% to reach 114.2 points in the first quarter of 2010. The growth is attributable to the continued improvement in current and expected finances, and employment expectations (*Source: Consumer Sentiments Quarterly Report – Various Issues, MIER*).
- Improved economic conditions combined with stronger consumer confidence will help sustain operators within the Retailing Industry.
- In addition, the Retailing Industry has demonstrated growth during normal economic conditions prior to the global financial crisis. Between 2005 and 2009, the sales value of the overall retail industry increased at an average annual rate of 19.9%. In 2009, the sales value of the overall retail industry grew by 5.5%, compared to the 1.7% contraction in Malaysia's real GDP (*Source: Bank Negara Malaysia, Department of Statistics*).

As such, it is expected that once Malaysia fully recovers from the current economic slowdown, the Retailing Industry would continue to grow which would augur well for operators within the industry.

13. DRIVERS OF GROWTH

- Some of the drivers of growth for operators in the Retailing Industry focusing on the convenience store operators and on the direct selling of consumer durables include:
 - Demographic change in terms of population growth, urbanisation and an increase in the number of people in the formal workplace is expected to increase demand for all types of consumer goods, including consumer durables, food, beverages and tobacco products.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- Increasing consumer affluence driven by the continuing growth in Malaysia's economy is expected to increase demand for all types of consumer goods. In addition, increasing consumer income will help to increase the affordability of "big-ticket" consumer goods such as consumer durables.

- Malaysian Government assistance and support should also help to promote and encourage growth and confidence in the economy as evidenced by the first RM7 billion stimulus package announced in November 2008, and the RM60 billion second stimulus package announced in March 2009, which are designed to counter or reduce the impact of the global financial crisis on the Malaysian economy.

14. THREATS AND RISKS ANALYSIS

14.1 Global Financial Crisis

- Any prolonged and/or widespread downturn in the global economy, such as that caused by the current global financial crisis, is likely to have a negative effect on the Malaysian economy in general. A slowdown in the local economy will impact on businesses, including the Retailing Industry.

Mitigating Factors

- As evidenced in the past, the Malaysian Government's continued prompt policy flexibility in implementing pro-growth measures to sustain the country's growth momentum, by raising domestic demand to compensate for slower external growth, has helped Malaysian companies to counter some of the effects of the slowdown in the global economy.

- In early November 2008, the Malaysian Government announced a RM7 billion stimulus package, which is to be channelled into 15 projects to promote business activity, and helps minimise the impact of the global financial crisis.

- On 10 March 2009, the Government tabled a mini budget as part of the second stimulus package. The second stimulus package is to be implemented over 2009 and 2010, and will include RM60 billion in spending and incentives.

- It is expected that these measure will help to generate domestic business activities and domestic consumption, which will help to counter the slowdown in the global economy.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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15. AREAS OF GROWTH AND OPPORTUNITIES

15.1 Franchising

- Operators of convenience stores with an established brand and network of stores can expand their business by offering entrepreneurs the opportunity to operate some of its stores on a franchise basis.
- By operating some stores on a franchise basis, the convenience store operator creates a steady stream of income for itself in the form of franchising fees.
- The convenience store operator may also enhance its ability to open new convenience stores, as some of the capital to open these stores can be come from the franchisees. The risk involved with opening a new convenience store is also shared with the franchisee.

15.2 Overseas Expansion

- Operators in the Retailing Industry, particularly those with access to established brands, may expand their business operations by expanding overseas.
- However, operators who use third-party brands may be required to seek permission from the third-party brand owner before they are allowed to make use of the brand overseas.

16. CRITICAL SUCCESS FACTORS

The critical success factors for operators in the Retailing Industry focusing on operations of chain convenience stores and direct selling of consumer durables include:

- **Branding.** Branding is critical to the success of consumer-based products and services such as fast moving consumer goods and consumer durables. Operators that have well known brands are in a better position to create customer loyalty to sustain and grow the business. This is also where continuing investment in marketing and promotions are important to facilitate brand awareness, recognition and brand loyalty.
- **Extensive Sales Network:** Operators of convenience stores and direct sellers of consumer durables need an extensive sales network to ensure that its market reach and coverage is as wide as possible.
- **Large Size:** Large operators normally enjoy greater bargaining power with their suppliers, and are in a stronger position to secure better pricing, credit, delivery and other commercial terms from their suppliers.

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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- **Economies of Scale:** Economies of scale allow operators to spread out their fixed and operating costs across a large number of outlets. This is particularly significant in terms of head office, procurement, warehousing, logistics, training, advertising and promotional costs.
- **Established Reputation:** The possession of an established reputation is a key advantage in securing and maintaining customer loyalty. This is particularly true when marketing consumer durables to customers, as these are normally "big-ticket" items. Customers are also more likely to visit reputable convenience stores.
- **Financial Stability:** A financially stable operator is in a better position to manage and finance its day-to-day purchases of inventory. Financial stability also allows an operator to expand its distribution network by opening new stores.
- **Capability to Operate 24 Hours a Day:** *The capability to operate stores 24 hours a day is a critical success factor for convenience store operators. A convenience store that is always open will attract consumers, as they know that they can shop at the store at any time of the day. In addition, a convenience store that is open 24 hours a day will fully utilise its assets and premises to generate revenue.*

17. MARKET SIZE, SHARE AND RANKING

17.1 Market Size

Food, Beverages and Tobacco

- In 2009, the market size for food, beverages and tobacco in Malaysia based on consumer spending was estimated at **RM48 billion**.

(Source: Department of Statistics, Bank Negara Malaysia and Vital Factor Consulting Sdn Bhd)

Consumer Durables

- In 2009, the market size for consumer durables in Malaysia based on consumer spending was estimated at **RM6 billion**.

Note: Consumer durables here include furniture and furnishing, television and other audio-visual equipment, computers, refrigerators and freezers, washing machines, cooking appliances, small electrical household appliances, air-conditioning and other major household appliances.

(Source: Department of Statistics, Bank Negara Malaysia and Vital Factor Consulting Sdn Bhd)

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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Motorcycles

- In 2009, the market size for motorcycles in Malaysia based on the number of motorcycles registered during the year was **441,545** motorcycles (Source: Road Transport Department).

17.2 Market Share

Food, Beverages and Tobacco

- In 2009, Berjaya Retail Group's market share of consumer spending on food, beverages and tobacco was estimated at **2.1%**.

(Source: Vital Factor Consulting Sdn Bhd)

Note: Berjaya Retail Group's market share of consumer spending on food, beverages and tobacco was estimated by dividing:

- Berjaya Retail Group revenue from convenience store operations, less revenue from household goods and publications, and in-store services; with
- The estimated market size for food, beverages and tobacco in Malaysia based on consumer spending.

Consumer Durables

- In 2009, Berjaya Retail Group's market share of consumer spending on consumer durables was estimated at **3.0%**.

(Source: Vital Factor Consulting Sdn Bhd)

Notes: i) Consumer durables here include furniture and furnishing, television and other audio-visual equipment, computers, refrigerators and freezers, washing machines, cooking appliances, small electrical household appliances, air-conditioning and other major household appliances.

ii) Berjaya Retail Group's market share of consumer spending on consumer durables was estimated by dividing:

- Berjaya Retail Group's revenue from the direct selling of consumer durables, excluding motorcycles; with
- The estimated market size for consumer durables in Malaysia based on consumer spending.

Motorcycles

- In 2009, Berjaya Retail Group's market share for sales of motorcycles based on the number of units sold was estimated at **3.8%**.

(Source: Vital Factor Consulting Sdn Bhd)

10. INDEPENDENT ASSESSMENT OF THE RETAILING INDUSTRY FOCUSING ON CONVENIENCE STORE OPERATIONS AND DIRECT SELLING OF CONSUMER DURABLES IN MALAYSIA (CONT'D)



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17.3 Market Ranking

Convenience Stores Based on Number of Stores

- As at May 2010, 7-Eleven Malaysia ranked **first** in the convenience store segment of the overall Retailing Industry based on number of convenience stores operated.

(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

Vital Factor Consulting Sdn Bhd has prepared this report in an independent and objective manner and has taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessments of the industries within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industries and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director

11. DIRECTORS' REPORT



Date: **15 JUN 2010**

The Shareholders of
Berjaya Retail Berhad ("**B-Retail**")
Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Dear Sir/Madam

On behalf of the Board of Directors of B-Retail, I wish to report after due enquiry by the Board of Directors of B-Retail, that between the period from 31 December 2009 (being the date to which the last audited financial statements of B-Retail and its subsidiaries ("**Group**") have been made up) to **15 JUN 2010**, being a date not earlier than 14 days before the issuance of this Prospectus, that:-

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of B-Retail or any of its subsidiaries;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantee or indemnity given by B-Retail or any of its subsidiaries;
- (e) since the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings by B-Retail or any of its subsidiaries; and
- (f) save as disclosed in Section 8.1 of this Prospectus, there has been no material changes in the published reserves or any unusual factor affecting the profits of the Group since the last audited financial statements of the Group.

Yours faithfully
For and on behalf of the Board of Directors
BERJAYA RETAIL BERHAD

Chan Kien Sing
Non-Independent Non-Executive Director

BERJAYA RETAIL BERHAD [Company No. 859832-P]

Registered Address : Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Malaysia.
Correspondence Address : Level 12, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Malaysia
Tel: (603) 2149 1999 Fax: (603) 2144 0869

12. OTHER GENERAL INFORMATION

12.1 Share Capital

- i) No securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus. Conversion of the ICPS into new Shares will be in accordance with the terms as set out in Section 2.4.2 of this Prospectus.
- ii) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- iii) Save for the allocation of 5,000,000 ICPS offered for sale to the eligible Directors of our Company and BCorporation, and the eligible employees of our Group and BCorporation Group as elaborated in Section 2.2 of this Prospectus, there is currently no other scheme involving our employees in the capital of our Company or any of our subsidiary.

12.2 Articles Of Association

The following represents extracts of the provisions of our Company's Articles Of Association relating to transfer of securities, remuneration of Directors, voting and borrowing powers of Directors, and changes in capital and variation of class rights.

12.2.1 Transfer Of Securities

The extract of provisions in our Company's Articles Of Association in respect of transfer of securities are as follows:-

Article 32

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

Article 33

The instrument of transfer of any security shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the security until the name of the transferee is entered in the Record of Depositors in respect thereof.

Article 34

The Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Article 35

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Subject always to the Listing Requirements, at least ten (10) market days' notice of intention to close the said register shall be given to the Exchange. The said notice shall state the purpose or purposes for which the register is being closed. At least three (3) market days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, prior notice shall be given to the Depository.

12. OTHER GENERAL INFORMATION

Article 36

Subject to the provisions of these Articles the Directors may recognize a renunciation of any share by the allottee thereof in favour of some other person.

12.2.2 Remuneration Of Directors

The extract of provisions in our Company's Articles Of Association in respect of remuneration of Directors are as follows:-

Article 87

Fees of Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determined Provided Always that:

- (1) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (2) salaries payable to executive directors may not include a commission on or percentage of turnover;
- (3) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (4) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (5) executive director(s) shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration as the Directors may from time to time determine.

Article 88 (1)

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors or general meetings of the Company.

Article 88 (2)

If any Director whether he holds an executive or non executive position in the Company, being willing shall be called upon to perform extra services or to make any special arrangements in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

12. OTHER GENERAL INFORMATION

Article 91

The remuneration of the Chief Executive Officer, Managing Director or Managing Directors and the Executive Director or Executive Directors may be payable by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee shall receive a pension, gratuity or other benefits on their retirement.

Article 93 (1) (a)

Each Director shall have power from time to time to nominate any person, not being a director, to act as his alternate Director and at his discretion to remove such alternate Director and his appointment shall not take effect until approved by a majority of the other Directors. An alternate Director so appointed shall be entitled to receive from the Company such proportion (if any) of the remuneration otherwise payable to his appointor as such appointor may be notice in writing to the Company from time to time direct, but save as aforesaid he shall not in respect of such appointment be entitled to receive any remuneration from the Company.

Article 110

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

12.2.3 Voting And Borrowing Powers Of Directors

The extract of provisions in our Company's Articles Of Association dealing with voting and borrowing powers of Directors, including voting powers on proposals, arrangements or contracts in which they are interested are as follows:-

Article 113

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit.

12. OTHER GENERAL INFORMATION

Without derogating from the generality of the foregoing provisions, the Directors may in particular mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any third party.

Article 115

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Subject to these Articles, questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes the Chairman shall, subject to Article 118, have a second or casting vote. Directors or any committee thereof may participate in a meeting of the Directors or that committee by means of a conference telephone or similar electronic tele-communicating equipment by means of which all persons participating in the meeting can hear each other and participates throughout the duration of the communication between the Directors and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The venue of meeting held by means of a conference telephone or similar electronic tele-communicating equipment shall be decided by the Directors. Any person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly subject to and in accordance with the provisions of the Act and these Articles. Such a meeting shall be deemed to take place at the venue of the meeting stated in the notice of meeting.

Article 121 (1)

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Unless permitted by the Act and the Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so his vote should not be counted.

Article 121 (2) (b)

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director to be appointed to hold any office or place of profit in the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

12.2.4 Changes In Capital And Variation Of Class Rights

The extract of provisions in our Articles Of Association in respect of changes in capital or variation of class rights, which are as stringent as those provided in the Companies Act, 1965 are as follows:-

12. OTHER GENERAL INFORMATION

Article 7

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class as well as a special resolution to be passed by the ordinary shareholders of the Company PROVIDED ALWAYS THAT where the necessary majority for a special resolution is not obtained at such separate general meeting of the holders of the shares of that class, consent in writing, if obtained from the holders of three-fourths of the holders of the shares of that class within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at such meeting. To every such separate general meetings, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall apply with such adaptations as may be necessary.

Article 48

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorizing such increase directs.

Article 49

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this article.

Article 50

Except in so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

12. OTHER GENERAL INFORMATION

Article 51

The Company may from time to time by ordinary resolution:

- (1) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (2) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, so however that in subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (3) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 52

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to, any authorisation, and consent required by law.

12.3 Limitation On Rights

There is no limitation imposed by the laws of Malaysia or our Articles of Association on the rights of non-resident shareholders to hold or exercise voting rights in respect of our Shares.

12.4 Material Contracts

Save as disclosed below, our Group has not entered into any material contract outside the ordinary course of business (including contracts not in writing), within two (2) years preceding the LPD prior to the printing of this Prospectus:-

- i) Settlement Agreement dated 22 April 2009 between Berjaya Times Square Sdn Bhd, Dunham-Bush Sales and Services Sdn Bhd, Dunham-Bush Holding Berhad, Cosway, BCorporation, Biofield and Berjaya Registration Services Sdn Bhd for the satisfaction of RM10.5 million owed by Biofield to Berjaya Times Square Sdn Bhd for the acquisition referred to in item (ii) below via a series of set-off /contra with debts owing by Dunham-Bush Holding Berhad and Cosway to Biofield and its related companies.
- ii) Sale and Purchase Agreement and Deed of Mutual Covenants, both dated 22 April 2009 between Berjaya Times Square Sdn Bhd and Biofield for the acquisition of an exhibition hall in Berjaya Times Square by Biofield from Berjaya Times Square Sdn Bhd for a cash consideration of RM10.50 million.
- iii) Share Sale Agreement dated 30 April 2009 between Cosway and Biofield for the acquisition by Biofield from Cosway of 9,471,740 ordinary shares, representing approximately 6.11% equity interest in Cosway (M) Sdn Bhd for a total consideration of RM61.108 million which was settled via a set off of the amount owing by Cosway to Biofield of approximately RM61.1 million.

12. OTHER GENERAL INFORMATION

- iv) Sale and Purchase Agreement dated 12 May 2009 between Cosway (M) Sdn Bhd and Teluk Juara for the acquisition by Teluk Juara from Cosway (M) Sdn Bhd, of 4 acres of freehold land identified as Lot No. 64408, Geran 97607, Mukim of Damansara, District of Petaling, Selangor for a total cash consideration of RM10.45 million.
- v) Letter dated 20 June 2009 between Singer and The Catalog Shop Sdn Bhd for the acceptance by The Catalog Shop Sdn Bhd of the grant of exclusive right to collect the total receivables of RM239.92 million belonging to Singer which have been fully provided for in Singer's financial statements, for a total cash consideration of RM45 million.
- vi) Share Sale Agreement dated 29 September 2009 between our Company and Premier Merchandise Sdn Bhd for the acquisition by our Company from Premier Merchandise Sdn Bhd, of the entire equity interest in 7-Eleven for a total purchase consideration of RM600,000,000 to be satisfied by:-
 - a) the assumption by our Company of the debt in the sum of RM165,379,000 owing by Premier Merchandise Sdn Bhd and its holding companies to the relevant company(ies) within the 7-Eleven Group;
 - b) the issuance of 60,000,000 new Shares at an issue price of RM0.50 per Share; and
 - c) the issuance of 809,242,000 new units of ICPS at an issue price of RM0.50 per ICPS.
- vii) Share Sale Agreement dated 29 September 2009 between our Company and Cosway for the acquisition by our Company from Cosway, of the entire equity interest in Singer for a total purchase consideration of RM360,000,000 to be satisfied by:-
 - a) the assumption by our Company of the debt in the sum of RM45,905,000 owing by the relevant company(ies) within the BCorporation Group to Singer Group;
 - b) the issuance of 475,000,000 new Shares at an issue price of RM0.50 per Share; and
 - c) the issuance of 153,190,000 new units of ICPS at an issue price of RM0.50 per ICPS.
- viii) Sale and Purchase Agreement dated 30 September 2009 between Auto Calibre Sdn Bhd and 7 Properties for the acquisition by 7 Properties from Auto Calibre Sdn Bhd, of 2 parcels of shoplots known as Unit G17 and G18 measuring 28 square metres each located at the ground floor of the shopping, office and apartment complex known as "Wisma Cosway", Jalan Raja Chulan, Kuala Lumpur for a total cash consideration of RM1,386,394.
- ix) Sale and Purchase Agreement dated 13 October 2009 between Berjaya Holdings (HK) Limited ("BHK") and Biofield for the disposal by Biofield to BHK, 9,471,740 ordinary shares of RM1.00 each in Cosway (M) Sdn Bhd representing 6.11% equity interest for a total consideration of RM61.108 million to be satisfied via the issuance of 115,752,272 new ordinary shares of Hong Kong Dollar 0.20 each in BHK at par value and Hong Kong Dollar 113,000,000 BHK irredeemable convertible unsecured loan securities of Hong Kong Dollar 0.20 each.

12. OTHER GENERAL INFORMATION

12.5 Material Litigation And Arbitration

Save as disclosed below, as at LPD, our Group has not engaged in any material litigation or arbitration, either as plaintiff or defendant, and our Directors do not have any knowledge of any proceedings pending or threatened against our Group, or of any facts likely to give rise to any proceedings which may materially affect the business or financial position of our Company or our subsidiaries.

i) **Mohd Nasir Bin Wan Abdul Rahman vs. Singer (Kota Bharu High Court Suit No. 22-5-2010)**

Mohd Nasir Bin Wan Abdul Rahman ("**Mohd Nasir**") brought a defamation suit against Singer on 2 February 2010 for allegedly blacklisting Mohd Nasir in the Credit Tip Off Service (CTOS) and the Central Credit Reference Information System (CCRIS). Mohd Nasir alleged that as a result of the said blacklisting, he was unable to obtain a loan which led him to suffer from mental stress and humiliation. Mohd Nasir is claiming for exemplary damages amounting to RM3,000,000.00, general damages, interest and costs. Singer has filed its defence on 21 February 2010 and served the same on Mohd Nasir's solicitors and the matter is now pending for the case management on 11 July 2010. The solicitors for Singer are of the opinion that the defamation suit will be dismissed with costs as there is no nexus between the blacklisting of Mohd Nasir and the alleged defamation.

ii) **7-Eleven vs. United Global Technologies Sdn Bhd (Shah Alam High Court Suit No. AT2-22-1674-Of 2009)**

7-Eleven brought an action against United Global Technologies Sdn Bhd ("**UGT**") on 11 November 2009 for the breach of the agreement dated 21 March 2008 entered into between the parties whereby UGT was granted the concession by 7-Eleven to supply, install, maintain and operate digital interactive advertising at convenience stores belonging to 7-Eleven in Malaysia for a period of 5 years, commencing on 21 June 2008. 7-Eleven is claiming for the sum of RM1,352,940.50, damages for loss of profits, pre-judgment interests on the sum of RM1,352,940.50 and damages for loss of profits, costs and post-judgment interest from the date of judgment until full settlement of the claim. UGT counterclaimed against 7-Eleven for the return of certain equipment installed at 7-Eleven's convenience stores under the said agreement, damages for the breach of the agreement to be assessed and in the alternative, the sum of RM1,063,528.82 (based on set-off), interest from 14 January 2010 until full settlement of the claim and costs. The matter is now pending for the second pre-trial case management on 3 August 2010. The solicitors for 7-Eleven are of the opinion that UGT is arguably liable for 7-Eleven's claim.

Given the nature of Singer Group's business involving the direct selling of consumer durable products directly and through independent commissioned sales agents, there are numerous litigation suits, which Singer Group is engaged in as plaintiff for the recovery of shortages. These claims, whilst not individually material, may in aggregate, materially affect the financial position or business of the Singer Group. As at LPD, the aggregate claims under such litigation suits amount to RM31.4 million and the amount has been fully provided for in Singer's financial statements.

12. OTHER GENERAL INFORMATION

12.6 General Information

During the last financial year and the current financial year for both 7-Eleven Group and Singer Group, there were no:-

- i) public take-over offers by third parties for Securities in our Company; and
- ii) public take-over offers by our Company for other corporations' securities.

12.7 Consents

- i) The written consents of the Adviser, Registrars, Solicitors, Principal Bankers and Issuing House, to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issuance of this Prospectus and have not been subsequently withdrawn.
- ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of its name, Report On The Proforma Consolidated Financial Information and the Accountants' Report, in the form and context in which they appear in this Prospectus, has been given before the issuance of this Prospectus and has not been subsequently withdrawn.
- iii) The written consent of the Independent Business And Market Research Consultants to the inclusion in this Prospectus of its name and its letter on the Independent Assessment of the Retailing Industry focusing on Convenience Store Operations and Direct Selling of Consumer Durables in Malaysia in the form and context in which they appear in this Prospectus, has been given before the issuance of this Prospectus and has not been subsequently withdrawn.

12.8 Documents For Inspection

Copies of the following documents may be inspected at our Company's Registered Office during normal business hours for a period of twelve (12) months from the date of this Prospectus:-

- i) Memorandum and Articles of Association of our Company;
- ii) Reporting Accountants' report on the Proforma Consolidated Financial Information set out in Section 8.1;
- iii) Accountants' Report set out in Section 9;
- iv) Full report on the Independent Assessment of the Retailing Industry focusing on Convenience Store Operations and Direct Selling of Consumer Durables in Malaysia dated 15 June 2010 and the relevant letter thereto as set out in Section 10;
- v) Directors' Report set out in Section 11;
- vi) Material contracts referred to in Section 12.4;
- vii) Letters of consent referred to in Section 12.7;

12. OTHER GENERAL INFORMATION

- viii) Audited financial statements of our Company from 8 June 2009 (being the date of incorporation) up to 31 December 2009, 7-Eleven Group for the past three (3) FYE 2009 and Singer Group for the past three (3) FYE 2009 as well as for the FPE 2009; and
- ix) ALA, Restructure and IPO Consent Agreement dated 5 January 2010 and the License Agreement dated 26 August 1989, all of which referred to in Section 4.2.3 (i).

12.9 Responsibility Statements

The Directors and Promoters of our Company and the Offeror have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

AmInvestment Bank, being the Adviser, 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 offering.

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13. PROCEDURES FOR DIVIDEND-IN-SPECIE FOR THE ENTITLED SHAREHOLDERS OF BCORPORATION ONLY

Shareholders of BCorporation who are entitled to the Dividend-In-Specie **do not need to make any payment** to receive the Shares to be distributed pursuant to the Dividend-In-Specie. Shareholders of BCorporation also do not need to take any action to receive the Dividend-In-Specie if the BCorporation shares are already deposited into a CDS account.

(i) If your BCorporation shares are already deposited into your CDS account as at the Entitlement Date

You are not required to take any action in order to receive your Shares pursuant to the Dividend-In-Specie. The Shares which you are entitled to receive under the Dividend-In-Specie will be credited directly into your CDS account as appeared in the Record of Depositors of BCorporation as at 5.00 p.m. on the Entitlement Date. You will not be given any share certificate for the Shares to be distributed under Dividend-In-Specie.

(ii) If you are still holding BCorporation share certificates as at the Entitlement Date

If you are currently holding BCorporation share certificates, you are still eligible to receive your entitlement under the Dividend-In-Specie.

Please contact our Share Registrar, whose contact details are set out below, for further information on the procedures for receiving your entitled Shares pursuant to the Dividend-In-Specie.

Berjaya Registration Services Sdn Bhd

Lot 06-03 Level 6, East
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

Tel: 03-2145 0533

The notices of allotment of Shares to the entitled shareholders of BCorporation pursuant to the Dividend-In-Specie will be despatched at least two (2) Market Days prior to the Listing.

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14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

14.1 Opening And Closing Of Applications

Applications will be accepted from 10.00 am on 30 June 2010 to 5.00 pm on 22 July 2010 or for such further period or periods as the Directors of our Company in their absolute discretion may decide. In the event the closing date of application is extended from the original closing date, the notice of such extension(s) will be announced by way of advertisement in a widely circulated Bahasa Malaysia and English daily newspaper. Late applications will not be accepted.

14.2 Procedures For Application

14.2.1 Methods Of Applications

Application Form, Electronic Share Application or Internet Share Application.

14.2.2 Types Of Application Forms

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed with this Prospectus and are deemed to form part thereof:-

- (i) **White** Application Forms for the application by Bumiputera investors approved by MITI, Bumiputera public and Malaysian public;
- (ii) **Blue** Application Forms for application by the Minority Shareholders of BCorporation; and
- (iii) **Pink** Application Forms for application by the Directors of our Company and BCorporation, and the eligible employees of our Group and BCorporation Group.

You can obtain **White** Application Forms together with copies of this Prospectus, subject to availability, from AmlInvestment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

We/BCorporation will send out the **Blue** and **Pink** Application Forms together with copies of this Prospectus to the Minority Shareholders of BCorporation, and eligible Directors of our Company and BCorporation, and the eligible of employees of our Group and BCorporation Group, respectively.

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14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

14.2.3 General Conditions For Applications

Applications shall be made in connection with and subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(i) **Application By Bumiputera investors Approved By MITI**

Applications for a minimum of 61,875,000 and up to 91,875,000 Shares made available for applications by the Bumiputera Investors approved by MITI must be made on the **White** Application Forms provided, and **NOT** on any other Application Form or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions.

(ii) **Application By Bumiputera Public And Malaysian Public For Allocations Via Balloting**

Applications for 5,000,000 Shares and 2,000,000 Shares made available for applications by the Bumiputera public and Malaysian public respectively, must be made on the **White** Application Forms provided, or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

(iii) **Application By Minority Shareholders Of BCorporation**

Applications for 3,000,000 Shares made available for applications by the Minority Shareholders of BCorporation must be made on the special **Blue** Application Forms provided, and **NOT** on any other Application Form or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions.

(iv) **Applications By Directors Of Our Company And BCorporation, And The Eligible Employees Of Our Group And BCorporation Group**

Applications for 5,000,000 ICPS reserved for the Directors of our Company and BCorporation, and the eligible employees of our Group and BCorporation Group must be made on the special **Pink** Application Forms provided, and **NOT** on any other Application Form or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares. Our Company's and our subsidiaries' Directors (including one who is designated as a director under the Companies Act, 1965), and the associates of such Directors and our substantial shareholders and their associates, are not allowed to apply for the IPO Shares.

Applications by persons other than Minority Shareholders of BCorporation must be for 100 Shares/ICPS or multiples thereof.

You must have a CDS Account.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

WE WILL REJECT MULTIPLE APPLICATIONS MADE UNDER THE PUBLIC OFFER TRANCHE. YOU MAY ONLY SUBMIT ONE (1) APPLICATION FORM UNDER THE PUBLIC OFFER TRANCHE.

IF YOU ARE AN INDIVIDUAL AND NOT A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND NATIONAL REGISTRATION IDENTITY CARD NUMBER MUST BE EXACTLY THE SAME AS STATED IN:-

- (a) YOUR IDENTITY CARD ("NRIC") INCLUDING:-
 - (i) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (ii) YOUR RESIT PENGENALAN SEMENTARA (JPN KP 09) ISSUED PURSUANT TO PERATURAN 5(5) PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

IF YOU ARE A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, MUST BE EXACTLY THE SAME AS STATED IN YOUR AUTHORITY CARD.

FOR CORPORATE/INSTITUTIONAL APPLICANTS, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER MUST BE EXACTLY THE SAME AS THE CERTIFICATE OF INCORPORATION.

OUR COMPANY AND/OR MIH WILL NOT ACKNOWLEDGE THE RECEIPT OF APPLICATION FORMS OR APPLICATION MONIES.

14.3 Terms And Conditions For Applications Using Application Forms

14.3.1 White Application Forms

Application by way of White Application Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (a) If you are an individual, you must be a Malaysian Citizen residing in Malaysia, with Malaysian address and with a CDS Account.
- (b) For a corporation/institution incorporated in Malaysia, the corporation/institution must have a CDS Account and be subject to the following:-
 - (i) if the corporation/institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (ii) there is a majority of Malaysian citizens on the board of Directors/trustee.
- (c) For superannuation, co-operatives, foundation, provident or pension funds, such funds must be established or operating in Malaysia and with a CDS Account.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (d) Our Company and/or MIH will not accept applications from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in item 14.3 (b) and (c) above or the trustees thereof.
- (e) You must complete the White Application Form in accordance with the Notes and Instructions printed on the reverse side of the White Application Forms. In accordance with Section 232(2) of the Capital Markets And Services Act 2007, the White Application Form together with the Notes and Instructions printed thereon are accompanied by this Prospectus. Our Company and/or MIH will reject applications which **do not strictly** conform to the terms of this Prospectus or White Application Form or Notes and Instructions printed thereon or which are illegible.
- (f) EACH COMPLETED WHITE APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE EITHER BY:-
- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (differentiated by a special red band for Bumiputera applicants); OR
 - MONEY ORDER OR POSTAL ORDER (for applicants from Sabah and Sarawak only); OR
 - GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); OR
 - ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:-
 - Alliance Bank Malaysia Berhad (88103-W);
 - AmBank (M) Berhad (8515-D);
 - Affin Bank Berhad (25046-T);
 - CIMB Bank Berhad (13491-P);
 - EON Bank Berhad (92351-V);
 - Hong Leong Bank Berhad (97141-X);
 - Malayan Banking Berhad (3813-K);
 - Public Bank Berhad (6463-H); and
 - RHB Bank Berhad (6171-M).

MADE OUT IN FAVOUR OF:-

"MIH SHARE ISSUE ACCOUNT NO 478"

AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND ADDRESS.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

OUR COMPANY AND/OR MIH WILL NOT ACCEPT APPLICATIONS ACCOMPANIED BY ANY MODE OF PAYMENT OTHER THAN THOSE STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCE OR INAPPROPRIATE BANKER'S DRAFT/CASHIER'S ORDERS/MONEY ORDERS/POSTAL ORDERS/GGO/ATM STATEMENTS. DETAILS OF THE REMITTANCE MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORMS.

- (g) You **must** state your CDS Account number in the space provided in the White Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to MIH/us.
- (h) Your name and address must be written on the reverse side of the banker's draft, cashier's order, ATM statement, money order, postal order or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (i) If your application is approved, our Company's Directors reserve the right to require you to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Company's Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (j) MIH, on the authority of our Company's Directors reserves the right to reject your applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, on the authority of our Company's Directors reserves the right not to accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establish an adequate market for our Shares.
- (l) Where your application is not accepted, the full amount of the application monies, without interest, will be returned and despatched to you within ten (10) market days from the date of the final ballot of the applications by ordinary post to your address last maintained with Bursa Depository or where your application is not accepted due to you not having provided a CDS Account, to the address as per the National Registration Identity Card or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) You shall ensure that your personal particulars as stated in the White Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (n) MIH, on the authority of our Company's Directors reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded without interest by ordinary post.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (o) You must despatch your completed White Application Form by **ORDINARY POST** in the official envelopes provided to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND** into the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan so as to arrive not later than 5.00 p.m. on 22 July 2010 or such further period or periods as the Directors of our Company in their absolute discretion may decide.

- (p) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE **WHITE APPLICATION FORM** TO MIH.

14.3.2 Blue Application Forms

Application by way of Blue Application Forms shall be made on, and subject to, the terms and conditions appearing below:-

- (a) All bodies corporate must affix their Common Seal on the Blue Application Form.
- (b) Any interest or other benefit accruing on or arising from or in connection with any subscription or application monies shall be for the benefit of Cosway, who will not be under any obligation to account for such interest or other benefit to you.
- (c) The contract arising from the acceptance of your application by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this Blue Application Form and the contract.
- (d) Malaysian Revenue Stamp (not postage stamp) of Ringgit Malaysia Ten (RM10.00) must be affixed on the Blue Application Form.
- (e) If your current address is different from the address shown on the Blue Application Form, you must notify Bursa Depository through your stockbrokers of the change in address.
- (f) You must complete the Blue Application Form in accordance with the Notes and Instructions printed on the reverse side of the Blue Application Forms. In accordance with Section 232(2) of the Capital Markets And Services Act 2007, the Blue Application Form together with the Notes and Instructions printed thereon are accompanied by this Prospectus. Our Company and/or Berjaya Registration Services Sdn Bhd will reject applications which **do not strictly** conform to the terms of this Prospectus or Blue Application Form or Notes and Instructions printed thereon or which are illegible.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (g) Payment must be made in **RM** for the full amount payable for the IPO shares applied in the form of **BANKER'S DRAFT(S)** or **CASHEIR'S ORDER(S)** or **MONEY ORDER(S)** or **POSTAL ORDER(S)** drawn on a bank or post office in Malaysia and must be made out in favour of:-

"B-RETAIL IPO SHARES ACCOUNT"

and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters, your CDS account number and BA serial number (shown on the right hand corner of Blue Application Form).

You must make the payment in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Company's Directors. Our Company and/or Berjaya Registration Services Sdn Bhd will not accept applications accompanied by cheques or any mode of payment other than those stated above.

However, if your application is successful, you will be allotted with the IPO Shares and notices of allotment will be despatched to you by ordinary post at your own risk to the address stated in the Blue Application Form within ten (10) Market Days from the last date of the allocation by the B-Retail Board.

- (h) If your application is unsuccessful/partially successful, the application monies or the balance of it, as the case may be, will be refunded without interest to applicants by ordinary post at your own risk to the address stated in the Blue Application Form within ten (10) Market Days from the last date of the allocation by the B-Retail Board. Our Board of Directors reserves the right to accept any application in part only without assigning any reason therefor.
- (i) You must despatch your completed Blue Application Form by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelope provided to the Share Registrar at the following address, entirely at your own risk and no acknowledgement will be issued:-

Berjaya Registration Services Sdn Bhd (293743-X)
Lot 06-03 Level 6, East
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur

so as to arrive not later than 5.00 p.m. on 22 July 2010 or such further period or periods as the Directors of our Company in their absolute discretion may decide. Otherwise you will be deemed to have been decline to applying for the IPO Shares.

- (j) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE **BLUE APPLICATION FORM** TO THE SHARE REGISTRAR OF BCORPORATION, BERJAYA REGISTRATION SERVICES SDN BHD.

14. PROCEEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'O)

14.4 Terms And Conditions For Electronic Share Applications

14.4.1 Steps For Electronic Share Application Through A Participating Financial Institution's ATM

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You **must** have a CDS Account; and
- (c) If you apply for the Shares via the ATM of the Participating Financial Institution, you must choose the Electronic Share Application option. Mandatory statements required in the Application are set out in Section 14.4.3. You must enter at least the following information through the ATM where the instructions on the ATM screen require you to do so:-
 - Personal Identification Number ("PIN");
 - **MIH Share Issue Account No 478;**
 - CDS Account Number;
 - Number of our Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

14.4.2 Participating Financial Institutions

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

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

14.4.3 Terms And Conditions For Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 14.4.1. The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

Only an applicant who is an individual with a CDS Account is eligible to utilise this facility.

14. PROCEEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

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

Upon the closing of the offer for the Application for our Shares on 22 July 2010 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' Applications for the IPO Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) Business Day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) Application.

YOU MUST ENSURE THAT YOU USE YOUR OWN COS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN COS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:-

- (a) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (b) You are required to confirm the following statements (by depressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:-
 - You have attained eighteen (18) years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
 - This is the only application that you are submitting; and
 - You thereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

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

- (c) You confirm that you are not applying for Shares as nominee of any other person and that any Electronic Share Application that you make is made by you as beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms.
- (d) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject any Electronic Share Application, which does not strictly conform, to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made.
- (e) You agree and undertake to subscribe for or purchase and to accept the number of shares applied for as stated on the Transaction Record or any lesser number of shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of shares applied for shall signify, and shall be treated as, your acceptance of the number of shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (f) MIH, on the authority of our Company's Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (g) If your Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) Market Days after the balloting date. You may check your account on the fifth (5th) market day from the balloting day.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, MIH will refund the application monies without interest to you by way of cheques issued by MIH. The cheques will be issued to you not later than ten (10) market days from the day of the final ballot of the application list. Should you encounter any problems in your applications, you may refer to the Participating Financial Institutions.

- (h) You request and authorise us:-
- (i) to credit the IPO Shares allotted to you into your CDS Account; and
 - (ii) to issue share certificate(s) representing such IPO Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond MIH's, the Participating Financial Institution's or our control, irrevocably agree that if:-
- (i) MIH or we does/do not receive your Electronic Share Application; or
 - (ii) Data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to MIH or us,
- you shall be deemed not to have made an Electronic Share Application and you shall have no claim whatsoever against MIH, the Participating Financial Institution or us for the IPO Shares applied for or for any compensation, loss or damage.
- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and MIH, the relevant Participating Financial Institution and us shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:-
- (i) in consideration of us agreeing to allow and accept the making of any Application for the shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) the Participating Financial Institutions, Bursa Depository, MIH and we shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (iii) notwithstanding the receipt of any payment by or on behalf, the acceptance of the offer made by you to subscribe for the IPO Shares for which your Electronic Share Application has been successfully completed shall only be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said shares;
 - (iv) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to you; and
 - (v) you agree that in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (m) If your application is successful, our Company's Directors reserve the right to require you to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Company's Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) MIH, on the authority of our Company's Directors reserves the right to reject Applications, which do not conform to these instructions.
- (o) The respective Participating Financial Institution will charge a surcharge of RM2.50 per Electronic Share Application.

14.5 Terms And Conditions For Internet Share Applications

14.5.1 Steps for Internet Share Application

The exact steps for Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the IPO Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

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

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
 - (i) The applicant has attained eighteen (18) years of age as at the Closing Date of the application for the IPO Shares;
 - (ii) The applicant is a Malaysian citizen residing in Malaysia;
 - (iii) The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - (iv) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO;
 - (v) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - (vi) The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Authorised Financial Institution;
 - (vii) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) The applicant is not applying for the IPO Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

14. PROCEOURES FOR APPLICATIONS ANO ACCEPTANCE (CONT'O)

- (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the IPO.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

14.5.2 Terms And Conditions For Internet Share Applications

Applications for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

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

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

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- RHB Bank Berhad at www.rhbbank.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

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

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

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

- (a) An applicant making an Internet Share Application shall:-
- be an individual with a CDS Account;
 - have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (User ID) and Personal Identification Numbers (PIN)/password for the relevant Internet financial services facilities; and
 - be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this prospectus and our Company's Memorandum and Articles of Association.
- (c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-
- The applicant has attained eighteen (18) years of age as at the date of the application for the IPO Shares;
 - The applicant is a Malaysian citizen residing in Malaysia;
 - The applicant has, prior to making the Internet Share Application, received and/or has had access to a printed/electronic copy of this Prospectus, the contents of which the applicant has read and understood;

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (iv) The applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO;
 - (v) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - (vi) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) The applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share applicant made by the applicant or the applicant's account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) The applicant is not applying for the IPO Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) The applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of IPO Shares applied for which can be printed out by the applicant for his records. *

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 14.5.2(c) herein.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such IPO Shares or not to allot any IPO Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of IPO Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (i) acceptance by the applicant of the number of IPO Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
 - (ii) the applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
 - (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

MIH shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIH. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the Applications list.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of IPO Shares allotted, if any, before trading the IPO Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 pm on 22 July 2010 or for such further period or periods as the Directors of our Company in their absolute discretion may decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applications are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Share Application and/or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-

- (i) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
- (ii) The applicant has irrevocably requested and authorised our Company to register the IPO Shares allotted to the applicant for deposit into the applicant's CDS Account;
- (iii) Neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 3 herein or to any cause beyond their control;
- (iv) The applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by MIH, our Company and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
- (v) The acceptance of the offer made by the applicant to subscribe for the IPO Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
- (vi) The applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

- (vii) In making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application;
- (viii) The acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
 - (i) Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;
 - (ii) CIMB Investment Bank Berhad (www.eipocimb.com) - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - (iii) CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - (iv) Malayan Banking Berhad (www.maybank2u.com.my) - RM1.00; and
 - (v) RHB Bank Berhad (www.rhbbank.com.my) – RM2.50.

14.6 Applications And Acceptances

MIH, on the authority of our Company's Directors reserves the right not to accept any application, which does not strictly comply with the instructions, or to accept any Application in part only without assigning any reason therefor.

THE SUBMISSION OF YOUR APPLICATION FORM DOES NOT NECESSARILY MEAN THAT YOUR APPLICATION WILL BE SUCCESSFUL.

OTHER THAN APPLICATIONS BY MINORITY SHAREHOLDERS OF BCORPORATION, YOUR APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications by Bumiputera public and Malaysian public shall be subject to ballot to be conducted in a fair and equitable manner as our Company's Directors deem fit in the interest of our Company, whilst Applications by B-Retail/Minority Shareholders of BCorporation will be allocated in a fair and equitable manner as BCorporation's Directors deem fit in the interest of BCorporation. Due consideration will be given to the desirability of distributing the IPO Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in our shares.

Pursuant to the Main Market Listing Requirements, at least 25% of our Company issued and fully paid-up share capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each. Our Company expects to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to the IPO, our Company may not be allowed to proceed with our listing plan. In the event thereof, monies paid in respect of all Applications will be returned.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

WHERE A SUCCESSFULLY BALLOTTED APPLICATION IS SUBSEQUENTLY NOT ACCEPTED, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST, TO YOUR ADDRESS REGISTERED WITH BURSA DEPOSITORY AT YOUR OWN RISK.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WILL SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST TO THESE APPLICANTS WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE BALLOT OF THE APPLICATION LISTS BY ORDINARY POST TO THE APPLICANTS' ADDRESSES REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANTS' OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

14.7 CDS Accounts

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Securities as Prescribed Securities. In consequence thereof, the Securities offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Securities will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of Securities Industry (Central Depositories) Act 1991, all dealings in our Securities will be by book entries through CDS Accounts. The successful applicants will not be issued any share certificates.

You can make an application by way of Application Form provided that you have a CDS Account. You shall furnish your CDS Account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS Account to MIH or us. If you do not presently have a CDS Account, you should open a CDS Account at an ADA prior to making an Application for our Shares. Your application may be rejected if you fail to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS Account number arising from use of invalid, third party or nominee accounts. If you are a successful applicant but fail to state your CDS Account number, MIH under our Company's instruction will reject the application.

You can make an application by way of Electronic Share Application provided that you have a CDS Account. You shall furnish your CDS Account number to the Participating Financial Institution by way of keying in your CDS Account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. Your application may be rejected if you fail to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS Account number.

You can make an application by way of Internet Share Application provided that you have a CDS Account. In certain cases, only your CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number would automatically appear in the e-IPO online application form. Your application may be rejected if you fail to comply with these specific instructions as the Internet Share Application requires or inaccuracy in the CDS Account number.

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

MIH on the authority of our Company's Directors reserves the right to reject any incomplete and inaccurate application. Applications may also be rejected if your particulars provided in your Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications differ from those in Bursa Depository's records, such as the National Registration Identity Card number, name and nationality.

14.8 Notice Of Allotment

If your application is successful or partially successful, the allotted Securities will be credited into your CDS Account. A notice of allotment will be despatched to you at your correspondence address last maintained with Bursa Depository at your own risk prior to the listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to the listing of our Company. This is the only acknowledgement of acceptance of the Application.

You must inform Bursa Depository of your updated address promptly by adhering to the rules and regulations of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

Applicants under the **WHITE** Application Form may also check the status of your application by logging on to the MIH website at www.mih.com.my or by calling your respective ADAs at the telephone number as stated in Section 14.9 of the Prospectus or MIH at 03-7841 8000 or 03-7841 8289, between five (5) to ten (10) market days (during office hours only) after the balloting date.

14.9 List Of Authorised Depository Agents

A list of the ADA (Broker) Codes is as follows:-

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
A.A. Anthony Securities Sdn Bhd	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-6201 1155	078-004
Affin Investment Bank Berhad	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-2143 8668	028-001
ECM Libra Investment Bank Berhad	3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2178 1888	052-001
AmInvestment Bank Berhad	15th Floor, Bangunan AmBank Group 55 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2078 2788	086-001

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR (Cont'd)</u>		
BIMB Securities Sdn Bhd	1st & 2nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No: 03-4043 3533	024-001
CIMB Investment Bank Berhad	9th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-2084 9999	065-001
ECM Libra Investment Bank Berhad	Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No: 03-2089 1800	052-009
Hong Leong Investment Bank Berhad (formerly known as HLG Securities Sdn Bhd)	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No:03-2168 1168	066-001
HwangDBS Investment Bank Berhad	2 nd Floor, Bangunan AHP No 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No: 03- 7710 6688	068-009
HwangDBS Investment Bank Berhad	Nos 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No: 03-9130 3399	068-012
HwangDBS Investment Bank Berhad	7 th , 22 nd , 23 rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-2711 6888	068-014
Inter-Pacific Securities Sdn Bhd	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No: 03-2117 1888	054-001
Inter-Pacific Securities Sdn Bhd	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No: 03-7984 7796	054-003

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR (Cont'd)</u>		
Inter-Pacific Securities Sdn Bhd	Stesen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No: 03-7981 8811	054-005
Jupiter Securities Sdn Bhd	7 th – 9 th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2034 1888	055-001
Alliance Investment Bank Berhad	17 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No: 03-2697 6333	076-001
KAF-Seagroatt & Campbell Securities Sdn Bhd	11th – 14th Floor, Chulan Tower No. 30, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-2168 8800	053-001
Kenanga Investment Bank Berhad	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-2164 9080	073-001
Kenanga Investment Bank Berhad	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel No: 03-2287 1799	073-015
M & A Securities Sdn Bhd	Level 1-2, No 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No: 03-2282 1820	057-002
Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad)	5-13 MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03-2297 8888	098-001
Mercury Securities Sdn Bhd	L-7-2, No.2, Jalan Solaris Solaris Mont' Kiara 50804 Kuala Lumpur Tel No: 03-6203 7227	093-002

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR (Cont'd)</u>		
MIDF Amanah Investment Bank Berhad	11th & 12th Floor, Menara MIDF 80 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-2173 8888	026-001
MIMB Investment Bank Berhad	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-2691 0200	061-001
OSK Investment Bank Berhad	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-2333 8333	056-001
OSK Investment Bank Berhad	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No: 03-6257 5869	056-028
OSK Investment Bank Berhad	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No: 03-4280 4798	056-054
OSK Investment Bank Berhad	Ground, 1 st , 2 nd & 3 rd Floor No. 55 Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No: 03-9058 7222	056-058
Public Investment Bank Berhad	27 th Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-2031 3011	051-001
PM Securities Sdn Bhd	Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-2146 3000	064-001
RHB Investment Bank Berhad	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No: 03-9287 3888	087-001

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR (Cont'd)</u>		
TA Securities Holdings Berhad	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No.22, Jalan P.Ramlee 50250 Kuala Lumpur Tel No: 03-2072 1277	058-003
<u>SELANGOR DARUL EHSAN</u>		
Affin Investment Bank Berhad	2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-3343 9999	028-002
Affin Investment Bank Berhad	Lot 229, 2 nd Floor The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7729 8016	028-003
AmlInvestment Bank Berhad	4 th Floor, Plaza Damansara Utama No. 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7710 6613	086-003
HwangDBS Investment Bank Berhad	16 th , 18 th – 20 th Floor Plaza Masalam No.2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No: 03-5513 3288	068-002
HwangDBS Investment Bank Berhad	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No: 03-5635 6688	068-010
Inter-Pacific Securities Sdn Bhd	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No: 03-6137 1888	054-006

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>SELANGOR DARUL EHSAN (Cont'd)</u>		
JF Apex Securities Berhad	6th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No: 03-8736 1118	079-001
JF Apex Securities Berhad	15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7620 1118	079-002
Kenanga Investment Bank Berhad	13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7956 2169	073-005
Kenanga Investment Bank Berhad	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No: 03-8024 1682	073-006
Kenanga Investment Bank Berhad	Suite 7.02, Level 7, Menara ING Intan Millenium Square No.68 Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No: 03-3005 7550	073-007
Kenanga Investment Bank Berhad	Lot 240, 2 nd Floor The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7725 9095	073-016
Hong Leong Investment Bank Berhad (formerly known as HLG Securities Sdn Bhd)	1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No.2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7729 7345	066-002

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>SELANGOR DARUL EHSAN (Cont'd)</u>		
OSK Investment Bank Berhad	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7873 6366	056-011
OSK Investment Bank Berhad	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No: 03-8736 3378	056-045
OSK Investment Bank Berhad	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No: 03-6092 8916	056-047
OSK Investment Bank Berhad	Ground & Mezzanine Floor No. 87 & 89 Jalan Susur Pusat Perniagaan NBC Batu 1½ Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-3343 9180	056-048
PM Securities Sdn Bhd	No. 157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No: 03-8070 0773	064-003
PM Securities Sdn Bhd	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No: 03-3341 5300	064-007
SJ Securities Sdn Bhd	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No: 03-5192 0202	096-001
TA Securities Holdings Berhad	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No: 03-8025 1880	058-005

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>MELAKA</u>		
CIMB Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No: 06-289 8800	065-006
ECM Libra Investment Bank Berhad	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No: 06-288 1720	052-008
Malacca Securities Sdn Bhd	No.1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang, P.O. Box 248 75250 Melaka Tel No: 06-337 1533	012-001
Mercury Securities Sdn Bhd	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No: 06-292 1898	093-003
OSK Investment Bank Berhad	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No: 06-282 5211	056-003
PM Securities Sdn Bhd	No.11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No: 06-286 6008	064-006
RHB Investment Bank Berhad	Lot 7-13 & 15, 1 st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No: 06-283 3622	087-002
<u>PERAK DARUL RIDZUAN</u>		
A.A. Anthony Securities Sdn Bhd	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-623 2328	078-009
ECM Libra Investment Bank Berhad	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-242 2828	052-002

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PERAK DARUL RIDZUAN</u> <u>(Cont'd)</u>		
ECM Libra Investment Bank Berhad	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-622 2828	052-006
HwangDBS Investment Bank Berhad	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-806 6688	068-003
HwangDBS Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No: 05-255 9988	068-015
Alliance Investment Bank Berhad	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-691 0910	076-008
M & A Securities Sdn Bhd	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-241 9800	057-001
Maybank Investment Bank Berhad (formerly known as Aseambankers Malaysia Berhad)	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-245 3400	098-002
OSK Investment Bank Berhad	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-241 5100	056-002
OSK Investment Bank Berhad	Ground & 1 st Floor No. 17 Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-623 6498	056-014

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PERAK DARUL RIDZUAN (Cont'd)</u>		
OSK Investment Bank Berhad	Ground & 1 st Floor No.23 & 25, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-692 1228	056-016
OSK Investment Bank Berhad	Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No: 05-808 8229	056-034
OSK Investment Bank Berhad	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No: 05-465 1261	056-044
OSK Investment Bank Berhad	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No: 05-717 0888	056-052
Hong Leong Investment Bank Berhad (formerly known as HLG Securities Sdn Bhd)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-253 0888	066-003
TA Securities Holdings Berhad	Ground, 1 st & 2 nd Floor, Plaza Teh Teng Seng No.227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No: 05-253 1313	058-001
<u>PULAU PINANG</u>		
A.A. Anthony Securities Sdn Bhd	1 st , 2 nd & 3 rd Floor Heng Guan Building 171, Jalan Burmah 10050 Pulau Pinang Tel No: 04-229 9318	078-002
A.A. Anthony Securities Sdn Bhd	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No: 04-554 1388	078-003

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PULAU PINANG (Cont'd)</u>		
Alliance Investment Bank Berhad	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel No: 04-261 1688	076-015
AmlInvestment Bank Berhad	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-226 1818	086-004
ECM Libra Investment Bank Berhad	111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-228 1868	052-003
CIMB Investment Bank Berhad	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-238 5900	065-003
ECM Libra Investment Bank Berhad	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04- 228 3355	052-010
HwangDBS Investment Bank Berhad	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-263 6996	068-001
HwangDBS Investment Bank Berhad	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No: 04-537 2882	068-006
Inter-Pacific Securities Sdn Bhd	Ground Mezzanine & 8 th Floor Bangunan Mayban Trust No.3, Penang Street 10200 Pulau Pinang Tel No: 04-269 0888	054-002
Kenanga Investment Bank Berhad	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-210 6666	073-013

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PULAU PINANG (Cont'd)</u>		
Mercury Securities Sdn Bhd	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No: 04-332 2123	093-001
Mercury Securities Sdn Bhd	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No: 04-263 9118	093-004
OSK Investment Bank Berhad	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No: 04-263 4222	056-004
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 2677 Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No: 04-390 0022	056-005
OSK Investment Bank Berhad	Ground & Upper Floor No. 11A Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No: 04-540 2888	056-015
OSK Investment Bank Berhad	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No: 04-583 1888	056-032
OSK Investment Bank Berhad	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No: 04-640 4888	056-042
PM Securities Sdn Bhd	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04- 227 3000	064-004

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PERLIS INDRA KAYANGAN</u>		
Alliance Investment Bank Berhad	2 nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indra Kayangan Tel No: 04-976 5200	076-003
OSK Investment Bank Berhad	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No: 04-979 3888	056-061
<u>KEDAH DARUL AMAN</u>		
A.A. Anthony Securities Sdn Bhd	Lot 4, 5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perumahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No:04-732 2111	078-007
Alliance Investment Bank Berhad	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-731 7088	076-004
HwangDBS Investment Bank Berhad	No. 70A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-425 6666	068-011
OSK Investment Bank Berhad	No. 112, Jalan Pengkatan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No: 04-420 4888	056-017
OSK Investment Bank Berhad	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No: 04-496 4888	056-019
OSK Investment Bank Berhad	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No: 04-720 9888	056-021

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
ECM Libra Investment Bank Berhad	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-765 5998	052-013
HwangDBS Investment Bank Berhad	Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-761 2288	068-007
PM Securities Sdn Bhd	1 st , 2 nd & 3 rd Floor 19 – 21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-762 3131	064-002
HwangDBS Investment Bank Berhad	No. 6 Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-455 3188	068-013
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-764 1641	056-024
OSK Investment Bank Berhad	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No: 06-442 1000	056-037
OSK Investment Bank Berhad	1 st & 2 nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-455 3014	056-040
OSK Investment Bank Berhad	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No: 06-646 1234	056-046

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>JOHOR DARUL TAKZIM</u>		
A.A. Anthony Securities Sdn Bhd	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-333 2000	078-001
A.A. Anthony Securities Sdn Bhd	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No: 07-663 6658	078-005
A.A. Anthony Securities Sdn Bhd	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No: 07-351 3218	078-006
A.A. Anthony Securities Sdn Bhd	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No: 07-512 1633	078-008
AmInvestment Bank Berhad	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-434 2282	086-002
AmInvestment Bank Berhad	18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No: 07-334 3855	086-006
ECM Libra Investment Bank Berhad	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-953 2222	052-004
ECM Libra Investment Bank Berhad	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No: 07-467 8885	052-005

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>JOHOR DARUL TAKZIM (Cont'd)</u>		
HwangDBS Investment Bank Berhad	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No: 07-222 2692	068-004
Inter-Pacific Securities Sdn Bhd	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No: 07-223 1211	054-004
Alliance Investment Bank Berhad	No. 73 Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No: 07-771 7922	076-006
Kenanga Investment Bank Berhad	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-333 3600	073-004
Kenanga Investment Bank Berhad	No 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No: 06-954 2711	073-008
Kenanga Investment Bank Berhad	Ground & Mezzanine Floor No 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No: 07-933 3515	073-009
Kenanga Investment Bank Berhad	No. 33 & 35 (Ground & 1 st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No: 07-777 1161	073-010
Kenanga Investment Bank Berhad	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No: 06-978 2292	073-011

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>JOHOR DARUL TAKZIM (Cont'd)</u>		
Mercury Securities Sdn Bhd	Suite 17.1, Level 17 Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-331 6992	093-005
MIMB Investment Bank Berhad	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No: 07-222 7388	061-002
OSK Investment Bank Berhad	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No: 07-278 8821	056-006
OSK Investment Bank Berhad	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No: 07-438 0288	056-009
OSK Investment Bank Berhad	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-953 8262	056-025
OSK Investment Bank Berhad	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No: 07-557 7628	056-029
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No: 07-932 1543	056-030
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No: 07-776 9655	056-031

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>JOHOR DARUL TAKZIM (Cont'd)</u>		
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No: 07-662 6288	056-035
OSK Investment Bank Berhad	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No: 06-978 7180	056-038
OSK Investment Bank Berhad	1st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No: 07- 925 6881	056-039
OSK Investment Bank Berhad	Ground & 1 st Floor No. 1 & 1-01 Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No: 07-352 2293	056-043
PM Securities Sdn Bhd	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-278 1813	064-005
PM Securities Sdn Bhd	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No: 07-433 3608	064-008
<u>PAHANG DARUL MAKMUR</u>		
Alliance Investment Bank Berhad	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No: 09-566 0800	076-002
ECM Libra Investment Bank Berhad	B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No: 09-513 3289	052-007

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>PAHANG DARUL MAKMUR (Cont'd)</u>		
OSK Investment Bank Berhad	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No: 09-513 3289	056-007
OSK Investment Bank Berhad	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No: 09-223 4943	056-022
OSK Investment Bank Berhad	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No: 05-491 4913	056-041
<u>KELANTAN DARUL NAIM</u>		
OSK Investment Bank Berhad	Ground & 1 st Floor, No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No: 09-743 0077	056-020
TA Securities Holdings Berhad	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-743 2288	058-004
<u>TERENGGANU DARUL IMAN</u>		
FA Securities Sdn Bhd	No.51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-623 8128	021-001
Alliance Investment Bank Berhad	No. 1D, Ground & Mezzanine No.1E, Ground, Mezzanine 1 st & 2 nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No: 09-631 7922	076-009
OSK Investment Bank Berhad	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No: 09-858 3109	056-027

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>TERENGGANU DARUL IMAN (Cont'd)</u>		
OSK Investment Bank Berhad	31A Ground Floor 31A & 31B 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No: 09-626 1816	056-055
<u>SARAWAK</u>		
AmlInvestment Bank Berhad	No. 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No: 082-244 791	086-005
CIMB Investment Bank Berhad	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No: 082-358 606	065-004
HwangDBS Investment Bank Berhad	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No: 082-236 999	068-005
HwangDBS Investment Bank Berhad	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No: 086-330 008	068-016
Kenanga Investment Bank Berhad	Level 5 Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338 000	073-003
Kenanga Investment Bank Berhad	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No: 085-435 577	073-002
Kenanga Investment Bank Berhad	No. 11 & 12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No: 084-313 855	073-012

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>SARAWAK (Cont'd)</u>		
OSK Investment Bank Berhad	Ground, 1 st & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No: 082-422 252	056-008
OSK Investment Bank Berhad	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No: 085-422 788	056-012
OSK Investment Bank Berhad	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No: 084-329 100	056-013
OSK Investment Bank Berhad	Ground & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No: 084-654 100	056-050
OSK Investment Bank Berhad	Ground Floor No. 177 Taman Sri Dagang 97000 Bintulu Sarawak Tel No: 086-311 770	056-053
TA Securities Holdings Berhad	12G, H & I, Jalan Kampong Datu 96000 Sibu Sarawak Tel No: 084-319 998	058-002
TA Securities Holdings Berhad	2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No: 082-236 333	058-006

14. PROCEDURES FOR APPLICATIONS AND ACCEPTANCE (CONT'D)

Name	Address and Telephone Number	Broker Code
<u>SABAH</u>		
CIMB Investment Bank Berhad	1 st & 2 nd Floor Centre Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No: 088-313 836	065-005
ECM Libra Investment Bank Berhad	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No: 088-236 188	052-012
HwangDBS Investment Bank Berhad	Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1 Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No: 088-311 688	068-008
InnoSabah Securities Berhad	11 Equity House, Block K Sadong Jaya Karamuning 88100 Kota Kinabalu Sabah Tel No: 088-234 090	020-001
OSK Investment Bank Berhad	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamuning 88000 Kota Kinabalu Sabah Tel No: 088-269 788	056-010
OSK Investment Bank Berhad	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No: 089-229 286	056-057

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