

9. ACCOUNTANTS' REPORT*(Prepared for inclusion in the Prospectus)***ERNST & YOUNG**

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ACCOUNTANTS' REPORT**8 JUL 2010**

The Board of Directors
SIG GASES BERHAD
 Suite 1301, 13th Floor, City Plaza
 Jalan Tebrau
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Dear Sirs

SIG GASES BERHAD
ACCOUNTANTS' REPORT

1.0 INTRODUCTION

This report has been prepared by Ernst & Young, an approved company auditor, exclusively for the inclusion in the Prospectus of SIG Gases Berhad to be dated 22 July 2010 in connection with the listing of and quotation of the entire enlarged issued and paid-up share capital of SIG Gases Berhad and should not be relied upon for any other purposes.

2.0 ABBREVIATIONS

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

Acquisition	The acquisition by SIG Gases of the entire issued and paid-up share capital of Southern Industrial Gas comprising 23,000,000 ordinary shares of RM1.00 each in Southern Industrial Gas for a purchase consideration of RM50,399,990, which was wholly satisfied by the issuance of 100,799,980 new Shares, credited as fully paid-up at an issue price of RM0.50 per Share
ESOS	The Board will implement an ESOS which entails the issuance of up to 15% of its issued and paid-up share capital of SIG Gases at any point of time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the ESOS to the eligible directors and employees of the SIG Gases Group.
ESOS Options	The right to subscribe for new Shares upon acceptance of an offer under the ESOS
FPE	Financial period ended
FRS	Financial Reporting Standards
FYE	Financial year ended /ending
IPO	Initial public offering in Malaysia comprising the Public Issue and Offer for Sale, collectively
IPO Price	RM0.58 per IPO share, being the price payable by investors under the Public Issue/ Offer for Sale
Offerors	Peh Lam Hoh, Datin Hanifah Hajar Taib, Lau Cheng Ming and Sing Swee Bee Enterprise Pte Ltd, collectively
Offer for Sale	The offer for sale of 3,000,000 representing 2.00% of the enlarged issued and paid-up share capital of SIG Gases upon listing will be offered at the IPO Price and will be allocated via private placement to selected investors
Offer Shares	The 3,000,000 Shares, which are the subject of the Offer for Sale
PERS	Private Entity Reporting Standards
Public Issue	The invitation by SIG Gases to the public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	The 49,200,000 new Shares, which are the subject of the Public Issue
RM	Ringgit Malaysia
Share(s)	Ordinary share(s) of RM0.50 each in SIG Gases

9. ACCOUNTANTS' REPORT (Cont'd)**2.0 ABBREVIATIONS**

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

SIG Gases or the Company	SIG Gases Berhad
SIG Gases Group	SIG Gases and its subsidiaries
Southern Industrial Gas	Southern Industrial Gas Sdn. Bhd.
Southern Industrial Gas Group	Southern Industrial Gas Sdn. Bhd. and its subsidiaries namely, Southern Oxygen and Southern Carbon Dioxide
Southern Oxygen	Southern Oxygen Sdn. Bhd.
Southern Carbon Dioxide	Southern Carbon Dioxide Sdn. Bhd.

3.0 GENERAL INFORMATION**3.1 Background of SIG Gases**

SIG Gases was incorporated in Malaysia on 14 October 2009 under the Companies Act, 1965 as a public limited company. The principal activity of SIG Gases is investment holding. Further details on its subsidiaries are set out in paragraph 3.3 to this report.

3.2 Share Capital of SIG Gases

At the date of incorporation, the authorised share capital of SIG Gases was RM100,000 comprising 200,000 shares. At that date, the issued and paid-up share capital of SIG Gases was RM10 comprising 20 ordinary shares of RM0.50 each.

On 30 March 2010, SIG Gases increased the authorised share capital by the creation of an additional 399,800,000 new ordinary shares of RM0.50 each.

Arising from the Acquisition, the issued and paid-up share capital of SIG Gases was increased from RM10 to RM50,400,000 after of the issuance of 100,799,980 Shares.

Pursuant to the Public Issue, the issued and paid-up share capital of SIG Gases will be increased further to RM75,000,000.

3.3 Subsidiaries of SIG Gases

The details of the subsidiaries of SIG Gases at the date of this report are as follows:

Company	Date and place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest	Principal Activities
Southern Industrial Gas	20 March 1996 Malaysia	RM23,000,000	100%	Manufacturing, refilling and distribution of industrial gases.
Southern Oxygen	17 September 2007 Malaysia	RM 2	100%	Proposed principal activities- Manufacturing and distribution of liquid oxygen, liquid nitrogen and liquid argon.
Southern Carbon Dioxide	26 September 2007 Malaysia	RM 2	100%	Proposed principal activities- Manufacturing and distribution of liquid carbon dioxide.

9. ACCOUNTANTS' REPORT (Cont'd)



4.0 LISTING SCHEME

The listing scheme comprises the following transactions:

4.1 Acquisition

On 8 December 2009, SIG Gases entered into share sale agreement with the vendors of Southern Industrial Gas for the acquisition of the entire equity interest in Southern Industrial Gas comprising 23,000,000 ordinary shares of RM1.00 each. The purchase consideration for the Acquisition is RM50,399,990, which was satisfied by the issuance of 100,799,980 Shares to the vendors of Southern Industrial Gas at an issue price of RM0.50 per Share. The Acquisition was completed on 12 May 2010.

On 31 May 2010, Southern Industrial Gas transferred the 2 existing ordinary shares in Southern Oxygen and Southern Carbon Dioxide respectively for a nominal value of RM1.00 per share to SIG Gases.

4.2 Public Issue

In conjunction with the listing, SIG Gases will undertake a public issue of 49,200,000 new Shares, representing 32.80% of the enlarged issued and paid-up share capital of SIG Gases upon listing, at the IPO Price to be allocated and allotted in the following manner:

- (a) 7,500,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid up share capital of SIG Gases upon listing, will be made available for application by the Malaysian public, to be allocated via ballot;
- (b) 9,000,000 Public Issue Shares, representing 6.00% of the enlarged issued and paid up share capital of SIG Gases upon listing, will be reserved for the eligible directors, employees and/or business associates of SIG Gases Group;
- (c) 17,700,000 Public Issue Shares, representing 11.80% of the enlarged issued and paid up share capital of SIG Gases upon listing, will be made available for private placement to selected investors; and
- (d) 15,000,000 Public Issue Shares, representing 10.00% of the enlarged issued and paid-up share capital of SIG Gases upon listing, will be made available for private placement to Bumiputera investors approved by the Ministry of International Trade and Industry.

4.3 Offer for Sale

The offer for sale of 3,000,000 representing 2.00% of the enlarged issued and paid-up share capital of SIG Gases upon listing will be offered at the IPO Price and will be allocated via private placement to selected investors.

4.4 ESOS

The Board will be implementing an ESOS which entails the issuance of up to 15% of its enlarged issued and paid up share capital of SIG Gases upon listing at any one time at the IPO price of RM0.58 to the eligible directors and employees of SIG Gases Group.

4.5 Listing

Upon completion of the Public Issue and Offer for Sale, SIG Gases will seek the listing of and quotation for its entire enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad.

9. ACCOUNTANTS' REPORT (Cont'd)**5.0 AUDITORS AND AUDITED FINANCIAL STATEMENTS**

The auditors of SIG Gases Group for the relevant financial years/periods are as follows:

Company	FYE/FPE	Auditors	Date of auditors' report
SIG Gases	FPE 31 December 2009	Ernst & Young, Johor Bahru, Malaysia	9 April 2010
	FPE 30 April 2010	Ernst & Young, Johor Bahru, Malaysia	23 June 2010
Southern Industrial Gas	FYE 31 December 2005	Ernst & Young, Johor Bahru, Malaysia	18 April 2006
	FYE 31 December 2006	Ernst & Young, Johor Bahru, Malaysia	8 June 2007
	FYE 31 December 2007	Ernst & Young, Johor Bahru, Malaysia	28 May 2008
	FYE 31 December 2008	Ernst & Young, Johor Bahru, Malaysia	19 March 2009
	FYE 31 December 2009	Ernst & Young, Johor Bahru, Malaysia	9 April 2010
Southern Oxygen	FPE 30 April 2010	Ernst & Young, Johor Bahru, Malaysia	23 June 2010
	FPE 31 December 2008	Ernst & Young, Johor Bahru, Malaysia	2 February 2009
Southern Carbon Dioxide	FYE 31 December 2009	Ernst & Young, Johor Bahru, Malaysia	9 April 2010
	FPE 30 April 2010	Ernst & Young, Johor Bahru, Malaysia	23 June 2010
	FPE 31 December 2008	Ernst & Young, Johor Bahru, Malaysia	5 March 2009

We have audited the financial statements of SIG Gases, Southern Industrial Gas, Southern Oxygen and Southern Carbon Dioxide, which comprise the statements of financial position, statements of comprehensive income, statements of changes in equity and statements of cash flow for the respective financial years/period then ended and have issued our reports thereon as indicated above.

The financial statements of Southern Industrial Gas for FYE 31 December 2005 were prepared in compliance with applicable MASB Approved Accounting Standards in Malaysia.

The financial statements of Southern Industrial Gas for FYE 31 December 2006 to 31 December 2008, Southern Oxygen and Southern Carbon Dioxide for FPE 31 December 2008 were prepared in compliance with applicable PERS in Malaysia. The financial statements of SIG Gases, Southern Industrial Gas, Southern Oxygen and Southern Carbon Dioxide for FPE/FYE 31 December 2009 and four (4) months FPE 30 April 2010 were prepared in accordance with applicable FRS.

In these reports, we expressed the opinion that the financial statements have been properly drawn up in accordance with their respective accounting standard so as to give a true and fair view of financial position as at the respective financial years/period ended and of its financial performance and cash flows for the years/period then ended.

For the purpose of this report, the financial statements of the subsidiaries of SIG Gases were converted to comply with applicable FRS. We have reviewed the financial statements of Southern Industrial Gas for FYE 31 December 2005 to 31 December 2008, Southern Oxygen and Southern Carbon Dioxide for FPE 31 December 2008 for the conversion to applicable FRS, prepared for the purpose of this report. The adoption of the applicable FRS did not have any material financial effect on the financial statements of these companies other than as disclosed in Note 5.1 below.

SIG Gases was incorporated on 14 October 2009. Hence, the comparative figures for the statement of comprehensive income, the statement of cash flow, the statement of changes in equity and related notes to the financial statements for the period ended 31 December 2009 are not entirely comparable.

The comparative figures for the statements of comprehensive income, the statements of cash flow, the statements of changes in equity and the related notes to the financial statements of Southern Industrial Gas Group and Southern Industrial Gas for the comparable four-month period ended 30 April 2009 have been disclosed in compliance with the requirements of FRS134 : Interim Financial Reporting. Pursuant to Paragraph 12.12(a) of the Prospectus Guidelines issued by the Securities Commission in Malaysia, the comparative figures need not be and have not been audited.

9. ACCOUNTANTS' REPORT (Cont'd)



5.1 Summary of effects and changes arising from adoption of new and revised FRS

The following tables provides estimates of the extent which each of the line items in the statement of financial position for the year ended 31 December 2005 to 2008 arising from the adoption of new and revised FRS.

	Previously	(Decrease)/Increase		Restated
	Stated	FRS 117	FRS 138	
	RM	RM	RM	RM
2005				
Property, plant and equipment	42,151,942	(2,006,517)	-	40,145,425
Prepaid land lease payments	-	2,006,517	-	2,006,517
2006				
Property, plant and equipment	46,374,919	(1,966,608)	(237,657)	44,170,654
Prepaid land lease payments	-	1,966,608	-	1,966,608
Intangible assets	-	-	237,657	237,657
2007				
Property, plant and equipment	48,359,699	(2,596,210)	(237,712)	45,525,777
Prepaid land lease payments	-	2,596,210	-	2,596,210
Intangible assets	-	-	237,712	237,712
2008				
Property, plant and equipment	58,900,205	(2,561,840)	(255,402)	56,082,963
Prepaid land lease payments	-	2,561,840	-	2,561,840
Intangible assets	-	-	255,402	255,402

(a) FRS 117 : Leases

Leasehold land held for own use

Prior to 1 January 2005, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

Southern Industrial Gas Group and Southern Industrial Gas has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2005, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and certain comparatives have been restated as shown above.

(b) FRS 138 : Intangible assets

Computer software, that is not an integral part of the related hardware, is treated as an intangible asset and amortised over the estimated economic useful life. Prior to 1 January 2005, the computer software was classified as property, plant and equipment and depreciated over the estimated useful life of ten years.

Upon adoption of FRS138, this change was be applied prospectively and Southern Industrial Gas Group did not adjust the carrying amount of its recognised intangible assets. Except for the reclassification of the comparatives which have been restated as shown above, this change in accounting policy did not materially affect the financial statements of Southern Industrial Gas Group and Southern Industrial Gas .

9. ACCOUNTANTS' REPORT (Cont'd)**5.2 Restatements to the audited financial statements**

The following figures for Southern Industrial Gas Group and Southern Industrial Gas for the FYE 31 December 2007 have been reclassified to conform with the current year presentation: -

	Previously Stated RM	Reclassification RM	Restated RM
2007			
Other income	502,231	(306,102)	196,129
Selling and administrative expenses	(9,269,919)	306,102	(8,963,817)

6.0 DIVIDENDS

No dividend has been paid or declared by SIG Gases, Southern Oxygen and Southern Carbon Dioxide since their dates of incorporation.

Details of the dividends paid by Southern Industrial Gas for the financial years/period under review are as follows:

Subsidiary	FYE/FPE	Rate %	Gross dividend RM	Net dividend RM
Southern Industrial Gas	FYE 31 December 2005	2.00	458,333	330,000
	FYE 31 December 2006	Nil	-	-
	FYE 31 December 2007	3.00	630,000	459,900
	FYE 31 December 2008	10.00	2,300,000	2,300,000
	FYE 31 December 2009	10.00	2,300,000	2,300,000
	FPE 30 April 2010	Nil	-	-

7.0 HISTORICAL FINANCIAL INFORMATION**7.1 SIG Gases****Statement of comprehensive income of SIG Gases**

We set out below the statement of comprehensive income of SIG Gases

	14.10.2009 to 31.12.2009 RM	01.01.2010 to 30.04.2010 RM
Other items of expenses		
Administrative expenses	(39,054)	(26,305)
Loss before tax from continuing operations	(39,054)	(26,305)
Income tax expense	-	-
Loss from continuing operations, net of tax	(39,054)	(26,305)
Loss net of tax	(39,054)	(26,305)
Other comprehensive income		
Other comprehensive income	-	-
Total comprehensive income for the period	(39,054)	(26,305)

9. ACCOUNTANTS' REPORT (Cont'd)



Audited statement of financial position of SIG Gases

	Note	As at 31 December 2009 RM	As at 30 April 2010 RM
Current assets			
Prepayments		475,550	790,100
Cash balances		10	10
Total assets		475,560	790,110
Equity and liabilities			
Share capital	7.2(a)	10	10
Accumulated losses		(39,054)	(65,359)
Total equity		(39,044)	(65,349)
Current liabilities			
Payables	7.2(b)	514,604	855,459
Total liabilities		514,604	855,459
Total equity and liabilities		475,560	790,110
Key financial ratios:			
Current ratio (times)		0.92	0.92

Statement of changes in equity of SIG Gases

	Total equity RM	Share capital RM	Accumulated losses RM
Opening balance at 14 October 2009 (date of incorporation)	10	10	-
Total comprehensive income	(39,054)	-	(39,054)
Closing balance at 31 December 2009	(39,044)	10	(39,054)
Opening balance at 1 January 2010	(39,044)	10	(39,054)
Total comprehensive income	(26,305)	-	(26,305)
Closing balance at 30 April 2010	(65,349)	10	(65,359)

Statement of cash flow of SIG Gases

	14.10.2009 to 31.12.2009 RM	01.01.2010 to 30.04.2010 RM
Net cash flows from financing activity	-	10
Net increase in cash and cash equivalents	-	10
Cash and cash equivalents at beginning of period/ date of incorporation	10	-
Cash and cash equivalents at end of period	10	10

9. ACCOUNTANTS' REPORT (Cont'd)



7.2 Notes to the financial statements

(a) Share capital

	As at 31 December 2009 RM	As at 30 April 2010 RM
Authorised share capital		
At 1 January/date of incorporation	100,000	100,000
Created during the period	-	199,900,000
At 31 December/30 April	<u>100,000</u>	<u>200,000,000</u>
Issued and fully paid	<u>10</u>	<u>10</u>

(b) Payables

	As at 31 December 2009 RM	As at 30 April 2010 RM
Accruals	221,953	194,903
Director related company	292,651	660,556
	<u>514,604</u>	<u>855,459</u>

9. ACCOUNTANTS' REPORT (Cont'd)

7.3 Southern Industrial Gas Group

Statement of comprehensive income of Southern Industrial Gas Group

We set out below the statement of comprehensive income of Southern Industrial Gas Group.

	Note	Audited				Unaudited		Audited	
		2005	2006	2007	2008	2009	FPE 30 April	2010	
		RM	RM	RM	RM	RM	RM	RM	
		Restated	Restated	Restated	Restated				
Continuing operations									
Revenue	7.4(a)	33,952,968	40,459,110	48,991,875	55,399,959	54,567,891	17,389,506	18,574,478	
Cost of sales	7.4(b)	(21,581,490)	(26,343,418)	(30,529,826)	(35,285,788)	(35,291,558)	(11,264,796)	(12,358,279)	
Gross profit		12,371,478	14,115,692	18,462,049	20,114,171	19,276,333	6,124,710	6,216,199	
Other items of income	7.4(c)	71,679	148,062	196,129	187,069	441,058	95,969	55,850	
Other items of expenses									
Administration expenses		(6,559,730)	(7,330,784)	(8,963,817)	(10,116,523)	(9,215,798)	(2,842,370)	(4,135,443)	
Finance costs	7.4(d)	(1,792,075)	(1,822,452)	(1,485,837)	(1,223,086)	(1,070,757)	(423,434)	(394,743)	
Profit before tax from continuing operations		4,091,352	5,110,518	8,208,524	8,961,631	9,430,836	2,954,875	1,741,863	
Income tax expense	7.4(e)	(423,000)	(1,489,000)	(2,372,100)	(526,900)	(2,279,870)	(1,599,217)	(379,233)	
Profit from continuing operations, net of tax		3,668,352	3,621,518	5,836,424	8,434,731	7,150,966	1,355,658	1,362,630	
Other comprehensive income		-	-	-	-	-	-	-	
Total comprehensive income for the year/period		3,668,352	3,621,518	5,836,424	8,434,731	7,150,966	1,355,658	1,362,630	
Profit attributable to:									
Equity holders of Southern Industrial Gas group		3,668,352	3,621,518	5,836,424	8,434,731	7,150,966	1,355,658	1,362,630	
Minority interests		-	-	-	-	-	-	-	
		3,668,352	3,621,518	5,836,424	8,434,731	7,150,966	1,355,658	1,362,630	

9. ACCOUNTANTS' REPORT (Cont'd)

7.3 Southern Industrial Gas Group (cont'd)

Statement of comprehensive income of Southern Industrial Gas Group (cont'd)

Note	Audited				Unaudited		Audited	
	2005	2006	2007	2008	2009	2009	2010	
	RM	RM	RM	RM	RM	RM	RM	
	Restated	Restated	Restated	Restated				
Total comprehensive income attributable to:								
Equity holders of Southern Industrial Gas group	3,668,352	3,621,518	5,836,424	8,434,731	7,150,966	1,355,658	1,362,630	
Minority interests	-	-	-	-	-	-	-	
	<u>3,668,352</u>	<u>3,621,518</u>	<u>5,836,424</u>	<u>8,434,731</u>	<u>7,150,966</u>	<u>1,355,658</u>	<u>1,362,630</u>	
<i>Profit before tax is analysed as follows:</i>								
Profit before depreciation, amortisation and interest expense	7,794,077	9,100,231	12,142,595	12,843,240	13,312,674	4,339,265	3,210,593	
Depreciation	(1,910,650)	(2,167,261)	(2,448,234)	(2,658,523)	(2,811,081)	(960,956)	(1,073,987)	
Interest expense	(1,792,075)	(1,822,452)	(1,485,837)	(1,223,086)	(1,070,757)	(423,434)	(394,743)	
Profit before tax	<u>4,091,352</u>	<u>5,110,518</u>	<u>8,208,524</u>	<u>8,961,631</u>	<u>9,430,836</u>	<u>2,954,875</u>	<u>1,741,863</u>	

9. ACCOUNTANTS' REPORT (Cont'd)

7.3 Southern Industrial Gas Group (cont'd)

Statement of comprehensive income of Southern Industrial Gas Group (cont'd)

	Audited				Unaudited	
	FYE 31 December 2005	2006	2007	2008	2009	Audited FPE 30 April 2010
Number of ordinary shares in issue at the end of the financial year/period	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000	23,000,000
Gross earnings per share (RM) *	0.25	0.24	0.39	0.39	0.41	0.39
Net earnings per share (RM) *	0.22	0.17	0.28	0.37	0.31	0.18
Gross profit margin (%)	36.44	34.89	37.68	36.31	35.33	35.22
Profit before tax margin (%)	12.05	12.63	16.75	16.18	17.28	16.99
Profit after tax margin (%)	10.80	8.95	11.91	15.23	13.10	7.80
Effective tax rate (%)	10.34	29.14	28.90	5.88	24.17	54.12
Gross dividend rate (%) ^	2.00	-	3.00	10.00	5.00	-

^ 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 number of ordinary shares in issue during the financial year/period.

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

9. ACCOUNTANTS' REPORT (Cont'd)

Audited statement of financial position of Southern Industrial Gas Group (cont'd)

Note	2005		2006		2007		2008		2009		As at 30 April 2010	
	Restated	RM	Restated	RM	Restated	RM	Restated	RM	Restated	RM	Restated	RM
Equity and liabilities												
Current liabilities												
Borrowings	8,249,322		9,043,820		8,334,939		8,677,165		8,518,164		9,177,171	
Trade payables	10,237,722		10,708,506		5,115,315		5,502,237		7,169,689		7,033,748	
Other payables	2,881,603		3,098,044		3,518,328		3,975,833		4,683,716		5,346,129	
Income tax payable	-		-		24,300		-		57,971		33,868	
	<u>21,368,647</u>		<u>22,850,370</u>		<u>16,992,882</u>		<u>18,155,235</u>		<u>20,429,540</u>		<u>21,590,916</u>	
Net current (liabilities)/assets	<u>(7,224,817)</u>		<u>(5,748,217)</u>		<u>177,524</u>		<u>178,984</u>		<u>863,117</u>		<u>562,616</u>	
Non-current liabilities												
Borrowings	9,732,050		6,896,909		7,077,106		7,355,695		11,580,755		10,248,136	
Other payables	-		-		-		-		-		2,087,124	
Deferred tax liabilities	395,000		1,884,000		4,086,000		4,383,000		6,246,000		6,516,000	
	<u>10,127,050</u>		<u>8,780,909</u>		<u>11,163,106</u>		<u>11,738,695</u>		<u>17,826,755</u>		<u>18,851,260</u>	
Total liabilities	<u>31,495,697</u>		<u>31,631,279</u>		<u>28,155,988</u>		<u>29,893,930</u>		<u>38,256,295</u>		<u>40,442,176</u>	
Net assets	<u>24,800,075</u>		<u>31,845,793</u>		<u>37,374,117</u>		<u>47,340,494</u>		<u>52,191,460</u>		<u>53,554,090</u>	
Equity attributable to equity holders												
Share capital	16,500,000		20,890,000		21,000,000		23,000,000		23,000,000		23,000,000	
Share premium	1,650,000		2,484,200		2,526,000		4,526,000		4,526,000		4,526,000	
Retained earnings	6,650,075		8,471,593		13,848,117		19,814,494		24,665,460		26,028,090	
Total equity	<u>24,800,075</u>		<u>31,845,793</u>		<u>37,374,117</u>		<u>47,340,494</u>		<u>52,191,460</u>		<u>53,554,090</u>	
Total equity and liabilities	<u>56,295,772</u>		<u>63,477,072</u>		<u>65,530,105</u>		<u>77,234,424</u>		<u>90,447,755</u>		<u>93,996,266</u>	
Key financial ratios:												
Inventories turnover period (months)	0.85		0.81		0.62		0.91		1.20		1.10	
Trade receivables turnover period (months)	4.27		4.37		3.66		3.19		3.42		3.37	
Trade payables turnover period (months)	5.69		4.88		2.01		1.87		2.44		2.28	
Current ratio (times)	0.66		0.75		1.01		1.01		1.04		1.03	
Debt-equity ratio (times)	0.73		0.50		0.41		0.34		0.39		0.36	
Net assets per share (RM)	1.50		1.52		1.78		2.06		2.27		2.33	

Notes:

- (i) The audited statement of financial position have been re-presented to conform with the format required by FRS 101 Presentation of Financial Statements.
- (ii) The above ratios are computed solely for the purpose of information only.

9. ACCOUNTANTS' REPORT (Cont'd)
Statement of Changes In Equity of Southern Industrial Gas Group

	Note	Total equity RM	Share capital RM	Non- Distributable Share premium RM	Distributable Retained profits RM
Opening balance at 1 January 2005		23,455,723	16,500,000	1,650,000	5,305,723
As previously stated		(1,994,000)	-	-	(1,994,000)
Prior year adjustments					
Opening balance at 1 January 2005 (restated)		21,461,723	16,500,000	1,650,000	3,311,723
Total comprehensive income		3,668,352	-	-	3,668,352
Dividends		(330,000)	-	-	(330,000)
Closing balance at 31 December 2005		24,800,075	16,500,000	1,650,000	6,650,075
Opening balance at 1 January 2006		27,301,075	16,500,000	1,650,000	9,151,075
As previously stated		(2,501,000)	-	-	(2,501,000)
Prior year adjustments	7.4(q)				
Opening balance at 1 January 2006 (restated)		24,800,075	16,500,000	1,650,000	6,650,075
Issue of ordinary shares		3,424,200	2,590,000	834,200	-
Bonus Issue		-	1,800,000	-	(1,800,000)
Total comprehensive income		3,621,518	-	-	3,621,518
Closing balance at 31 December 2006		31,845,793	20,890,000	2,484,200	8,471,593
Opening balance at 1 January 2007		35,011,793	20,890,000	2,484,200	11,637,593
As previously stated		(3,166,000)	-	-	(3,166,000)
Prior year adjustments	7.4(q)				
Opening balance at 1 January 2007 (restated)		31,845,793	20,890,000	2,484,200	8,471,593
Issue of ordinary shares		151,800	110,000	41,800	-
Total comprehensive income		5,836,424	-	-	5,836,424
Dividends		(459,900)	-	-	(459,900)
Closing balance at 31 December 2007		37,374,117	21,000,000	2,526,000	13,848,117

9. ACCOUNTANTS' REPORT (Cont'd)

Statement of Changes in Equity of Southern Industrial Gas Group (cont'd)

	Note	Total equity RM	Share capital RM	Distributable Share premium RM	Non-Distributable Share premium RM	Distributable Retained profits RM
Opening balance at 1 January 2008						
As previously stated		40,740,117	21,000,000	2,526,000	-	17,214,117
Prior year adjustments	7.4(q)	(3,366,000)	-	-	-	(3,366,000)
Opening balance at 1 January 2008 (restated)		37,374,117	21,000,000	2,526,000	-	13,848,117
Issue of ordinary shares		4,000,000	2,000,000	2,000,000	-	-
Total comprehensive income		8,434,731	-	-	-	8,434,731
Dividends		(2,300,000)	-	-	-	(2,300,000)
Effects of tax on dividend ⁽¹⁾		(168,354)	-	-	-	(168,354)
Closing balance at 31 December 2008		47,340,494	23,000,000	4,526,000	-	19,814,494
Opening balance at 1 January 2009						
As previously stated		50,577,494	23,000,000	4,526,000	-	23,051,494
Prior year adjustment	7.4(q)	(3,237,000)	-	-	-	(3,237,000)
Opening balance at 1 January 2009 (restated)		47,340,494	23,000,000	4,526,000	-	19,814,494
Total comprehensive income		7,150,966	-	-	-	7,150,966
Dividends		(2,300,000)	-	-	-	(2,300,000)
Closing balance at 31 December 2009		52,191,460	23,000,000	4,526,000	-	24,665,460
Opening balance at 1 January 2009						
As previously stated		50,577,494	23,000,000	4,526,000	-	23,051,494
Prior year adjustments	7.4(q)	(3,237,000)	-	-	-	(3,237,000)
Opening balance at 1 January 2009 (restated)		47,340,494	23,000,000	4,526,000	-	19,814,494
Total comprehensive income		1,355,658	-	-	-	1,355,658
Closing balance at 30 April 2009 (unaudited)		48,696,152	23,000,000	4,526,000	-	21,170,152
Opening balance at 1 January 2010						
As previously stated		52,191,460	23,000,000	4,526,000	-	24,665,460
Total comprehensive income		1,362,630	-	-	-	1,362,630
Closing balance at 30 April 2010		53,554,090	23,000,000	4,526,000	-	26,028,090

(1) This is the effects of insufficient tax credit under Section 108 of the Income Tax Act, 1967 in respect of dividends in prior year/period based on the interpretation of the tax law changes by the relevant authorities.

9. ACCOUNTANTS' REPORT (Cont'd)
Statement of Cash Flow of Southern Industrial Gas Group

	Audited			Unaudited		
	2005	2006	FYE 31 December	2009	FPE 30 April	Audited
	RM	RM	2007	RM	2009	2010
			RM		RM	RM
Summarised Statements of Cash Flow						
Net cash generated from operating activities	5,781,552	4,929,819	5,315,197	10,983,162	13,084,939	1,778,745
Net cash used in investing activities	(3,727,103)	(5,858,090)	(1,839,140)	(11,788,129)	(11,029,699)	(1,011,550)
Net cash (used in)/generated from financing activities	(757,589)	102,847	(2,485,189)	1,917,849	(56,662)	(1,835,711)
Net increase/(decrease) in cash and cash equivalents	1,296,860	(825,424)	990,868	1,112,882	1,998,578	(1,068,516)
Cash and cash equivalents at beginning of financial year/period	(3,196,666)	(1,899,806)	(2,725,230)	(1,734,362)	(621,480)	(621,480)
Cash and cash equivalents at end of financial year/period	(1,899,806)	(2,725,230)	(1,734,362)	(621,480)	1,377,098	(1,689,996)
Cash and cash equivalents comprise:						
Cash and bank balances	2,995	8,281	106,197	188,805	1,381,395	144,437
Bank overdraft	(1,902,801)	(2,733,511)	(1,840,559)	(810,285)	(4,297)	(1,834,433)
	(1,899,806)	(2,725,230)	(1,734,362)	(621,480)	1,377,098	(1,689,996)
						1,470,557

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS

(a) Revenue

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	RM	RM	RM	RM	RM	RM	RM
Sales of goods	32,635,793	38,921,155	47,197,530	52,961,524	51,927,497	16,486,865	17,574,870
Cylinder rental income	1,317,175	1,503,713	1,691,725	2,337,370	2,452,500	854,405	938,782
Rental income from cryogenic storage tank	-	34,242	102,620	101,065	187,894	48,236	60,826
	<u>33,952,968</u>	<u>40,459,110</u>	<u>48,991,875</u>	<u>55,399,959</u>	<u>54,567,891</u>	<u>17,389,506</u>	<u>18,574,478</u>

(b) Cost of sales

Cost of sales represents cost of inventories sold.

(c) Other income

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	RM	RM	RM	RM	RM	RM	RM
Gain on disposal of property, plant and equipments	66,676	115,118	187,268	130,952	137,114	21,956	53,548
Bad debts recovered	-	11,081	-	25,824	175,546	-	-
Miscellaneous	5,003	21,863	8,861	30,293	128,398	74,013	2,302
	<u>71,679</u>	<u>148,062</u>	<u>196,129</u>	<u>187,069</u>	<u>441,058</u>	<u>95,969</u>	<u>55,850</u>

(d) Finance cost

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	RM	RM	RM	RM	RM	RM	RM
Bank overdraft and bankers' acceptances interest	315,295	310,449	298,679	205,300	188,376	133,838	32,891
Hire purchase interest	48,917	60,018	136,549	242,164	236,047	78,610	58,679
Interest expense	647,931	728,524	402,309	244,462	240,940	58,112	119,463
Term loan interest	779,931	723,461	648,300	531,160	405,394	152,874	183,710
	<u>1,792,075</u>	<u>1,822,452</u>	<u>1,485,837</u>	<u>1,223,086</u>	<u>1,070,757</u>	<u>423,434</u>	<u>394,743</u>

(e) Income tax expense

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	RM	RM	RM	RM	RM	RM	RM
	Restated	Restated	Restated	Restated			
Malaysian income tax :							
Current year/period	-	-	170,100	400,000	405,281	126,999	109,233
(Over)/underprovision in prior year	-	-	-	(170,100)	11,589	11,589	-
	<u>-</u>	<u>-</u>	<u>170,100</u>	<u>229,900</u>	<u>416,870</u>	<u>138,588</u>	<u>109,233</u>
Deferred tax (Note i):							
Relating to origination and reversal of temporary difference	423,000	1,318,000	2,110,000	942,000	586,000	183,629	415,000
Relating to reduction in Malaysian income tax rate	-	71,000	95,000	(3,000)	-	-	-
Under/(over)provision in prior year	-	100,000	(3,000)	(642,000)	1,277,000	1,277,000	(145,000)
	<u>423,000</u>	<u>1,489,000</u>	<u>2,202,000</u>	<u>297,000</u>	<u>1,863,000</u>	<u>1,460,629</u>	<u>270,000</u>
	<u>423,000</u>	<u>1,489,000</u>	<u>2,372,100</u>	<u>526,900</u>	<u>2,279,870</u>	<u>1,599,217</u>	<u>379,233</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(e) Income tax expense (cont'd)

Income tax is calculated at the statutory tax rate as set out below:

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	%	%	%	%	%	%	%
Statutory tax rate	28	28	27	26	25	25	25

(f) Property, plant and equipment

<u>Audited</u>	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31 December 2005 (Restated)			
Land and buildings	7,188,178	(704,956)	6,483,222
Plant and machinery	19,167,169	(3,025,313)	16,141,856
Cylinders	21,256,572	(4,964,660)	16,291,912
Other assets	4,058,600	(2,830,165)	1,228,435
	<u>51,670,519</u>	<u>(11,525,094)</u>	<u>40,145,425</u>
At 31 December 2005 (Restated)			
Land and buildings	7,542,444	(814,542)	6,727,902
Plant and machinery	19,547,255	(3,695,409)	15,851,846
Cylinders	25,773,111	(5,778,351)	19,994,760
Other assets	4,673,501	(3,077,355)	1,596,146
	<u>57,536,311</u>	<u>(13,365,657)</u>	<u>44,170,654</u>
At 31 December 2007 (Restated)			
Land and buildings	7,550,964	(925,019)	6,625,945
Plant and machinery	20,779,830	(4,523,426)	16,256,404
Cylinders	27,306,817	(6,481,130)	20,825,687
Other assets	5,247,736	(3,429,995)	1,817,741
	<u>60,885,347</u>	<u>(15,359,570)</u>	<u>45,525,777</u>
At 31 December 2008 (Restated)			
Land and buildings	11,303,699	(1,045,982)	10,257,717
Plant and machinery	22,218,688	(5,371,558)	16,847,130
Cylinders	32,644,090	(7,570,346)	25,073,744
Other assets	5,422,879	(3,513,278)	1,909,601
Construction in-progress	1,994,771	-	1,994,771
	<u>73,584,127</u>	<u>(17,501,164)</u>	<u>56,082,963</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(f) Property, plant and equipment (Cont'd)

	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31 December 2009			
Land and buildings	17,131,210	(1,217,295)	15,913,915
Plant and machinery	26,616,018	(6,306,015)	20,310,003
Cylinders	36,602,045	(8,855,655)	27,746,390
Other assets	6,140,745	(3,694,168)	2,446,577
	<u>86,490,018</u>	<u>(20,073,133)</u>	<u>66,416,885</u>
At 30 April 2010			
Land and buildings	17,207,430	(1,303,370)	15,904,060
Plant and machinery	27,302,199	(6,655,937)	20,646,262
Cylinders	39,319,266	(9,338,402)	29,980,864
Other assets	6,233,482	(3,632,012)	2,601,470
	<u>90,062,377</u>	<u>(20,929,721)</u>	<u>69,132,656</u>

(a) Net book values of property, plant and equipment held under hire purchase arrangements,

	Audited					
	As at 31 December					As at 30 April
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Plant and machinery	936,874	893,272	2,988,542	3,464,717	5,207,835	5,130,987
Other assets - motor vehicles	398,228	646,552	833,068	883,218	1,310,892	1,219,287
	<u>1,335,102</u>	<u>1,539,824</u>	<u>3,821,610</u>	<u>4,347,935</u>	<u>6,518,727</u>	<u>6,350,274</u>

(b) Certain property, plant and equipment of the Southern Industrial Gas Group are pledged to secure bank facilities as stated in Note 7.4(n).

(c) Included in property, plant and equipment is cost of motor vehicle registered under the name of a third party, as follows:

	Audited					
	As at 31 December					As at 30 April
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Motor vehicles	412,560	412,560	330,183	330,183	330,183	330,183

(g) Prepaid land lease payments

	Audited					
	As at 31 December				As at 30 April	
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Cost						
At 1 January	2,046,426	2,006,517	1,966,608	2,596,210	2,561,840	2,510,284
Additions	-	-	681,822	17,021	-	-
Amortisation for the year/period	(39,909)	(39,909)	(52,220)	(51,391)	(51,556)	(17,185)
At 31 December/30 April	<u>2,006,517</u>	<u>1,966,608</u>	<u>2,596,210</u>	<u>2,561,840</u>	<u>2,510,284</u>	<u>2,493,099</u>
Analysed as :						
Long term leasehold land	<u>2,006,517</u>	<u>1,966,608</u>	<u>2,596,210</u>	<u>2,561,840</u>	<u>2,510,284</u>	<u>2,493,099</u>

Leasehold land stated above are pledged as securities for borrowings.

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(h) Intangible assets

	Audited					
	2006 RM Restated	As at 31 December 2007 RM Restated		2008 RM Restated	As at 30 April 2009 RM	
Cost						
At 1 January	-	249,200	276,200	323,480	328,480	328,480
Additions	249,200	27,000	47,280	5,000	-	-
At 31 December/30 April	249,200	276,200	323,480	328,480	328,480	328,480
Accumulated amortisation						
At 1 January	-	11,543	38,488	68,078	100,551	100,551
Amortisation	11,543	26,945	29,590	32,473	10,950	10,950
At 31 December/30 April	11,543	38,488	68,078	100,551	111,501	111,501
Net carrying amount	237,657	237,712	255,402	227,929	216,979	216,979

There were no intangible assets in FYE 31 December 2005.

(i) Deferred Taxation Asset/(Liabilities)

	Audited						
	2005 RM Restated	2006 RM Restated	As at 31 December 2007 RM Restated		2008 RM Restated	As at 30 April 2009 RM	
At 1 January	28,000	(395,000)	(1,884,000)	(4,086,000)	(4,383,000)	(6,246,000)	(6,246,000)
Recognised in the income statement (Note 7.4(e))	(423,000)	(1,489,000)	(2,202,000)	(297,000)	(1,863,000)	(270,000)	(270,000)
At 31 December/30 April	(395,000)	(1,884,000)	(4,086,000)	(4,383,000)	(6,246,000)	(6,516,000)	(6,516,000)
Presented after appropriate offsetting as follows :							
Deferred tax assets	4,959,000	4,241,000	2,205,000	2,515,000	2,179,000	2,115,000	2,115,000
Deferred tax liabilities	(5,354,000)	(6,125,000)	(6,291,000)	(6,898,000)	(8,425,000)	(8,631,000)	(8,631,000)
	(395,000)	(1,884,000)	(4,086,000)	(4,383,000)	(6,246,000)	(6,516,000)	(6,516,000)

(j) Inventories

	Audited						
	2005 RM	2006 RM	As at 31 December 2007 RM		2008 RM	As at 30 April 2009 RM	
At cost:							
Raw materials	242,547	231,625	202,378	439,134	943,952	564,731	564,731
Consumables	1,016,033	1,203,515	1,076,060	1,560,451	1,951,742	1,963,902	1,963,902
Finished goods	273,152	340,581	291,730	685,338	622,856	576,372	576,372
	1,531,732	1,775,721	1,570,168	2,684,923	3,518,550	3,105,005	3,105,005

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(k) Trade and other receivables

	Audited					As at 30 April 2010 RM
	2005 RM	As at 31 December			2009 RM	
		2006 RM	2007 RM	2008 RM		
Current						
Trade receivables						
Third parties	13,094,101	14,779,234	16,742,944	17,498,960	18,171,544	19,353,809
Amounts due from Director related companies	211,309	892,760	72,456	122,662	48,416	19,608
	13,305,410	15,671,994	16,815,400	17,621,622	18,219,960	19,373,417
Less: Allowance for impairment						
Third parties	(1,233,105)	(950,503)	(1,871,568)	(2,877,193)	(2,653,488)	(3,713,797)
Trade receivables, net	12,072,305	14,721,491	14,943,832	14,744,429	15,566,472	15,659,620

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Audited					As at 30 April 2010 RM
	2005 RM	As at 31 December			2009 RM	
		2006 RM	2007 RM	2008 RM		
Neither past due nor impaired						
1 to 30 days past due not impaired	8,660,534	11,198,966	12,839,041	13,049,176	13,182,567	12,931,159
31 to 60 days past due not impaired	908,694	1,250,451	423,425	502,675	714,872	1,001,552
61 to 90 days past due not impaired	542,097	575,329	229,388	182,793	186,957	195,594
91 to 120 days past due not impaired	290,709	305,449	110,714	126,650	153,696	127,493
More than 121 days past due not impaired	342,348	183,855	116,993	79,118	96,717	92,984
	1,327,923	1,207,441	1,224,271	804,017	1,231,663	1,310,838
	12,072,305	14,721,491	14,943,832	14,744,429	15,566,472	15,659,620
Impaired						
	1,233,105	950,503	1,871,568	2,877,193	2,653,488	3,713,797
	13,305,410	15,671,994	16,815,400	17,621,622	18,219,960	19,373,417

Movement in allowance accounts :

	Audited					As at 30 April 2010 RM
	2005 RM	As at 31 December			2009 RM	
		2006 RM	2007 RM	2008 RM		
At 1 January	1,074,149	1,233,105	950,503	1,871,568	2,877,193	2,653,488
Charge for the year	158,956	769,520	940,648	1,031,448	160,059	1,060,309
Written off	-	(1,034,755)	(19,583)	-	-	-
Bad debts recovered	-	(11,081)	-	(25,823)	-	-
Reversal of impairment losses	-	(6,286)	-	-	(383,764)	-
At 31 December/30 April	1,233,105	950,503	1,871,568	2,877,193	2,653,488	3,713,797
Other receivables						
Prepayment	232,335	163,597	159,548	252,920	488,574	572,568
Sundry deposit	120,892	433,063	390,661	461,396	337,666	560,659
Other receivables	183,571	-	-	-	-	676,803
	536,798	596,660	550,209	714,316	826,240	1,810,030

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(k) Trade and other receivables (cont'd)

The amounts due from director related companies are unsecured, non-interest bearing and are repayable upon demand.

The Group's normal trade credit term ranges from 90 to 120 days. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

(l) Share capital

	Audited					As at 30 April 2010
	As at 31 December					
	2005	2006	2007	2008	2009	
	RM	RM	RM	RM	RM	RM
					RM	RM
Authorised share capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Issued and fully paid:						
At 1 January	16,500,000	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000
Issued for cash	-	2,590,000	110,000	2,000,000	-	-
Bonus issue	-	1,800,000	-	-	-	-
At 31 December/30 April	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000	23,000,000

(m) Retained earnings

Prior to the year of assessment 2008, 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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Southern Industrial Gas has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2009. Hence, Southern Industrial Gas will be able to distribute dividends out of its entire retained earnings as at 30 April 2010 under the single tier system.

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(n) Borrowings

	Audited					
	As at 31 December					As at 30 April
	2005	2006	2007	2008	2009	2010
RM	RM	RM	RM	RM	RM	
Short term borrowings						
Secured:						
Bank overdrafts	1,902,801	2,733,511	1,840,559	810,285	4,297	108,320
Bankers' acceptances	2,773,000	3,052,000	3,055,000	4,165,000	3,379,000	4,008,000
Term loans	3,156,938	2,860,787	2,320,266	2,231,594	3,744,516	3,718,399
Hire purchase payables	416,583	397,522	1,119,114	1,470,286	1,390,351	1,342,452
	<u>8,249,322</u>	<u>9,043,820</u>	<u>8,334,939</u>	<u>8,677,165</u>	<u>8,518,164</u>	<u>9,177,171</u>
Long term borrowings						
Secured:						
Term loans	9,362,606	6,517,905	5,980,983	6,329,825	10,181,516	9,218,267
Hire purchase payables	369,444	379,004	1,096,123	1,025,870	1,399,239	1,029,869
	<u>9,732,050</u>	<u>6,896,909</u>	<u>7,077,106</u>	<u>7,355,695</u>	<u>11,580,755</u>	<u>10,248,136</u>
Total borrowings						
Bank overdrafts	1,902,801	2,733,511	1,840,559	810,285	4,297	108,320
Bankers' acceptances	2,773,000	3,052,000	3,055,000	4,165,000	3,379,000	4,008,000
Term loans	12,519,544	9,378,692	8,301,249	8,561,419	13,926,032	12,936,666
Hire purchase payables	786,027	776,526	2,215,237	2,496,156	2,789,590	2,372,321
	<u>17,981,372</u>	<u>15,940,729</u>	<u>15,412,045</u>	<u>16,032,860</u>	<u>20,098,919</u>	<u>19,425,307</u>

The above banking facilities are secured by way of personal guarantee from certain directors and specified debenture charge on certain property, plant and equipment of Southern Industrial Gas Group, both present and future.

The term loans are repayable over a period of 4 years to 7 years.

The bankers' acceptances are repayable upon maturity. The bank overdrafts are repayable on demand.

(o) Trade and other payables

	Audited					
						As at 30 April
	2005	2006	2007	2008	2009	2010
RM	RM	RM	RM	RM	RM	
Trade payables						
Third parties	596,693	1,189,231	1,994,288	2,570,611	3,583,612	2,973,297
Director related companies	9,641,029	9,519,275	3,121,027	2,931,626	3,586,077	4,060,451
	<u>10,237,722</u>	<u>10,708,506</u>	<u>5,115,315</u>	<u>5,502,237</u>	<u>7,169,689</u>	<u>7,033,748</u>
Other payables						
Current						
Cylinder deposits payable	778,930	900,219	1,083,369	1,868,855	1,107,319	1,158,519
Accruals	679,123	797,008	1,072,067	1,067,659	1,431,093	1,527,917
Sundry payables	1,423,550	1,400,817	1,362,892	1,039,319	2,145,304	2,655,693
	<u>2,881,603</u>	<u>3,098,044</u>	<u>3,518,328</u>	<u>3,975,833</u>	<u>4,683,716</u>	<u>5,342,129</u>
Long term						
Director related company	-	-	-	-	-	2,087,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,124</u>
	<u>13,119,325</u>	<u>13,806,550</u>	<u>8,633,643</u>	<u>9,478,070</u>	<u>11,853,405</u>	<u>14,463,001</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.4 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(o) Trade and other payables (cont'd)

The amount due to Director related companies is unsecured, non-interest bearing and repayable on demand, except for certain Director related companies who charge interest at 7.5% per annum on late payment of overdue invoices.

The normal trade credit term granted to Southern Industrial Gas Group ranges from 60 to 90 days.

The long term payable is the consideration for the acquisition of cylinders from a Director related company, bears interest at 7.5% and is repayable after one year.

Included in sundry payables are balances due to related companies, as follows:

	Audited					
	As at 31 December					As at 30 April
	2005	2006	2007	2008	2009	2010
	RM	RM	RM	RM	RM	RM
Director related companies	47,765	277,113	30,415	-	-	-

(p) Capital commitments

	Audited					
	As at 31 December					As at 30 April
	2005	2006	2007	2008	2009	2010
	RM	RM	RM	RM	RM	RM
Capital expenditure Approved and contracted for: Property, plant and equipment	141,000	1,052,000	1,309,000	5,424,000	150,000	1,506,000

(q) Changes in accounting policies and prior year adjustments

Deferred taxation

In prior years, Southern Industrial Gas Group recognised deferred tax assets on unused reinvestment allowances on the cylinders. During FYE 31 December 2009, Southern Industrial Gas Group changed its accounting policy and accordingly, deferred tax assets on unabsorbed reinvestment allowances recognised for cylinders were derecognised. The effects arising from this change on the comparative figures are as follows:

	Previously Stated RM	Adjustments RM	Restated RM
2005			
Tax (income)/expense (statement of comprehensive income)	(84,000)	507,000	423,000
Deferred tax (assets)/liabilities (statement of financial position)	(2,106,000)	2,501,000	395,000
2006			
Tax expense (statement of comprehensive income)	824,000	665,000	1,489,000
Deferred tax (assets)/liabilities (statement of financial position)	(1,282,000)	3,166,000	1,884,000
2007			
Tax expense (statement of comprehensive income)	2,172,100	200,000	2,372,100
Deferred tax liabilities (statement of financial position)	720,000	3,366,000	4,086,000
2008			
Tax expense (statement of comprehensive income)	655,900	(129,000)	526,900
Deferred tax liabilities (statement of financial position)	1,146,000	3,237,000	4,383,000

9. ACCOUNTANTS' REPORT (Cont'd)

7.5 Southern Industrial Gas (cont'd)

Statement of Comprehensive Income of Southern Industrial Gas (cont'd)

	Audited		Unaudited	
	FYE 31 December	2007	FPE 30 April	2010
	2005	2006	2009	2010
Number of ordinary shares in issue at the end of the financial year/period	16,500,000	20,890,000	23,000,000	23,000,000
Gross earnings per share (RM) *	0.25	0.24	0.39	0.39
Net earnings per share (RM) *	0.22	0.17	0.37	0.18
Gross profit margin (%)	36.44	34.89	36.31	35.22
Profit before tax margin (%)	12.05	12.63	16.19	17.29
Profit after tax margin (%)	10.80	8.95	15.24	13.11
Effective tax rate (%)	10.34	29.14	5.87	24.16
Gross dividend rate (%) ^	2.00	-	10.00	5.00

^ 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 number of ordinary shares in issue during the financial year/period.

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

9. ACCOUNTANTS' REPORT (Cont'd)

Audited Statement of Financial Position of Southern Industrial Gas (cont'd)

	Note	As at 31 December 2005		As at 31 December 2007		2008		2009		As at 30 April 2010	
		RM	Restated	RM	Restated	RM	Restated	RM	RM	RM	RM
EQUITY AND LIABILITIES											
Current liabilities											
Borrowings	7.6(o)	8,249,322	9,043,820	8,334,939	8,677,165	8,518,164	8,518,164	8,518,164	8,518,164	9,177,171	9,177,171
Trade payables	7.6(p)	10,237,722	10,708,506	5,115,315	5,502,237	7,169,689	7,169,689	7,169,689	7,169,689	7,033,748	7,033,748
Other payables	7.6(p)	2,881,603	3,098,044	3,518,328	3,966,114	4,682,116	4,682,116	4,682,116	4,682,116	5,344,529	5,344,529
Income tax payable		-	-	24,300	-	57,971	57,971	57,971	57,971	33,868	33,868
		21,368,647	22,850,370	16,992,882	18,145,516	20,427,940	20,427,940	20,427,940	20,427,940	21,589,316	21,589,316
Net current (liabilities)/assets		(7,224,817)	(5,748,217)	177,524	188,703	877,917	877,917	877,917	877,917	580,665	580,665
Non-current liabilities											
Borrowings	7.6(o)	9,732,050	6,896,909	7,077,106	7,355,695	11,580,755	11,580,755	11,580,755	11,580,755	10,248,136	10,248,136
Other payables	7.6(p)	-	-	-	-	-	-	-	-	2,087,124	2,087,124
Deferred tax liabilities	7.6(f)	395,000	1,884,000	4,086,000	4,383,000	6,246,000	6,246,000	6,246,000	6,246,000	6,516,000	6,516,000
		10,127,050	8,780,909	11,163,106	11,738,695	17,826,755	17,826,755	17,826,755	17,826,755	18,851,260	18,851,260
Total liabilities		31,495,697	31,631,279	28,155,988	29,884,211	38,254,695	38,254,695	38,254,695	38,254,695	40,440,576	40,440,576
Net assets		24,800,075	31,845,793	37,374,117	47,350,213	52,206,264	52,206,264	52,206,264	52,206,264	53,572,143	53,572,143
Equity attributable to equity holders											
Share capital	7.6(m)	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000	23,000,000
Share premium		1,650,000	2,484,200	2,526,000	4,526,000	4,526,000	4,526,000	4,526,000	4,526,000	4,526,000	4,526,000
Retained earnings	7.6(n)	6,650,075	8,471,593	13,848,117	19,824,213	24,680,264	24,680,264	24,680,264	24,680,264	26,046,143	26,046,143
Total equity		24,800,075	31,845,793	37,374,117	47,350,213	52,206,264	52,206,264	52,206,264	52,206,264	53,572,143	53,572,143
Total equity and liabilities		56,295,772	63,477,072	65,530,105	77,234,424	90,460,959	90,460,959	90,460,959	90,460,959	94,012,719	94,012,719
Key financial ratios:											
Inventories turnover period (months)		0.85	0.81	0.62	0.91	1.20	1.20	1.20	1.20	1.00	1.00
Trade receivables turnover period (months)		4.27	4.37	3.66	3.19	3.42	3.42	3.42	3.42	3.37	3.37
Trade payables turnover period (months)		5.69	4.88	2.01	1.87	2.44	2.44	2.44	2.44	2.28	2.28
Current ratio (times)		0.66	0.75	1.01	1.01	1.04	1.04	1.04	1.04	1.03	1.03
Debt-equity ratio (times)		0.73	0.50	0.41	0.34	0.39	0.39	0.39	0.39	0.36	0.36
Net assets per share (RM)		1.50	1.52	1.78	2.06	2.27	2.27	2.27	2.27	2.33	2.33

Notes:

- (i) The audited statement of financial position have been re-presented to conform with the format required by FRS 101 Presentation of Financial Statements.
- (ii) The above ratios are computed solely for the purpose of information only.

9. ACCOUNTANTS' REPORT (Cont'd)

7.5 Southern Industrial Gas (cont'd)

Statement of Changes in Equity of Southern Industrial Gas

	Note	Total RM	Share capital RM	Distributable Share premium RM	Non- Distributable Share premium RM	Distributable Retained profits RM
Opening balance at 1 January 2005						
As previously stated		23,455,723	16,500,000	1,650,000	5,305,723	
Prior year adjustments		(1,994,000)	-	-	(1,994,000)	
Opening balance at 1 January 2005 (restated)		21,461,723	16,500,000	1,650,000	3,311,723	
Total comprehensive income		3,668,352	-	-	3,668,352	
Dividends		(330,000)	-	-	(330,000)	
Closing balance at 31 December 2005		24,800,075	16,500,000	1,650,000	6,650,075	
Opening balance at 1 January 2006						
As previously stated		27,301,075	16,500,000	1,650,000	9,151,075	
Prior year adjustments	7.6(r)	(2,501,000)	-	-	(2,501,000)	
Opening balance at 1 January 2006 (restated)		24,800,075	16,500,000	1,650,000	6,650,075	
Issue of ordinary shares		3,424,200	2,590,000	834,200	-	
Bonus issue		-	1,800,000	-	(1,800,000)	
Total comprehensive income		3,621,518	-	-	3,621,518	
Closing balance at 31 December 2006		31,845,793	20,890,000	2,484,200	8,471,593	

9. ACCOUNTANTS' REPORT (Cont'd)

7.5 Southern Industrial Gas (cont'd)

Statement of Changes in Equity of Southern Industrial Gas (cont'd)

	Note	Total RM	Share capital RM	Distributable Share premium RM	Non- Distributable Share premium RM	Distributable Retained profits RM
Opening balance at 1 January 2007						
As previously stated		35,011,793	20,890,000	2,484,200	11,637,593	
Prior year adjustments	7.6(r)	(3,166,000)	-	-	(3,166,000)	
Opening balance at 1 January 2007 (restated)		31,845,793	20,890,000	2,484,200	8,471,593	
Issue of ordinary shares		151,800	110,000	41,800	-	
Total comprehensive income		5,836,424	-	-	5,836,424	
Dividends		(459,900)	-	-	(459,900)	
Closing balance at 31 December 2007		37,374,117	21,000,000	2,526,000	13,848,117	
Opening balance at 1 January 2008						
As previously stated		40,740,117	21,000,000	2,526,000	17,214,117	
Prior year adjustments	7.6(r)	(3,366,000)	-	-	(3,366,000)	
Opening balance at 1 January 2008 (restated)		37,374,117	21,000,000	2,526,000	13,848,117	
Issue of ordinary shares		4,000,000	2,000,000	2,000,000	-	
Total comprehensive income		8,444,450	-	-	8,444,450	
Dividends		(2,300,000)	-	-	(2,300,000)	
Effects of tax on dividend ⁽¹⁾		(168,354)	-	-	(168,354)	
Closing balance at 31 December 2008		47,350,213	23,000,000	4,526,000	19,824,213	

9. ACCOUNTANTS' REPORT (Cont'd)

7.5 Southern Industrial Gas (cont'd)

Statement of Changes in Equity of Southern Industrial Gas (cont'd)

	Note	Total RM	Share capital RM	Distributable Share premium RM	Non- Distributable Share premium RM	Distributable Retained profits RM
Opening balance at 1 January 2009		50,587,213	23,000,000	4,526,000	23,061,213	
As previously stated		(3,237,000)	-	-	(3,237,000)	
Prior year adjustment	7.6(r)					
Opening balance at 1 January 2008 (restated)		47,350,213	23,000,000	4,526,000	19,824,213	
Total comprehensive income		7,156,051	-	-	7,156,051	
Dividends		(2,300,000)	-	-	(2,300,000)	
Closing balance at 31 December 2009		52,206,264	23,000,000	4,526,000	24,680,264	
Opening balance at 1 January 2009		50,587,213	23,000,000	4,526,000	23,061,213	
As previously stated		(3,237,000)	-	-	(3,237,000)	
Prior year adjustment	7.6(r)					
Opening balance at 1 January 2008 (restated)		47,350,213	23,000,000	4,526,000	19,824,213	
Total comprehensive income		1,357,620	-	-	1,357,620	
Closing balance at 30 April 2009 (unaudited)		48,707,833	23,000,000	4,526,000	21,181,833	
Opening balance at 1 January 2010		52,206,264	23,000,000	4,526,000	24,680,264	
Total comprehensive income		1,365,879	-	-	1,365,879	
Closing balance at 30 April 2010		53,572,143	23,000,000	4,526,000	26,046,143	

(1) This is the effects of insufficient tax credit under Section 108 of the Income Tax Act, 1967 in respect of dividends in prior year/period based on the interpretation of the tax law changes by the relevant authorities.

9. ACCOUNTANTS' REPORT (Cont'd)

7.5 Southern Industrial Gas (cont'd)

Statement of Cash Flow of Southern Industrial Gas

Summarised Cash Flow Statements	Audited			Unaudited	
	FYE 31 December			FPE 30 April	
	2005	2006	2007	2009	2010
	RM	RM	RM	RM	RM
Net cash generated from operating activities	5,781,552	4,929,819	5,315,197	1,778,741	4,582,977
Net cash used in investing activities	(3,727,103)	(5,858,090)	(1,839,140)	(1,011,550)	(3,576,697)
Net cash (used in)/generated from financing activities	(757,589)	102,847	(2,485,189)	(56,662)	(912,821)
Net increase/(decrease) in cash and cash equivalents	1,296,860	(825,424)	990,868	1,998,574	93,459
Cash and cash equivalents at beginning of financial year/period	(3,196,666)	(1,899,806)	(2,725,230)	(621,480)	1,377,094
Cash and cash equivalents at end of financial year/period	(1,899,806)	(2,725,230)	(1,734,362)	1,377,094	1,470,553
Cash and cash equivalents comprise:					
Cash and bank balances	2,995	8,281	106,197	1,381,391	1,578,873
Bank overdraft	(1,902,801)	(2,733,511)	(1,840,559)	(4,297)	(108,320)
	(1,899,806)	(2,725,230)	(1,734,362)	1,377,094	1,470,553

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS

(a) Revenue

	Audited					Unaudited 2009 RM	Audited 2010 RM
	FYE 31 December						
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM		
Sales of goods	32,635,793	38,921,155	47,197,530	52,961,524	51,927,497	16,486,865	17,574,870
Cylinder rental income	1,317,175	1,503,713	1,691,725	2,337,370	2,452,500	854,405	938,782
Rental income from cryogenic storage tank	-	34,242	102,620	101,065	187,894	48,236	60,826
	<u>33,952,968</u>	<u>40,459,110</u>	<u>48,991,875</u>	<u>55,399,959</u>	<u>54,567,891</u>	<u>17,389,506</u>	<u>18,574,478</u>

(b) Cost of sales

Cost of sales represents cost of inventories sold.

(c) Other income

	Audited					Unaudited 2009 RM	Audited 2010 RM
	FYE 31 December						
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM		
Gain on disposal of property, plant and equipments	66,676	115,118	187,268	130,952	137,773	21,956	53,548
Bad debts recovered	-	11,081	-	25,824	175,547	-	-
Miscellaneous	5,003	21,863	8,861	30,293	127,738	74,013	2,302
	<u>71,679</u>	<u>148,062</u>	<u>196,129</u>	<u>187,069</u>	<u>441,058</u>	<u>95,969</u>	<u>55,850</u>

(d) Finance cost

	Audited					Unaudited 2009 RM	Audited 2010 RM
	FYE 31 December						
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM		
Bank overdraft and bankers' acceptances interest	315,296	310,449	298,679	205,300	188,376	133,838	32,891
Hire purchase interest	48,917	60,018	136,549	242,164	236,047	78,610	58,679
Interest expense	647,931	728,524	402,309	244,462	240,940	58,112	119,463
Term loan interest	779,931	723,461	648,300	531,160	405,394	152,874	183,710
	<u>1,792,075</u>	<u>1,822,452</u>	<u>1,485,837</u>	<u>1,223,086</u>	<u>1,070,757</u>	<u>423,434</u>	<u>394,743</u>

(e) Income tax expense

	Audited					Unaudited 2009 RM	Audited 2010 RM
	FYE 31 December						
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM		
	Restated	Restated	Restated	Restated			
Malaysian income tax :							
Current year/period	-	-	170,100	400,000	405,281	126,999	109,233
(Over)/underprovision in prior year/period	-	-	-	(170,100)	11,589	11,589	-
	-	-	170,100	229,900	416,870	138,588	109,233
Deferred tax (Note j):							
Relating to origination and reversal of temporary difference	423,000	1,318,000	2,110,000	942,000	586,000	183,629	415,000
Relating to reduction in Malaysian income tax rate	-	71,000	95,000	(3,000)	-	-	-
Under/(over)provision in prior year/period	-	100,000	(3,000)	(642,000)	1,277,000	1,277,000	(145,000)
	<u>423,000</u>	<u>1,489,000</u>	<u>2,202,000</u>	<u>297,000</u>	<u>1,863,000</u>	<u>1,460,629</u>	<u>270,000</u>
	<u>423,000</u>	<u>1,489,000</u>	<u>2,372,100</u>	<u>526,900</u>	<u>2,279,870</u>	<u>1,599,217</u>	<u>379,233</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(e) Income tax expense (cont'd)

	Audited					Unaudited	Audited
	FYE 31 December					FPE 30 April	
	2005	2006	2007	2008	2009	2009	2010
	%	%	%	%	%	%	%
Statutory tax rate	28	28	27	26	25	25	25

(f) Property, plant and equipment

<u>Audited</u>	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31 December 2005 (Restated)			
Land and buildings	7,188,178	(704,956)	6,483,222
Plant and machinery	19,167,169	(3,025,313)	16,141,856
Cylinders	21,256,572	(4,964,660)	16,291,912
Other assets	4,058,600	(2,830,165)	1,228,435
	<u>51,670,519</u>	<u>(11,525,094)</u>	<u>40,145,425</u>
At 31 December 2006 (Restated)			
Land and buildings	7,542,444	(814,542)	6,727,902
Plant and machinery	19,547,255	(3,695,409)	15,851,846
Cylinders	25,773,111	(5,778,351)	19,994,760
Other assets	4,673,501	(3,077,355)	1,596,146
	<u>57,536,311</u>	<u>(13,365,657)</u>	<u>44,170,654</u>
At 31 December 2007 (Restated)			
Land and buildings	7,550,964	(925,019)	6,625,945
Plant and machinery	20,779,830	(4,523,426)	16,256,404
Cylinders	27,306,817	(6,481,130)	20,825,687
Other assets	5,247,736	(3,429,995)	1,817,741
	<u>60,885,347</u>	<u>(15,359,570)</u>	<u>45,525,777</u>
At 31 December 2008 (Restated)			
Land and buildings	11,303,699	(1,045,982)	10,257,717
Plant and machinery	22,218,688	(5,371,558)	16,847,130
Cylinders	32,644,090	(7,570,346)	25,073,744
Other assets	5,422,879	(3,513,278)	1,909,601
Construction in-progress	1,994,771	-	1,994,771
	<u>73,584,127</u>	<u>(17,501,164)</u>	<u>56,082,963</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(f) Property, plant and equipment (Cont'd)

<u>Audited</u>	Cost RM	Accumulated Depreciation RM	Net Carrying Amount RM
At 31 December 2009			
Land and buildings	17,131,210	(1,217,295)	15,913,915
Plant and machinery	26,616,018	(6,306,015)	20,310,003
Cylinders	36,602,045	(8,855,655)	27,746,390
Other assets	6,140,745	(3,694,168)	2,446,577
	<u>86,490,018</u>	<u>(20,073,133)</u>	<u>66,416,885</u>
At 30 April 2010			
Land and buildings	17,207,430	(1,303,370)	15,904,060
Plant and machinery	27,302,199	(6,655,937)	20,646,262
Cylinders	39,319,266	(9,338,402)	29,980,864
Other assets	6,233,482	(3,632,012)	2,601,470
	<u>90,062,377</u>	<u>(20,929,721)</u>	<u>69,132,656</u>

(a) Net book values of property, plant and equipment held under hire purchase arrangements, as follows:

	Audited					
	As at 31 December					As at 30 April
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Plant and machinery	936,874	893,272	2,988,542	3,464,717	5,207,835	5,130,987
Other assets - motor vehicles	398,228	646,552	833,068	883,218	1,310,892	1,219,287
	<u>1,335,102</u>	<u>1,539,824</u>	<u>3,821,610</u>	<u>4,347,935</u>	<u>6,518,727</u>	<u>6,350,274</u>

(b) Certain property, plant and equipment of the Southern Industrial Gas are pledged to secure bank facilities as stated in Note 7.6(o).

(c) Included in property, plant and equipment is cost of motor vehicle registered under the name of a third party, as follows:

	Audited					
	As at 31 December					As at 30 April
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Motor vehicles	412,560	412,560	330,183	330,183	330,183	330,183

(g) Investment in subsidiaries

	Audited					
	As at 31 December					As at 30 April
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Unquoted shares, at cost	-	-	-	-	4	4

The subsidiaries, all of which were incorporated in Malaysia, are as follows :

Name of Subsidiaries	Equity Interest Held 2009	Equity Interest Held 2010	Proposed principal activities
Southern Oxygen	100%	100%	Manufacturing and distribution of liquid oxygen, liquid nitrogen and liquid argon
Southern Carbon Dioxide	100%	100%	Manufacturing and distribution of liquid carbon dioxide

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(h) Prepaid land lease payments

	Audited					
	As at 31 December				As at 30 April	
	2005 RM Restated	2006 RM Restated	2007 RM Restated	2008 RM Restated	2009 RM	2010 RM
Cost						
At 1 January	2,046,426	2,006,517	1,966,608	2,596,210	2,561,840	2,510,284
Additions	-	-	681,822	17,021	-	-
Amortisation for the year/period	(39,909)	(39,909)	(52,220)	(51,391)	(51,556)	(17,185)
At 31 December/30 April	<u>2,006,517</u>	<u>1,966,608</u>	<u>2,596,210</u>	<u>2,561,840</u>	<u>2,510,284</u>	<u>2,493,099</u>
Analysed as :						
Long term leasehold land	<u>2,006,517</u>	<u>1,966,608</u>	<u>2,596,210</u>	<u>2,561,840</u>	<u>2,510,284</u>	<u>2,493,099</u>

Leasehold land stated above are pledged as securities for borrowings.

(i) Intangible assets

	Audited				
	As at 31 December			As at 30 April	
	2006 RM Restated	2007 RM Restated	2008 RM Restated	2009 RM	2010 RM
Cost					
At 1 January	-	249,200	276,200	323,480	328,480
Additions	249,200	27,000	47,280	5,000	-
At 31 December/30 April	<u>249,200</u>	<u>276,200</u>	<u>323,480</u>	<u>328,480</u>	<u>328,480</u>
Accumulated amortisation					
At 1 January	-	11,543	38,488	68,078	100,551
Amortisation	11,543	26,945	29,590	32,473	10,950
At 31 December/30 April	<u>11,543</u>	<u>38,488</u>	<u>68,078</u>	<u>100,551</u>	<u>111,501</u>
Net carrying amount	<u>237,657</u>	<u>237,712</u>	<u>255,402</u>	<u>227,929</u>	<u>216,979</u>

There were no intangible assets in FYE 31 December 2005.

(j) Deferred Taxation Assets/(Liabilities)

	Audited					
	As at 31 December				As at 30 April	
	2005 RM Restated	2006 RM Restated	2007 RM Restated	2008 RM Restated	2009 RM	2010 RM
At 1 January	28,000	(395,000)	(1,884,000)	(4,086,000)	(4,383,000)	(6,246,000)
Recognised in the income statement (Note 7.6(e))	(423,000)	(1,489,000)	(2,202,000)	(297,000)	(1,863,000)	(270,000)
At 31 December/30 April	<u>(395,000)</u>	<u>(1,884,000)</u>	<u>(4,086,000)</u>	<u>(4,383,000)</u>	<u>(6,246,000)</u>	<u>(6,516,000)</u>
Presented after appropriate offsetting as follows :						
Deferred tax assets	4,959,000	4,241,000	2,205,000	2,515,000	2,179,000	2,115,000
Deferred tax liabilities	(5,354,000)	(6,125,000)	(6,291,000)	(6,898,000)	(8,425,000)	(8,631,000)
	<u>(395,000)</u>	<u>(1,884,000)</u>	<u>(4,086,000)</u>	<u>(4,383,000)</u>	<u>(6,246,000)</u>	<u>(6,516,000)</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(k) Inventories

	Audited					As at 30 April 2010 RM
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
At cost:						
Raw materials	242,547	231,625	202,378	439,134	943,952	564,731
Consumables	1,016,033	1,203,515	1,076,060	1,560,451	1,951,742	1,963,902
Finished goods	273,152	340,581	291,730	685,338	622,856	576,372
	<u>1,531,732</u>	<u>1,775,721</u>	<u>1,570,168</u>	<u>2,684,923</u>	<u>3,518,550</u>	<u>3,105,005</u>

(l) Trade and other receivables

	Audited					As at 30 April 2010 RM
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Current						
Trade receivables						
Third parties	13,094,101	14,779,234	16,742,944	17,498,960	18,171,544	19,353,809
Amounts due from Director related companies	211,309	892,760	72,456	122,662	48,416	19,608
	<u>13,305,410</u>	<u>15,671,994</u>	<u>16,815,400</u>	<u>17,621,622</u>	<u>18,219,960</u>	<u>19,373,417</u>
Less: Allowance for impairment						
Third parties	(1,233,105)	(950,503)	(1,871,568)	(2,877,193)	(2,653,488)	(3,713,797)
Trade receivables, net	<u>12,072,305</u>	<u>14,721,491</u>	<u>14,943,832</u>	<u>14,744,429</u>	<u>15,566,472</u>	<u>15,659,620</u>

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Audited					As at 30 April 2010 RM
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Neither past due nor impaired	8,660,534	11,198,966	12,839,041	13,049,176	13,182,567	12,931,159
1 to 30 days past due not impaired	908,694	1,250,451	423,425	502,675	714,872	1,001,552
31 to 60 days past due not impaired	542,097	575,329	229,388	182,793	186,957	195,594
61 to 90 days past due not impaired	290,709	305,449	110,714	126,650	153,696	127,493
91 to 120 days past due not impaired	342,348	183,855	116,993	79,118	96,717	92,984
More than 121 days past due not impaired	1,327,923	1,207,441	1,224,271	804,017	1,231,663	1,310,838
	<u>12,072,305</u>	<u>14,721,491</u>	<u>14,943,832</u>	<u>14,744,429</u>	<u>15,566,472</u>	<u>15,659,620</u>
Impaired	1,233,105	950,503	1,871,568	2,877,193	2,653,488	3,713,797
	<u>13,305,410</u>	<u>15,671,994</u>	<u>16,815,400</u>	<u>17,621,622</u>	<u>18,219,960</u>	<u>19,373,417</u>

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(l) Trade and other receivables (cont'd)

Movement in allowance accounts :

	Audited					As at 30 April 2010
	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
At 1 January	1,074,149	1,233,105	950,503	1,871,568	2,877,193	2,653,488
Charge for the year	158,956	769,520	940,648	1,031,448	160,059	1,060,309
Written off	-	(1,034,755)	(19,583)	-	-	-
Bad debts recovered	-	(11,081)	-	(25,823)	-	-
Reversal of impairment losses	-	(6,286)	-	-	(383,764)	-
At 31 December/30 April	1,233,105	950,503	1,871,568	2,877,193	2,653,488	3,713,797
Other receivables						
Prepayment	232,335	163,597	159,548	252,920	488,574	572,568
Sundry deposit	120,892	433,063	390,661	461,396	337,666	560,659
Other receivables	183,571	-	-	-	-	676,803
	536,798	596,660	550,209	714,316	826,240	1,810,030

The amounts due from director related companies are unsecured, non-interest bearing and are repayable upon demand.

Southern Industrial Gas's normal trade credit term ranges from 90 to 120 days. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

(m) Share capital

	Audited					As at 30 April 2010
	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	2010 RM
Authorised share capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Issued and fully paid:						
At 1 January	16,500,000	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000
Issued for cash	-	2,590,000	110,000	2,000,000	-	-
Bonus issue	-	1,800,000	-	-	-	-
At 31 December/30 April	16,500,000	20,890,000	21,000,000	23,000,000	23,000,000	23,000,000

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(n) Retained earnings

Prior to the year of assessment 2008, 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 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

Southern Industrial Gas has elected for the irrevocable option under the Finance Act 2007 to disregard the 108 balance as at 31 December 2009. Hence, Southern Industrial Gas will be able to distribute dividends out of its entire retained earnings as at 30 April 2010 under the single tier system.

(o) Borrowings

	Audited					
	As at 31 December					As at 30 April
	2005	2006	2007	2008	2009	2010
	RM	RM	RM	RM	RM	RM
Short term borrowings						
Secured:						
Bank overdrafts	1,902,801	2,733,511	1,840,559	810,285	4,297	108,320
Bankers' acceptances	2,773,000	3,052,000	3,055,000	4,165,000	3,379,000	4,008,000
Term loans	3,156,938	2,860,787	2,320,266	2,231,594	3,744,516	3,718,399
Hire purchase payables	416,583	397,522	1,119,114	1,470,286	1,390,351	1,342,452
	<u>8,249,322</u>	<u>9,043,820</u>	<u>8,334,939</u>	<u>8,677,165</u>	<u>8,518,164</u>	<u>9,177,171</u>
Long term borrowings						
Secured:						
Term loans	9,362,606	6,517,905	5,980,983	6,329,825	10,181,516	9,218,267
Hire purchase payables	369,444	379,004	1,096,123	1,025,870	1,399,239	1,029,869
	<u>9,732,050</u>	<u>6,896,909</u>	<u>7,077,106</u>	<u>7,355,695</u>	<u>11,580,755</u>	<u>10,248,136</u>
Total borrowings						
Bank overdrafts	1,902,801	2,733,511	1,840,559	810,285	4,297	108,320
Bankers' acceptances	2,773,000	3,052,000	3,055,000	4,165,000	3,379,000	4,008,000
Term loans	12,519,544	9,378,692	8,301,249	8,561,419	13,926,032	12,936,666
Hire purchase payables	786,027	776,526	2,215,237	2,496,156	2,789,590	2,372,321
	<u>17,981,372</u>	<u>15,940,729</u>	<u>15,412,045</u>	<u>16,032,860</u>	<u>20,098,919</u>	<u>19,425,307</u>

The above banking facilities are secured by way of personal guarantee from certain directors and specified debenture charge on certain property, plant and equipment of Southern Industrial Gas, both present and future.

The term loans are repayable over a period of 4 years to 7 years.

The bankers' acceptances are repayable upon maturity. The bank overdrafts are repayable on demand.

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(p) Trade and other payables

	Audited					As at 30 April 2010 RM
	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Trade payables						
Third parties	596,693	1,189,231	1,994,288	2,570,611	3,583,612	2,973,297
Director related companies	9,641,029	9,519,275	3,121,027	2,931,626	3,586,077	4,060,451
	<u>10,237,722</u>	<u>10,708,506</u>	<u>5,115,315</u>	<u>5,502,237</u>	<u>7,169,689</u>	<u>7,033,748</u>
Other payables						
Current						
Cylinder deposits payable	778,930	900,219	1,083,369	1,868,855	1,107,319	1,158,519
Accruals	679,123	797,008	1,072,067	1,057,940	1,429,493	1,530,317
Sundry payables	1,423,550	1,400,817	1,362,892	1,039,319	2,145,304	2,655,693
	<u>2,881,603</u>	<u>3,098,044</u>	<u>3,518,328</u>	<u>3,966,114</u>	<u>4,682,116</u>	<u>5,344,529</u>
Long term						
Director related company	-	-	-	-	-	2,087,124
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087,124</u>
	<u>13,119,325</u>	<u>13,806,550</u>	<u>8,633,643</u>	<u>9,468,351</u>	<u>11,851,805</u>	<u>14,465,401</u>

The amount due to Director related companies is unsecured, non-interest bearing and repayable on demand, except for certain Director related companies who charge interest at 7.5% per annum on late payment of overdue invoices.

The normal trade credit term granted to Southern Industrial Gas ranges from 60 to 90 days.

The long term payable is the consideration for the acquisition of cylinders from a Director related company, bears interest at 7.5% and is repayable after one year.

Included in sundry payables are balances due to related companies, as follows:

	Audited					As at 30 April 2010 RM
	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Director related companies	47,765	277,113	30,415	-	-	-

(q) Capital commitments

	Audited					As at 30 April 2010 RM
	As at 31 December					
	2005 RM	2006 RM	2007 RM	2008 RM	2009 RM	
Capital expenditure						
Approved and contracted for:						
Property, plant and equipment	141,000	1,052,000	1,309,000	5,424,000	150,000	1,506,000

9. ACCOUNTANTS' REPORT (Cont'd)



7.6 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

(r) Changes in accounting policies and prior year adjustments

Deferred taxation

In prior years, Southern Industrial Gas recognised deferred tax assets on unused reinvestment allowances on the cylinders. During FYE 31 December 2009, Southern Industrial Gas changed its accounting policy and accordingly, deferred tax assets on unabsorbed reinvestment allowances recognised for cylinders were derecognised. The effects arising from this change on the comparative figures are as follows:

	Previously Stated RM	Adjustments RM	Restated RM
2005			
Tax (income)/expense (statement of comprehensive of income)	(84,000)	507,000	423,000
Deferred tax (assets)/liabilities (statement of financial position)	(2,106,000)	2,501,000	395,000
2006			
Tax expense (statement of comprehensive of income)	824,000	665,000	1,489,000
Deferred tax (assets)/liabilities (statement of financial position)	(1,282,000)	3,166,000	1,884,000
2007			
Tax expense (statement of comprehensive of income)	2,172,100	200,000	2,372,100
Deferred tax liabilities (statement of financial position)	720,000	3,366,000	4,086,000
2008			
Tax expense (statement of comprehensive of income)	655,900	(129,000)	526,900
Deferred tax liabilities (statement of financial position)	1,146,000	3,237,000	4,383,000

9. ACCOUNTANTS' REPORT (Cont'd)**8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The financial statements of SIG Gases Group has been prepared in accordance with Financial Reporting Standards in Malaysia. At the beginning of the current financial period, SIG Gases Group adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 8.1.

The financial statements have been prepared on the historical convention.

The financial statements are presented in Ringgit Malaysia (RM).

(b) Subsidiaries and basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities over which the SIG Gases Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether SIG Gases Group has such power over another entity.

In SIG Gases's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

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

An acquisition that resulted in a business combination involving common control entities is outside the scope of FRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of SIG Gases Group as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by SIG Gases Group. Therefore, SIG Gases Group recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the SIG Gases Group's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of SIG Gases Group.

9. ACCOUNTANTS' REPORT (Cont'd)



8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(c) Intangible assets

All items of intangible assets 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 the Group and the cost of the item can be measured reliably.

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

Depreciation of intangible assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of ten years.

(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 SIG Gases Group 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Construction-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 to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Buildings	2%
Plant and machinery	4 - 10%
Cylinders	4%
Other assets	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 profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(e) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost of raw materials includes the actual cost of material and incidentals in bringing the inventories into store and is determined using the first-in-first-out basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and appropriate proportion of production overheads.

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

9. ACCOUNTANTS' REPORT (Cont'd)



8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, SIG Gases Group become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

SIG Gases Group determine the classification of their financial assets at initial recognition for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(g) Impairment of financial assets

SIG Gases Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

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

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

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

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

9. ACCOUNTANTS' REPORT (Cont'd)**8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the SIG Gases Group's cash management.

(i) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that SIG Gases Group incurred in connection with the borrowing of funds.

(j) Income tax**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

9. ACCOUNTANTS' REPORT (Cont'd)



8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(j) **Income tax (cont'd)**(ii) **Deferred tax (cont'd)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(k) **Provisions**(i) **General**

Provisions are recognised when the SIG Gases Group 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.

(ii) **Decommissioning liability**

The provision for decommissioning cost arose on construction of a manufacturing facility. A corresponding asset is recognised in plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discounts is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the assets.

(l) **Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, SIG Gases Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

Other financial liabilities

SIG Gases Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

9. ACCOUNTANTS' REPORT (Cont'd)**8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****(m) Employee benefits****(i) Short term benefits**

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

(ii) Defined contribution plan

The companies in the SIG Gases Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(n) Foreign currencies**(i) Functional and presentation currency**

The individual financial statements of each entity in SIG Gases Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also SIG Gases's functional currency.

(ii) Functional currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the SIG Gases and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation 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.

9. ACCOUNTANTS' REPORT (Cont'd)



8.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(o) Revenue recognition

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

(i) Sale of goods

Revenue is recognised 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.

(ii) Cylinder rental income

Cylinder rental is recognised based on the accrual basis.

(iii) Cryogenic storage tank rental income

Cryogenic storage tank rental is recognised based on the accrual basis.

(p) Impairment of non-financial assets

The SIG Gases Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the SIG Gases Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(q) Leases

As lessee

Finance leases, which transfer to the SIG Gases Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the SIG Gases Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

9. ACCOUNTANTS' REPORT (Cont'd)



8.1 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows :

On 1 January 2010, SIG Gases Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 8: Operating Segments

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

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Improvements to FRSs issued in 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

Adoption of the above Standards and Interpretations did not have any effect on the financial performance or position of SIG Gases Group except for those discussed below :

(i) FRS 7 *Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

SIG Gases Group have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the SIG Gases Group's financial statements for the period ended 30 April 2010.

(ii) FRS 101 *Presentation of Financial Statements (Revised)*

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

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

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

The revised FRS 101 was adopted retrospectively by the SIG Gases Group.

9. ACCOUNTANTS' REPORT (Cont'd)**8.1 CHANGES IN ACCOUNTING POLICIES (cont'd)****(iii) FRS 139 *Financial Instruments: Recognition and Measurement***

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. SIG Gases Group have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- **Impairment of trade receivables**
Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the SIG Gases Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

8.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE**Effective for financial periods beginning on or after 1 March 2010**

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

Amendments to FRS 127: Consolidated and Separate Financial Statements

Amendments to FRS 2: Share-based Payment

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

Amendments to FRS138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

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

Effective for financial periods beginning on or after 1 January 2011

Amendment to FRS 1: Limited Exemption for Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

9. ACCOUNTANTS' REPORT (Cont'd)



9.0 AUDITED FINANCIAL STATEMENTS

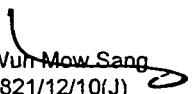
No audited financial statements have been prepared in respect of any period subsequent to 30 April 2010 for SIG Gases Group.

10.0 SIGNIFICANT POST BALANCE SHEET EVENT

No events have occurred subsequent to 30 April 2010 that would require adjustments, or disclosure in this report.

Yours faithfully


Ernst & Young
AF: 0039
Chartered Accountants


Wun Mow Sang
1821/12/10(J)
Chartered Accountant

Johor Bahru, Malaysia

10. INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in the Prospectus)



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

8 JUL 2010

The Board of Directors
SIG Gases Berhad
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80300 Johor Bahru
Johor.

Vital Factor Consulting Sdn Bhd
(Company No.: 266797-T)
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Tel: (603) 7728-0248
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Dear Sirs

Independent Assessment of the Industrial Gas Industry in Malaysia

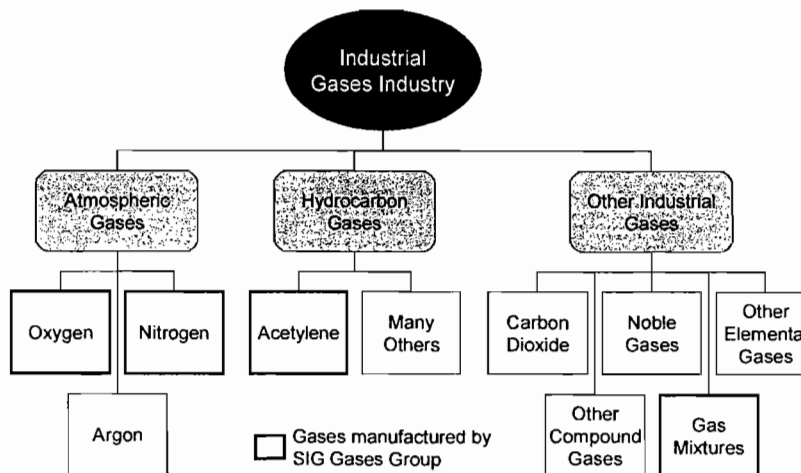
The following is a summary of an **Independent Assessment of the Industrial Gas Industry** in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of **SIG Gases Berhad** (herein together with its subsidiary companies will be referred to as “SIG Gases Group” or the “Group”) in relation to its proposed listing on the Main Market of Bursa Malaysia Securities Berhad.

SIG Gases Group’s principal business activities are in the manufacturing, refilling and distribution of industrial gases. The Group currently produces oxygen, nitrogen, gas mixtures and acetylene, which are captured under the wider umbrella of the Industrial Gas Industry. As a result, SIG Gases Group operates in the Industrial Gas Industry.

1 THE INDUSTRIAL GAS INDUSTRY IN MALAYSIA

1.1 Overview of the Industrial Gas Industry

- The Industrial Gas Industry in Malaysia may be segmented into the following categories:





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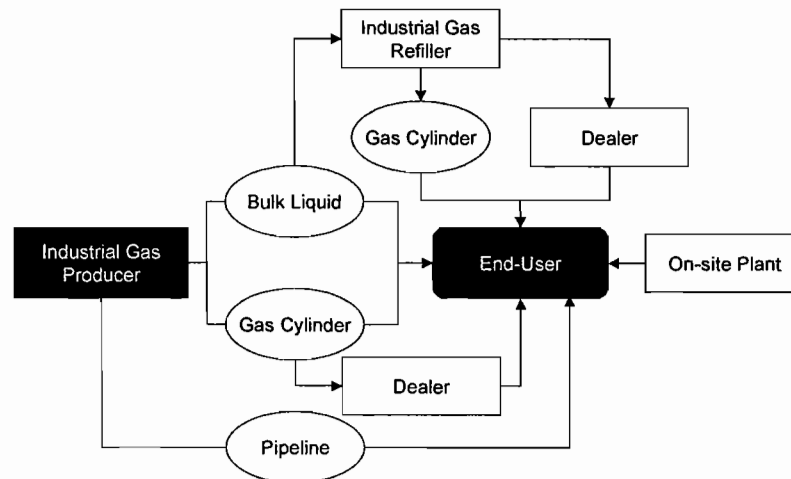
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- Industrial gases are manufactured on a commercial scale for use in various applications. Industrial gases may be produced through the following methods:
 - extraction from atmospheric air through a process of physical separation;
 - extraction from underground reservoirs and further processed;
 - chemical synthesis;
 - extraction of gas arising from decaying organic matters or biomass.
- Atmospheric gases are primarily produced on an industrial scale through the physical separation the various gases contained in the air. Types of gases most commonly manufactured using atmospheric air are nitrogen, oxygen and argon.
- Hydrocarbon gases are organic compounds that consist entirely of the elements carbon and hydrogen, and are in gaseous state under normal temperature and pressure. Hydrocarbon gases are normally produced by chemical synthesis or through the fractional distillation of crude oil and natural gas.
- Acetylene is classified as a hydrocarbon gas. Other examples of hydrocarbon gases include methane, ethane, ethene, propane, propene, butane, butene, hexane and heptane.
- Examples of other industrial gases include:
 - Noble gases such as helium, krypton, neon and xenon;
 - Other elemental gases such as hydrogen, chlorine and fluorine;
 - Compound gases such as ammonia, carbon monoxide, nitrous oxide and sulphur dioxide.
 - Gas mixtures, which are blends of two or more gases mixed in accordance with a user's specifications.
- There are six naturally occurring noble gases (helium, krypton, neon, xenon, argon and radon). One of the key characteristics of noble gases is that they have low chemical reactivity. They are also commonly referred to as inert gases.
- Elemental gases are gases that exist under normal temperature and pressure in their pure atomic state without combining with other elements. Elemental gases include atmospheric gases (oxygen, nitrogen, argon), halogens (hydrogen, fluorine, chlorine), noble gases (helium, krypton, neon, xenon) and others.
- Compound gases are gases that exist in its gaseous state under normal temperature and pressure comprising more than one chemical element. Carbon dioxide is an example of a compound gas.
- Carbon dioxide is normally produced by the combustion of substances containing carbon such as wood, petroleum or natural gas, as a by-product of fermentation or hydrogen production, or by chemical synthesis.
- Gas mixtures are two or more gases mixed according to specification.
- SIG Gases Group is engaged in the production of nitrogen, oxygen and acetylene. The Group is also a producer of gas mixtures. The Group is also engaged in refilling gas cylinders with argon and carbon dioxide.



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1.2 Industry Supply and Value Chain



- Producers of industrial gases normally use three methods to supply gases to its customers:
 - bulk liquid;
 - gas cylinder;
 - pipeline.
- Industrial gas producers may supply directly to end-users or to intermediaries like refillers and dealers.
- If a major end-user is located close to an industrial gas producer, a pipeline may be used to provide gases directly to the end-user.
- Industrial gas producers normally supply end-users and intermediaries that consume a large quantity of industrial gases in bulk liquid form. Bulk liquid gases are stored and transported in specialised cryogenic storage vessels and tankers. Liquid gases are either used directly or vaporisers are used to convert them into gas form.
- Industrial gas producers normally supply end-users and intermediaries that consume smaller quantities of industrial gases using refillable gas cylinders.
- Due to the highly flammable and unstable nature of acetylene, acetylene is not commonly transported or stored in bulk liquid form, and is not delivered to customers via direct pipeline. Acetylene is delivered to customers in refillable gas cylinders.
- In general, it is not common for industrial gas refillers to be engaged in refilling gas cylinders with acetylene, as acetylene is not commonly delivered in bulk liquid form. Acetylene producers may supply acetylene in gas cylinders to dealers.
- Some end-users utilise an on-site plant to produce industrial gases for their own consumption. The on-site plant may be owned and operated by the user, or by a third-party.

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**VITAL FACTOR CONSULTING**

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- SIG Gases Group is an industrial gas producer that operates its own Air Separation Unit (ASU), which is located at the Group's production facility in Senai, Johor. The Group currently uses its ASU to produce liquid nitrogen and liquid oxygen.
- The Group currently supplies nitrogen, oxygen, argon and carbon dioxide to users in bulk liquid form and in gas cylinders. The Group supplies directly to end-users as well as intermediaries like dealers and refillers.

2 THREAT OF SUBSTITUTE SERVICES

- In general, there are no practical substitutes for most types of industrial gases in most of their current applications. In many instances, a specific gas is required as part of a process or reaction, for which no other substance may be used as a substitute.
- Argon and nitrogen may be used as substitutes for one another in some applications, including:
 - Applications where an inert gas is required, such as in creating an inert environment to protect substances from coming into contact with oxygen and moisture in the chemical, pharmaceutical and food industry;
 - In cooling and freezing applications.
- There are currently a number of practical substitutes for metal cutting and welding using a flame produced by the combustion of acetylene and another gas (commonly oxygen). Alternative metal cutting methods include plasma cutting, laser beam cutting, and mechanical cutting. Alternative metal welding techniques include electric arc welding, resistance welding, and welding with flames produced by the combustion of other gases such as oxygen-hydrogen welding.
- However, metal cutting and welding using a flame produced by the combustion of acetylene and another gas are widely used by users in many industries, and is well established and understood. There are also a large number of welders who are trained in and familiar with the process. As a result, it is not likely that the method will be completely replaced by any of its current substitutes.

3 GOVERNMENT LEGISLATION, POLICIES AND INCENTIVES**3.1 Government Laws and Regulations****Manufacturing Licence**

- Application of a manufacturing licence under the Industrial Coordination Act, 1975 is required for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full-time employees (*Source: Malaysian Industrial Development Authority*).

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**VITAL FACTOR CONSULTING**

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- Southern Industrial Gas has obtained manufacturing licenses for the following products and activities:

Products/Activities	Start Date	Location
Carbon dioxide, acetylene, oxygen, argon and nitrogen	4 December 1996	PLO 137, Kawasan Perindustrian Senai III, 81400 Senai, Johor
Mixed gas	12 June 2001	
Liquid oxygen and liquid nitrogen	11 December 2003	
Mixed gas	26 August 2000	No. 17, Jalan BP 4/1, Bandar Bukit Puchong, 47100 Puchong, Selangor
Refilling of industrial gases such as oxygen, nitrogen, carbon dioxide and argon	31 October 2006	
Refilling of industrial gases such as oxygen, nitrogen, carbon dioxide and argon	31 October 2006	PT 1984 & 1985, Krubong Industrial Park, 75250 Krubong, Malacca
Refilling of industrial gases such as oxygen, nitrogen, carbon dioxide and argon	31 October 2006	No. 1, Jalan IM 14/8, Bandar Indera Mahkota, 25200 Kuantan
Refilling of industrial gases such as oxygen, nitrogen, carbon dioxide, argon and acetylene	4 July 2008	Lot 114 HS(D) 110941, PT 16767, Arab-Malaysian Industrial Park Nilai, Negeri Sembilan
Refilling of fuming gas	17 March 2009	
Refilling of industrial gases such as oxygen, nitrogen, carbon dioxide and argon	14 July 2008	PLO 235, Jalan Perindustrian Bukit Minyak 7, Kawasan Perindustrian Bukit Minyak 13, Seberang Prai, Pulau Pinang

Wholesaler's Poison Licence

- An organisation that is involved in importation, possession, manufacture, compounding, storage, transport, sale and use of poisons, is subjected to The Poisons Act 1952. The licence is granted to an individual person, and not to a company with a business address.
- The following persons employed by Southern Industrial Gas hold the following Wholesaler's Poison Licence (Type B License):

Item	Information
Address	PLO 137, Kawasan Perindustrian Senai III, 81400 Senai
License holder	Chong Joon Kiong
Licensing Officer	Director of Health, Johor
Valid Period	1 January 2010 to 31 December 2010
Approved Poison List	Ammonia

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)
VITAL FACTOR CONSULTING
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Item	Information
Address	17, Jalan BP 4/1, Bandar Bukit Puchong, 47100 Puchong
License holder	Foo Peng Boon
Licensing Officer	Director of Health, Selangor
Valid Period	1 January 2010 to 31 December 2010
Approved Poison List	Ammonia

3.2 Government Incentives

- The major government incentives for companies engaged in the manufacturing sector include:
 - Pioneer Status;
 - Investment Tax Allowance
 - Reinvestment Allowance
 - Tax Exemption on the Value of Increased Exports.
- Southern Industrial Gas is eligible for Reinvestment Allowance benefits, and is currently enjoying the incentive for a period of 15 years (from 2001 to 2015).

4 ENVIRONMENTAL REGULATIONS
4.1 Scheduled Waste

- During the normal course of its business operations at its Senai plant, SIG Gases Group generates the following waste that is classified as a Scheduled Waste under the Environmental Quality (Scheduled Waste) Regulations 2005:
 - SW 427, "Mineral sludge including calcium hydroxide sludge, phosphating sludge, calcium sulphite sludge and carbonates sludge".
- Southern Industrial Gas has appointed Premier Bleaching Earth Sdn Bhd, a company licensed by the Department of Environment under Section 11 of the Environmental Quality Act, 1974, to collect and transport the scheduled waste from its premises.

5 PAST PERFORMANCE, PROSPECTS AND OUTLOOK OF THE INDUSTRIAL GAS INDUSTRY IN MALAYSIA
5.1 Supply – Local Production

- This section shall discuss the performance of the industrial gas industry as a whole in Malaysia, and shall focus on the production of oxygen, nitrogen and acetylene, which constitute the main types of industrial gases currently produced by SIG Gases Group.

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- This section shall also discuss the production of argon and carbon dioxide, which are the main types of industrial gases sold by the Group as part of its industrial gas refilling business.

Manufacture of Industrial Gases, Whether Compressed, Liquefied or in Solid State

- Between 2005 and 2009, the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state increased at an average annual rate of 0.7%. In 2009, the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state declined by 27.7% to RM3.3 billion.
- However, the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state recorded quarter-on-quarter growth during most of 2009. Sales value for the second quarter of 2009 was 24.9% higher compared to the first quarter of 2009, and sales value for the third quarter of 2009 was 34.1% higher compared to the second quarter of 2009. However, in the fourth quarter of 2009, the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state declined slightly by 2.4% compared to the third quarter of 2009.

Manufacture of Oxygen

- Between 2005 and 2009, the sales value of the manufacture of oxygen increased at an average annual rate of 0.8%. In 2009, the sales value of the manufacture of oxygen declined by 37.1% to RM76.4 million.

Manufacture of Nitrogen

- Between 2005 and 2009, the sales value of the manufacture of nitrogen declined slightly at an average annual rate of 0.1%. In 2009, the sales value of the manufacture of nitrogen declined by 32.1% to RM156.1 million.

Manufacture of Argon

- Between 2005 and 2009, the sales value of the manufacture of argon declined at an average annual rate of 4.3%. In 2009, the sales value of the manufacture of argon declined by 32.2% to RM25.4 million.

Manufacture of Carbon Dioxide

- Between 2005 and 2009, the sales value of the manufacture of carbon dioxide declined at an average annual rate of 31.6%. In 2009, the sales value of the manufacture of carbon dioxide declined by 66.3% to RM5.0 million.

Manufacture of Acetylene

- Between 2004 and 2008, the sales value of the manufacture of acetylene increased at an average annual rate of 4.5%. In 2008, the sales value of the manufacture of acetylene increased by 14.8% to reach RM42.6 million.

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- According to the Department of Statistics, data on the sales value of the manufacture of acetylene in 2009 is not directly comparable with the sales value of the manufacture of acetylene in 2008 due to changes in sampling methodology. For 2009, the Department of Statistics covered only companies with 200 workers or more, whereas in previous years all companies were covered. As a result, many of the companies that were covered in 2008 were not covered in 2009. In 2009, the sales value of the manufacture of acetylene was RM17.1 million.

5.2 Supply – Imports

- With the exception of carbon dioxide, most of the industrial gases currently used in Malaysia are produced locally. As the table in Section 6.2 indicates, the sales value of domestically produced oxygen, nitrogen, argon and acetylene greatly exceed the import value of the corresponding industrial gas.

Imports of Carbon Dioxide

- Between 2005 and 2009, the import value of carbon dioxide increased at an average annual rate of 59.8% (albeit from a relatively low base of RM2.1 million in 2005). In 2009, the import value of carbon dioxide declined by 31.2% to RM13.7 million.
- In 2009, Thailand was the largest source of imports for carbon dioxide, accounting for 78.2% of total imports by value. Singapore and Germany were the second and third largest sources of imports, accounting for 13.0% and 4.0% of imports by value respectively. The other sources of imports for carbon dioxide in 2009 included Japan, Australia, Taiwan and other countries.

5.3 Demand – Exports

- With the exception of argon and carbon dioxide, a large proportion of the industrial gases currently produced in use in Malaysia are used locally. In many cases, the export value of these industrial gases represents only a small percentage of the sales value of domestic production for the corresponding industrial gas.

Exports of Argon

- Between 2005 and 2009, the export value of argon increased at an average annual rate of 21.1%. In 2009, the export value of argon declined by 30.6% to RM11.6 million.
- In 2009, Thailand was the largest export destination for argon, representing 50.3% of total exports by value. Singapore and Brunei were the second and third largest export destinations, accounting for 23.2% and 12.7% of exports by value respectively. The other export markets for argon in 2009 included Indonesia, Pakistan, Bangladesh, New Zealand, Australia and other countries.



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Exports of Carbon Dioxide

- Between 2005 and 2009, the export value of carbon dioxide increased at an average annual rate of 24.5%. In 2009, the export value of carbon dioxide declined by 47.4% to RM13.2 million.
- In 2009, Singapore was the largest export destination for carbon dioxide, representing 98.5% of total exports by value. Brunei and Indonesia were the second and third largest export destinations, accounting for 1.1% and 0.4% of exports by value respectively.

5.4 Supply Dependencies

- The main inputs used by SIG Gases Group in producing industrial gases are calcium carbide and electricity. The Group uses calcium carbide as a raw material to produce acetylene, while electricity is primarily used to operate the Group's Air Separation Unit to produce liquid nitrogen and liquid oxygen.

Manufacture of Calcium Carbide

- Most of the calcium carbide used in Malaysia is produced locally, and Malaysia is a net exporter of calcium carbide. In 2009, the import value of calcium carbide was only RM1.6 million, which is considerably smaller than the export value, which was RM40.5 million (Source: Department of Statistics).

Electricity Consumption

- Electricity consumption in Malaysia is summarized in the following table:

	Consumption by Units		Consumption by Value	
	Units (<i>'000 GWh</i>)	Growth Rate (%)	Value (<i>RM Million</i>)	Growth Rate (%)
2004	78.8		18,112	
2005	83.2	5.6	19,087	5.4
2006	86.6	4.1	20,941	9.7
2007	91.6	5.8	23,277	11.2
2008	95.2	3.9	26,216	12.6
1 st half 2009	45.0		13,877	

(Source: Ministry of Finance)

- Between 2004 and 2008, electricity consumption in Malaysia increased at an average annual rate of 4.8%. In 2008, electricity consumption grew by 3.9% in terms of units to reach 95,200 Gigawatt hours (GWh). During the first half of 2009, the electricity consumption in Malaysia amounted to 45,000 GWh.



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- Between 2004 and 2008, the value of electricity consumption in Malaysia increased at an average annual rate of 9.7%. In 2008, the value of electricity consumption grew by 12.6% to reach RM26.2 billion. During the first half of 2009, the electricity consumption in Malaysia by value amounted to RM13.9 billion.

Installed Capacity and Peak Demand for Electricity

- Installed generating capacity and peak demand for electricity in Malaysia are summarized in the following table:

	Accumulated Installed Capacity		Peak Demand*	
	(Megawatt)	Growth Rate (%)	(Megawatt)	Growth Rate (%)
2000	14,291		10,657	
2005	19,217	34.5	13,779	29.3
2010	25,258	31.4	20,087	45.8

* Peak demand is the maximum power demand registered by the system in a stated period of time.

Note: The above are accumulated installed capacity and peak demand of electricity from Tenaga Nasional Berhad, Sabah Electricity Sdn Bhd and Syarikat SESCO Berhad.

(Source: Ninth Malaysia Plan)

- Between 2000 and 2005, installed electricity generating capacity grew by 34.5% to reach 19,217 Megawatts (MW). In 2010, installed electricity generating capacity is expected to increase to 25,258 MW, which is 31.4% higher compared to 2005. This is equivalent to an average annual growth rate of 7.1%.
- Between 2000 and 2005, peak demand for electricity increased by 29.3% to reach 13,779 MW. In 2010, peak demand for electricity expected to increase by 45.8% compared to 2005 to reach 20,087 MW. This is equivalent to an average annual growth rate of 9.9%.
- Although peak demand for electricity is expected to grow at a slightly higher rate compared to installed electricity generating capacity, there is still a healthy cushion between planned installed capacity and expected peak demand. In 2010, installed electricity generating capacity is expected to be 25.7% higher than peak demand for electricity.

5.5 Demand Dependencies

- As industrial gases are widely used in various manufacturing processes, the following section will also cover the performance of the overall manufacturing industry to provide an overall indication of demand for the Industrial Gas Industry.
- Some of the main user industries in Malaysia for the products supplied by the Industrial Gas Industry includes:
 - Shipbuilding industry;


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- Iron and steel industry;
 - Machinery and equipment industry, comprising the manufacture of general purpose machinery and special purpose machinery;
 - Construction industry.
- As industrial gases are also widely used in various manufacturing processes, the following section will also cover the performance of the overall manufacturing industry to provide an overall indication of the growth in this sector.

The Overall Manufacturing Sector

- Between 2005 and 2009, the sales value of the overall manufacturing sector grew at an average annual rate of 0.3%. In 2009, the sales value of the overall manufacturing sector declined by 19.0% to RM469.5 billion.
- However, the overall manufacturing sector recorded quarter-on-quarter growth in sales value during the whole of 2009. The sales value of output for the second quarter of 2009 was 7.2% higher than the sales value of output for the first quarter of 2009, while the sales value of output for the third quarter of 2009 was 10.6% higher than the second quarter of 2009. The sales value of output for the fourth quarter of 2009 was 4.1% higher than the third quarter of 2009.

Building and Repairing of Ships

- Between 2003 and 2007 (the most recent year for which data is available), the value of gross output for the building and repairing of ships increased at an average annual rate of 12.4%. In 2007, the value of gross output for the building and repairing of ships increased by 37.2% to RM4.7 billion (based on 141 establishments).

Manufacture of Basic Iron and Steel Products

- Between 2005 and 2009, the sales value of the manufacture of basic iron and steel products declined at an average annual rate of 3.0%. In 2009, the sales value of manufacture of basic iron and steel products declined by 42.3% to RM16.4 billion.

Manufacture of General Purpose Machinery

- Between 2003 and 2007 (the most recent year for which data is available), the value of gross output for the manufacture of general purpose machinery increased at an average annual rate of 17.5%.
- In 2007, the value of gross output for the manufacture of general purpose machinery declined by 10.4% to RM11.9 billion (based on 492 establishments).

Manufacture of Special Purpose Machinery

- Between 2003 and 2007 (the most recent year for which data is available), the value of gross output for the manufacture of special purpose machinery increased at an average annual rate of 15.8%.



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- In 2007, the value of gross output for the manufacture of special purpose machinery increased by 22.9% to reach RM5.0 billion (based on 731 establishments).

GDP Contribution of the Construction Sector

- Between 2005 and 2009, the Gross Domestic Product (GDP) contribution of the construction sector (at current prices) grew at an average annual rate of 7.8%.
- In 2009, the GDP contribution of the construction sector (at current prices) increased by 8.1% to reach RM21.2 billion.

6 VULNERABILITY TO AND RELIANCE ON IMPORTS

6.1 Reliance on Imports

- In general, the Industrial Gas Industry is not reliant on imports for the supply of the main inputs used to produce industrial gases. The electricity used to operate Air Separation Units is generated locally, while most of the calcium carbide used to produce acetylene is produced locally.

6.2 Vulnerability to Imports

- In general, the Industrial Gas Industry is not vulnerable to competition from imports. With the exception of carbon dioxide, most of the industrial gases currently used in Malaysia are produced locally. As the table below indicates, in many cases the sales value of domestically produced industrial gas greatly exceeds the import value of the corresponding industrial gas in 2009.

Industrial Gas	Sales Value of Domestic Production (RM'000)	Import Value (RM'000)	Import Value as a Percentage of the Sales Value of Domestic Production (%)
Oxygen	76,373	6,002	7.9
Nitrogen	156,145	24,771	15.9
Argon	25,412	4,434	17.4
Carbon Dioxide	5,036	13,730	272.6
Acetylene	17,068 *	348	2.0

Note: * According to the Department of Statistics, the sampling methodology used to calculate sales value of domestic production in 2009 changed. For 2009, the Department of Statistics covered only companies with 200 workers or more, whereas in previous years all companies were covered. As a result, many of the companies that were covered in 2008 were not covered in 2009.

(Source: Department of Statistics)



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- Although the import value of carbon dioxide in 2009 exceeded the sales value of domestic production, the industry is generally not vulnerable to imports, as a relatively large quantity of carbon dioxide is exported from Malaysia. In 2009, the export value of carbon dioxide was RM13.2 million, which was close to the value of both locally produced and imported carbon dioxide.

7 COMPETITIVE ANALYSIS

7.1 Nature of Competition in the Industry

- In general, operators in the Industrial Gas Industry face normal competitive conditions, which is similar to a free enterprise environment characterised by the following:
 - There are no undue government regulations or licensing requirements;
 - There are a relatively large number of 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.

7.2 Factors of Competition

- As with most free enterprise environments, competition amongst operators in the Industrial Gas Industry is based on a number of factors, including:
 - In-house industrial gas production;
 - Product quality;
 - Established reputation and track record;
 - Network of gas refilling facilities.

7.3 Impact of Factors of Competition on SIG Gases Group

In-house Industrial Gas Production

- The capability to produce industrial gases in-house is a key factor of competition. Operators with in-house gas production facilities can exercise a high degree of control over the quality of the industrial gases that they produce. The operator is also likely to enjoy more flexibility in terms of pricing as they are less dependent on industrial gases purchased from third parties.
- SIG Gases Group operates an Air Separation Unit to produce liquid nitrogen and liquid oxygen at its main manufacturing facility in Senai, Johor. The Group also produces acetylene at the same facility.



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Product Quality

- Product quality is an important factor of competition in the Industrial Gas Industry as industrial gases are commonly used in industrial processes. As a result, users normally do not tolerate the presence of impurities and deviations from their specifications.
- The Group has the capability to produce high-purity liquid nitrogen and liquid oxygen:
 - The Group normally produces liquid nitrogen that is 99.999% pure.
 - The Group normally produces liquid oxygen that is 99.6% pure, and can produce liquid oxygen that is 99.9% pure to meet more stringent customer specifications.
- SIG Gases Group's subsidiary, Southern Industrial Gas, obtained ISO 9001:2000 quality management system certification in the scope of "Production of liquid nitrogen and oxygen" and "Trading of liquid nitrogen, oxygen and argon for applications in steel, electronics, medical, construction, shipbuilding and food processing" from SIRIM QAS International Sdn Bhd in 2004. In 2009, this was updated to ISO 9001:2008 quality management system certification for the same scope of work.

Established Reputation and Track Record

- Users are more likely to purchase industrial gases from operators that have an established reputation and track record of supplying high quality industrial gases.
- SIG Gases Group has an established reputation and track record that dates back to 1997. When it was first established, the Group was initially engaged in producing acetylene and refilling industrial gas cylinders. The Group began producing liquid oxygen and liquid nitrogen in 2003.

Network of Gas Refilling Facilities

- It is normally uneconomical to ship large numbers of filled gas cylinders over long distances, and to collect the empty gas cylinders for refilling.
- As a result, operators who wish to cover a wide geographic market will need to establish a network of gas refilling facilities. With a gas refilling facility, an operator will be able to transport large quantities of industrial gases in bulk liquid form to the facility, where the gases are converted into gas form and used to refill gas cylinders.
- SIG Gases Group operates a network of gas refilling facilities distributed throughout Peninsular Malaysia. The Group's gas refilling facilities are at positioned at the following strategic locations close to major industrial centres.

7.4 Competitive Intensity

- The overall level of competition among operators in the Industrial Gas Industry in Malaysia is moderate.



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- In general, operators in the Industrial Gas Industry that have the capability to produce industrial gases in-house, such as SIG Gases Group, compete primarily with the relatively small number of operators that also have the capability to produce industrial gases in-house.
- As at May 2010, there were nine industrial gas producers in Malaysia (including SIG Gases Group) that operate Air Separation Units and produce atmospheric gases such as nitrogen and oxygen.
- Competition from industrial gas refillers and industrial gas dealers is moderated by the fact that these operators have to purchase their industrial gases from Malaysian producers or have to import their industrial gases, and are therefore at a disadvantage, particularly in terms of pricing.

8 OPERATORS IN THE INDUSTRIAL GAS INDUSTRY

- Listed below are all of the industrial gas producers in Malaysia that operate Air Separation Units and produce atmospheric gases such as nitrogen and oxygen (listed in alphabetical order):
 - Air Products Malaysia Sdn Bhd;
 - B.I.G. Industries Berhad;
 - Eastern Oxygen Industries Sdn Bhd;
 - Gas Pantai Timur Sdn Bhd;
 - Malaysian Oxygen (MOX) Group;
 - Piasau Gas Sdn Bhd;
 - Sabah Oxygen Sdn Bhd;
 - Secomex Manufacturing (M) Sdn Bhd;
 - **SIG Gases Group.**

(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)

- Listed below are some of the major producers of Acetylene in Malaysia (listed in alphabetical order):
 - Air Products Malaysia Sdn Bhd;
 - Bee Hua Industrial Gases Sdn Bhd;
 - B.I.G. Industries Sdn Bhd;
 - Eastern Oxygen Industries Sdn Bhd;
 - Gas Pantai Timur Sdn Bhd;
 - Magnalium Sdn Bhd;
 - MCB Industries Sdn Bhd;
 - Malaysian Oxygen (MOX) group;
 - Piasau Gas Sdn Bhd;
 - Polygas Sdn Bhd;
 - Sabah Oxygen Sdn Bhd;
 - **SIG Gases Group.**

Note: The list above is not an exhaustive list of the producers of acetylene in Malaysia.

(Source: Primary Market Research undertaken by Vital Factor Consulting Sdn Bhd)



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9 BARRIERS TO ENTRY

- The barriers to entry faced by a new entrant wishing to produce liquid oxygen and liquid nitrogen are **high**.

9.1 Capital and Set-up Costs

- The capital and set-up costs associated with establishing a new industrial gas production plant equipped with an Air Separation Unit will constitute a **high** barrier to entry for a new entrant.
- The capital and set-up cost to establish an entry-level industrial gas production plant equipped with an Air Separation Unit is estimated at RM40 million. This will comprise the following:
 - Air Separation Unit;
 - Cryogenic storage tanks;
 - 4 Cryogenic tankers for transportation;
 - Gas cylinder refilling station;
 - 20,000 gas cylinders
- In addition, it is estimated that working capital of RM10 million is required to finance day-to-day operations, trade debtors, gas cylinders in transit and for other miscellaneous expenses.
- It is estimated that this entry-level industrial gas producer will be able to generate revenue of approximately RM20 million per year.

9.2 Establishing a Distribution Network

- The requirement to establish a distribution network comprising facilities to refill gas cylinders will create a barrier to entry for new entrants into the Industrial Gas Industry.
- Facilities to refill gas cylinders are necessary due to the high cost of transporting industrial gas cylinders over long distances. Not only are filled gas cylinders transported to the client, but empty gas cylinders must also be transported back to the industrial gas producer for refilling.
- It is more economical for an industrial gas producer to transport industrial gases in bulk liquid form to a refilling facility, where it is converted into gas and used to refill gas cylinders.
- As a result, an industrial gas producer that does not have facilities to refill industrial gas cylinders will be restricted to serving customers that are located close to the industrial gas plant.
- A new entrant will require time and resources to establish a network of refilling facilities, which are crucial if it wishes to serve new customers and expand its market. This creates a **moderate** barrier to entry.

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)


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9.3 Safety

- The need to establish and maintain stringent safety procedures creates a barrier to entry for new entrants. This is particularly true for new entrants who intend to manufacture acetylene, as acetylene is a highly flammable gas that requires special packaging and handling procedures to be transported and stored safely.
- The new entrant will also require technicians and workers who have experience in handling acetylene.
- It is likely that a new entrant will require time and resources to establish and maintain the required safety procedures, particularly for new entrants who intend to manufacture acetylene. This creates a **moderate** barrier to entry.

9.4 Technical Skills

- In general, technical skills are required to efficiently and safely operate an industrial gas production facility equipped with an Air Separation Unit. Some of the key personnel required include the following:
 - Professional chemical engineers and qualified technicians to carry out chemical analysis on the industrial gases produced.
 - Professional mechanical engineers and qualified technicians to keep the Air Separation Unit in good working order.
- A higher level of skill and experience is required if the new entrant intends to produce more specialised industrial gas products such as gas mixtures. Gas mixtures consist of two or more gases that are mixed together in a specified proportion.
- The proportion of gases mixed must be tightly controlled, as gas mixtures are often used in specialised applications. Gas mixtures that fail to meet the client's specifications are commonly discarded, as they cannot be used for other applications. This results in monetary losses.
- Having access to a pool of professional engineers and technicians that have the necessary qualifications and experience would create some barrier to entry for new entrants.

10 BARRIERS TO EXIT

- The barriers to exit from the Industrial Gas Industry for an operator that owns an Air Separation Unit and/or acetylene production plant are **high**.
- Most of the plant and machinery used by industrial gas producers, particularly the Air Separation Unit and machinery and equipment used to produce acetylene, are highly specialised and cannot be modified to fulfil other functions.


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11 INDUSTRY OUTLOOK

- There are strong indications that economic conditions in Malaysia are improving from the negative effects of the global financial crisis that began in mid-2007. The near term outlook, particularly for 2010, is likely to be more positive than 2009.
- 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*).
- 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*).
- There are also indications of improvement in the manufacturing sector in general and the Industrial Gases Industry in particular:
 - While the sales value of the output of the overall manufacturing sector for the first, second, third and fourth quarters of 2009 were lower than the corresponding quarters in 2008, there are some indications that the performance of the overall manufacturing sector may be improving. The sales value of output for the second quarter of 2009 was 7.2% higher than the sales value of output for the first quarter of 2009, while the sales value of output for the third quarter of 2009 was 10.6% higher than the second quarter of 2009. The sales value of output for the fourth quarter of 2009 was 4.1% higher than the third quarter of 2009 (*Source: Department of Statistics*).
 - Similarly, while the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state for the first, second and third quarters of 2009 were lower than the corresponding quarters of 2008, the sales value for the second quarter of 2009 was 24.9% higher compared to the first quarter of 2009, and sales value for the third quarter of 2009 was 34.1% higher compared to the second quarter of 2009. However, in the fourth quarter of 2009, the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state declined slightly by 2.4% compared to the third quarter of 2009 (*Source: Department of Statistics*).
- The relatively strong quarter on quarter increases in the sales value of the manufacture of industrial gases, whether compressed, liquefied or in solid state reported in the first three quarters of 2009 indicates that demand for industrial gases is recovering in line with the improvement seen in the overall manufacturing sector. Moving forward, this is a positive development for the outlook of the Industrial Gases Industry.



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12 DRIVERS OF GROWTH

- Some of the drivers of growth for operators in the Industrial Gas Industry include:
 - **Continuing demand from user industries** such as the shipbuilding, iron and steel, machinery and equipment, building and construction, oil and gas and other industries will help sustain demand for industrial gases. In general, the diversified nature of the Industrial Gas Industry in terms of the wide range of user industries served, helps to mitigate against a slowdown in any individual user industry. Any negative impact on one user industry may be balanced by growth in other user industries.
 - **Social-economic growth** as evidenced by increasing real GDP will generally boost demand for manufactured goods. This in turn will boost manufacturing activities, which will increase the demand for industrial gases.
 - **Malaysian Government assistance and support** would also help to promote and encourage growth and business activities as evidenced by the first RM7 billion stimulus package announced in November 2008, and the second RM60 billion stimulus package announced in March 2009, which are designed to counter or minimise the impact of the global financial crisis.

13 THREATS AND RISK ANALYSIS

13.1 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 and global economy will impact on business and manufacturing activities, including the Industrial Gas 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, some of which include housing projects, road and health infrastructure, transport system, high technology sectors, training to promote business activities and help minimise the impact of the global financial crisis. 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.



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14 AREAS OF GROWTH AND OPPORTUNITIES

14.1 Recovery of the Overall Manufacturing Sector

- The recovery of the overall manufacturing sector in Malaysia should continue to create demand for operators in the Industrial Gas Industry.
- Although the sales value of the output of the overall manufacturing sector for the first, second, third and fourth quarters of 2009 were lower than the corresponding quarters in 2008, there are some indications that the performance of the overall manufacturing sector may be improving. The sales value of output for the second quarter of 2009 was 7.2% higher than the sales value of output for the first quarter of 2009, while the sales value of output for the third quarter of 2009 was 10.6% higher than the second quarter of 2009. The sales value of output for the fourth quarter of 2009 was 4.1% higher than the third quarter of 2009 (*Source: Department of Statistics*). This may indicate that the performance of the overall manufacturing sector is recovering.

14.2 Diversification into Other User Industries

- Operators in the Industrial Gas Industry generally have the opportunity to diversify their customer base by targeting users in industries that they do not already serve. This is because there are generally a large number of uses and user industries for most industrial gases.
- For example, an operator that produces oxygen exclusively for customers in the healthcare industry can easily diversify into the construction industry, and machinery and equipment manufacturing industry, where oxygen is widely used in oxy-acetylene metal cutting and welding.

14.3 Development of the Export Market

- Most of the industrial gases produced in Malaysia are currently used locally. As a result, there are opportunities for operators to grow their business by exploring the export market, particularly for bulk liquid gases.

15 CRITICAL SUCCESS FACTORS

- The critical success factors for operators in the Industrial Gas Industry include:
 - **Product Quality:** Product quality is a critical success factor as industrial gases are commonly used in industrial processes where users do not tolerate the presence of impurities or deviations from their specifications.
 - **Established Track Record:** The possession of an established track record for consistency, service and product quality is a key advantage in securing orders.



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- **Safety:** Maintaining stringent safety procedures is a critical success factor, particularly for operators that produce potentially hazardous industrial gases such as acetylene. Operators that follow stringent safety procedures can minimise or eliminate the risk of potentially serious accidents.
- **Distribution Network:** Operators in the Industrial Gas Industry that wish to serve a geographically diverse customer base need to establish a distribution network incorporating industrial gas cylinder refilling facilities. This is necessary due to the high cost of transporting industrial gas cylinders over long distances.
- **Diversity in User Industries:** Operators in the Industrial Gas Industry with the capability to produce industrial gases that are suitable for use in a diverse range of applications and user industries are more likely to be in a stronger position to ensure business sustainability.
- **Financial Stability:** Operators who are in a healthy financial position are more likely to retain and attract new customers. Potential customers would emphasise financial stability as a key criterion in the evaluation of a prospective supplier of industrial gases as they would not want any disruption in the supply of industrial gases.

16 ESTIMATED MARKET SIZE, SHARE AND RANKING

16.1 Market Size Based on Domestic Production

Oxygen

- In 2009, the market size for oxygen in Malaysia based on the sales value of domestic production was **RM76.4 million** (Source: Department of Statistics).

Nitrogen

- In 2009, the market size for nitrogen in Malaysia based on the sales value of domestic production was **RM156.1 million** (Source: Department of Statistics).

16.2 Market Size Based on Apparent Consumption

Oxygen

- In 2009, the market size for oxygen in Malaysia based on apparent consumption was **RM81 million** (Source: Vital Factor Consulting Sdn Bhd).

Nitrogen

- In 2009, the market size for nitrogen in Malaysia based on apparent consumption was estimated at **RM180 million** (Source: Vital Factor Consulting Sdn Bhd).



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16.3 Market Share Based on Domestic Production

Market Share for Oxygen

- In 2009, SIG Gases Group's market share for oxygen based on local production was estimated at **13%** (Source: Vital Factor Consulting Sdn Bhd).

Market Share for Nitrogen

- In 2009, SIG Gases Group's market share for nitrogen based on local production was estimated at **2%** (Source: Vital Factor Consulting Sdn Bhd).

16.4 Market Share Based on Apparent Consumption

Market Share for Oxygen

- In 2009, SIG Gases Group's market share for oxygen based on apparent consumption was estimated at **12%** (Source: Vital Factor Consulting Sdn Bhd).

Market Share for Nitrogen

- In 2009, SIG Gases Group's market share for nitrogen based on apparent consumption was estimated at **2%** (Source: Vital Factor Consulting Sdn Bhd).

16.5 Market Ranking Based on Revenue

- In 2009, SIG Gases Group ranked **fifth** (based on total revenue) among industrial gas producers in Malaysia that operate ASU and produce atmospheric gases such as nitrogen and oxygen (Source: Vital Factor Consulting Sdn Bhd).

Note: The market ranking based on total revenue is only indicative of the overall financial size of companies that operate ASU and produce atmospheric gases such as nitrogen and oxygen. As such, the ranking is only indicative of the overall financial size of the companies under consideration.

- In 2009, SIG Gases Group ranked **fifth** (based on total revenue) among producers of acetylene in Malaysia (Source: Vital Factor Consulting Sdn Bhd).

Note: The market ranking based on total revenue is only indicative of the overall financial size of companies that produce acetylene. As such, the ranking is only indicative of the overall financial size of the companies under consideration.



VITAL FACTOR CONSULTING
Creating Winning Business Solutions

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 assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan
Managing Director

11. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)

SIG SIG GASES BERHAD
(Company No. 875083-W)

PLO 137, Kawasan Perindustrian Senai III, 81400 Senai, Johor. Tel: 07-598 3863 (5 Lines) Fax: 07-598 3869 Email: sig@sig.net.my

16 JUL 2010

The Shareholders of
SIG Gases Berhad
Suite 1301, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor

Dear Sir/Madam

On behalf of the Board of Directors of SIG Gases Berhad ("**SIG Gases** or "**Company**"), I wish to report after due enquiry by the Board of Directors of SIG Gases, that between the period from 30 April 2010 (being the date to which the last audited financial statements of SIG Gases and its subsidiaries ("**Group**") have been made up) to the date of this letter (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 the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities by reason of any guarantee or indemnity given by the Company 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 the Company or any of its subsidiaries; and
- (f) save as disclosed in 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
SIG GASES BERHAD



PEH LAM HOH
Executive Chairman

12. ESOS BY-LAWS*(Prepared for inclusion in the Prospectus)***APPENDIX I****DRAFT BY-LAWS OF THE PROPOSED NEW ESOS**

The draft By-Laws of the Proposed New ESOS are set out below:

1. DEFINITIONS AND INTERPRETATIONS

1.1 In this Scheme, the words herein shall bear the following meanings namely:

“Act”	: Companies Act 1965 and any amendments made to it from time to time
“Board”	: The Board of Directors of the Company
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (165570-W)
“Bursa Securities”	: Bursa Malaysia Securities Berhad (635998-W)
“By-Laws”	: The terms and conditions of the Scheme as amended from time to time
“CDS Account”	: A Central Depository System account opened with the Bursa Depository for the recording of dealings in securities by a depositor
“Date of Allocation”	A date to be determined by the Option Committee to be the date on which an employee is deemed eligible to participate in the Scheme
“Date of Offer”	: The date on which an Offer (including subsequent offers) is made by the Option Committee in writing to any Eligible Employee to participate in the Scheme
“Directors”	: All Executive Directors, non-executive directors, independent or non-independent directors of the Eligible Companies
“Eligible Companies”	: The Company and its Eligible Subsidiaries
“Eligible Employees”	: Persons eligible to be granted options under the Scheme being those satisfying the conditions stipulated in By-Law 3
“Eligible Subsidiaries”	: Subsidiaries within the Group which are eligible to participate in the Scheme as determined by the Option Committee but excluding the subsidiaries which are dormant
“Executive Director”	: Any executive director involved in the day-to-day management and on the payroll of Eligible Companies
“Grantee”	: A Selected Employee who has accepted the Offer by the Option Committee in accordance with the provisions of By-Law 6
“Company”	: SIG Gases Berhad (Company No.875083 - W)
“Group”	: SIG Gases Berhad and its subsidiaries as defined in Section 5 of the Act
“Listing Requirements”	: Main Market Listing Requirements of Bursa Malaysia Securities Berhad

12. ESOS BY-LAWS (Cont'd)

- “Market Day”** : Any day between Monday to Friday (inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
- “Maximum Allowable Allocation”** : The maximum number of new Shares that can be offered and allotted to a Selected Employee to be determined by the Option Committee in accordance with the provisions of By-Law 4
- “Notice of Allotment”** : A notice confirming the allotment of Shares to the Grantee in accordance with By-Law 9.6 hereof
- “Offer”** : An offer made in writing by the Option Committee in accordance with the provisions or in the manner indicated in By-Law 5 to an Eligible Employee
- “Options”** : The right of a Grantee to subscribe for Shares pursuant to the contract constituted by acceptance in the manner indicated in By-Law 6 of any Offer made in accordance with the terms of the Scheme and where the context so requires, means any part of the Options as shall remain unexercised
- “Option Committee”** : The committee appointed by the Board to administer the Scheme
- “Option Period”** : A period commencing from the Date of Offer by the Option Committee to a Selected Employee pursuant to By-Law 5 hereof until the expiry date and/or termination of the Scheme or such date as may be specifically stated in such Offer for an Eligible Employee to exercise the Options PROVIDED THAT no Option Period shall extend beyond the duration of the Scheme referred to in By-Law 20 hereof
- “Scheme”** : The scheme for the grant of Options to Eligible Employees to subscribe for new Shares in the Company in accordance with these By-Laws and such Scheme to be known as “SIG Gases Berhad Employees’ Share Option Scheme”
- “Selected Employee”** : An Eligible Employee who has been selected by the Option Committee and to whom an Offer has been made by the Option Committee in accordance with the terms of the Scheme
- “Shares” or “SIG Gases Berhad’s Shares”** : Ordinary shares of par value of RM0.50 each in the capital of the Company
- “Subscription Price”** : The price at which the Grantee shall be entitled to subscribe for new Shares as set out in By-Law 7

In these By-Laws:

- (i) Words denoting the masculine gender shall include the feminine gender and vice-versa, and the singular includes the plural and vice-versa.
- (ii) The headings in these By-Laws are for convenience only and shall not be taken into account in the interpretation of these By-Laws.
- (iii) Any liberty or power which may be exercised or any determination which may be made hereunder by the Option Committee may be exercised at the Option Committee’s discretion.

12. ESOS BY-LAWS (Cont'd)

2. MAXIMUM NUMBER OF NEW SHARES AVAILABLE UNDER THE SCHEME

- 2.1 The maximum number of new Shares to be offered and allotted under the Scheme shall not exceed in aggregate 15 percent (%) of the issued and paid-up share capital of the Company at any point of time or any limit prescribed by any guidelines, rules and regulations of the relevant authorities during the duration of the Scheme as referred to in By-Law 20. The Company will within the duration of the Scheme keep available sufficient unissued Shares in the capital of the Company to satisfy all outstanding Options.
- 2.2 Notwithstanding the provisions of By-Law 2.1 or any other provision herein contained, in the event the maximum number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate of 15 percent (%) of the issued and paid-up share capital of the Company as a result of the Company purchasing its own Shares in accordance with the provisions of Section 67A of the Act and thereby diminishing its issued and paid-up capital, then such Options granted prior to the adjustment of the issued and paid-up capital of the Company shall remain valid and exercisable in accordance with the provisions of the Scheme.

3. ELIGIBILITY

- 3.1 To qualify for selection for participation in the Scheme, any employee (including Directors) of an Eligible Company as at the Date of Allocation:
- (a) is a person who has attained eighteen (18) years of age;
 - (b) must have been confirmed in service and have served at least six (6) months in the employment of the Eligible Company (unless the Option Committee under certain circumstances and at its sole discretion reduces the period of six (6) months to a lesser period as it deems fit);
 - (c) where the employee is under an employment contract, the contract is for a duration of at least one (1) year; and
 - (d) must have complied with any other criteria imposed by the Option Committee from time to time;
- 3.2 For avoidance of doubt, Eligible Employees and Directors who are employed by or on the payroll of Eligible Subsidiaries of the Company are also eligible to participate in the Scheme provided they fulfil the abovementioned selection criteria.
- 3.3 Subject to the provisions of By-Law 23, no Eligible Employee shall participate at any time in more than one (1) employees' share option scheme implemented by any company within the Group for the duration of the Scheme.
- 3.4 Eligibility, however, does not confer on an Eligible Employee a claim or right to an Offer under the Scheme unless the Offer has been made in writing by the Option Committee to the Eligible Employee under By-Law 5.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOCATION OF SHARES

- 4.1 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the Option Committee shall be entitled at its absolute discretion to determine the number of new Shares to be comprised in an Offer made to the Selected Employees under the Scheme, but the Option Committee shall not be obliged in any way to offer a Selected Employee an Option for all the specified maximum number of Shares.
- 4.2 Subject to By-Law 4.3 and any adjustment which may be made under By-Law 14, the number of new Shares that may be offered and allotted to any Selected Employee under the Scheme shall be at the absolute discretion of the Option Committee after taking into consideration the performance, seniority and length of service of the Selected Employee in the Eligible Company.
- 4.3 Not more than fifty percent (50%) of the Shares available under the Scheme would be allocated in aggregate, to the Directors and Senior Management. In addition, not more than

12. ESOS BY-LAWS (Cont'd)

ten percent (10%) of the Shares available under the Scheme shall be allocated to any Director or employee, who singly or collectively through persons connected with such Director or employee, holds twenty percent (20%) or more of the issued and paid-up share capital of the Company. The term "Senior Management" shall be subject to criteria to be determined by the Option Committee that may change from time to time.

- 4.4 A Grantee who is promoted during the tenure of the Scheme may be eligible for consideration of new additional Shares under the Scheme at the discretion of the Option Committee up to the Maximum Allowable Allocation to be determined by the Option Committee for the category to which he has been promoted to. A Grantee who is demoted to a lower employment category for whatever reason shall only be entitled to the allocation of that lower category unless an Offer has been made and accepted by him before such demotion.
- 4.5 An employee or Director who during the tenure of the Scheme becomes an Eligible Employee may be eligible to participate in the Scheme, the number of new Shares of which is to be decided by the Option Committee at its absolute discretion subject to any Maximum Allowable Allocation for the category to be determined by the Option Committee. Any Selected Employee holding more than one (1) position in the Eligible Companies and thereby falling within more than one (1) category of Selected Employees in the Eligible Companies shall only be entitled to the Maximum Allowable Allocation of the higher category.
- 4.6 The allotment of Shares arising from By-Law 4.4 above shall be made from the balance of new Shares available under the Scheme including those from Offers and Options which have lapsed or terminated.

5. OFFER

- 5.1 The Option Committee may at its absolute discretion at any time and from time to time as it shall deem fit make an Offer to any Selected Employee, whom the Option Committee may in its absolute discretion select, to subscribe for new Shares, in accordance with the terms of the Scheme. Nothing herein shall prevent the Option Committee from making more than one (1) Offer to any Selected Employee.
- 5.2 The actual number of new Shares which may be offered to a Selected Employee shall be at the absolute discretion of the Option Committee and shall not be less than one hundred (100) new Shares but no more than the Maximum Allowable Allocation. Such Offer is personal to the Selected Employee and is non-assignable and non-transferable.
- 5.3 No Option will be granted to any Director of the Company or to any Eligible Employee who is a person connected with any Director unless the specific grant of Options to the Director or to any Eligible Employee who is a person connected with such Director shall have previously been approved by the shareholders of the Company in a general meeting. Every Director shall only be allotted Shares in respect of only one (1) Eligible Company irrespective of their sitting on more than one (1) board.
- 5.4 The Option Committee will in its offer letter ("Offer Letter") to a Selected Employee state, *inter alia*, the number of Shares that can be subscribed under the Offer, the Subscription Price determined in accordance with the provisions of By-Law 7 and the closing date for acceptance of the Offer. The Offer shall automatically lapse and thereafter be rendered null and void in the event of the death of the Selected Employee or the Selected Employee ceasing to be employed by an Eligible Company for any reason whatsoever prior to the acceptance of the Offer by the Selected Employee in the manner set out in By-Law 6 hereof.
- 5.5 Nothing herein shall prevent the Option Committee from making more than one (1) Offer during the duration of the Scheme to each Selected Employee after the first Offer was made provided always the aggregate Options offered to each Selected Employee (including Options already offered under previous Offers, if any) shall not exceed the Maximum Allowable Allocation of such Selected Employee.
- 5.6 The Company shall keep and maintain at its expense a register of Grantees and shall enter in that register the names and addresses of the Grantees, the Maximum Allowable Allocation, the number of Options offered, the number of Options exercised, the Date of Offer and the Subscription Price.

12. ESOS BY-LAWS (Cont'd)

6. ACCEPTANCE OF OFFER

- 6.1 An Offer made under By-Law 5 shall be valid for a period of forty-five (45) days from the Date of Offer and may be accepted within this prescribed period by the Selected Employee by written notice to the Option Committee of such acceptance, accompanied by a payment to the Company of a nominal non-refundable sum of Ringgit Malaysia One (RM1.00) as consideration for the grant of the Option.
- 6.2 If the Offer is not accepted in the manner aforesaid, such Offer shall, upon the expiry of the aforesaid period, automatically lapse and thereafter be null and void and of no further effect.
- 6.3 Within thirty (30) days of the date of acceptance of an Offer, the Option Committee shall issue to each of the Grantees, a certificate ("Option Certificate") in such form as may be determined by the Option Committee, for all valid acceptances of the Offer in accordance with the provisions of this By-Law.

7. SUBSCRIPTION PRICE

Subject to any adjustments in accordance with By-Law 14 hereof, the price at which a Grantee is entitled to subscribe for each new SIG Gases Berhad's Share shall be determined by the Option Committee in a fair and equitable manner at:

- (i) a discount to the five (5)-day weighted average market price of SIG Gases Berhad's Shares immediately preceding the Date of Offer of the Options, provided that the discount shall not exceed ten percent (10%); or
- (ii) par value of SIG Gases Berhad's Shares,
- whichever is the higher.

8. NON-ASSIGNABLE

An Option is personal to the Grantee. Save and except as provided in By-Law 18.4, an Option shall be non-assignable and non-transferable.

9. EXERCISE OF OPTION

- 9.1 An Option granted to a Grantee under the Scheme, subject to the provisions of By-Law 18, is exercisable only by the Grantee during his lifetime and whilst he is in the employment of the Group and within the Option Period.
- 9.2 Upon an acceptance of an Offer, the Grantee may during the Option Period exercise his Options in full or in part on such time and working days as the Option Committee may from time to time notify the Grantee. The Option Committee may pursuant to By-Law 16 hereof, at any time and time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of new SIG Gases Berhad's Shares and/or such percentage of total new SIG Gases Berhad's Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the Option Committee in its sole discretion including amending or varying any terms and conditions imposed earlier.
- 9.3 Any partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance of the Shares of his entitlement under the Scheme (if any) prior to the expiry of the Grantee's employment contract or prior to the expiry of the Option Period, whichever is the earlier. When an Option is exercised only in part, a new Option certificate for the balance of the Options not exercised shall be issued accordingly by the Option Committee to the Grantee within thirty (30) Market Days after receipt by the Company of notice of the partial exercise together with the requisite remittance as required by By-Law 9.5.

12. ESOS BY-LAWS (Cont'd)

- 9.4 The Grantee shall notify the Company in writing of his intention to exercise an Option in such form as the Option Committee may prescribe or approve ("Notice of Exercise"). An Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) new Shares.
- 9.5 Every Notice of the Exercise shall state the number of new Shares the Grantee intends to subscribe and be accompanied with the remittance for the full amount of the subscription monies payable in respect thereof and the Option Certificate which is the prima facie proof of a Grantee's entitlement to the Options set out therein.
- 9.6 The Grantee shall state his CDS Account number in the Notice of Exercise and the Company shall within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee or such other period as may be prescribed by Bursa Securities:
- (i) allot and/or issue the relevant number of Shares to the Grantee;
 - (ii) deliver a notice of allotment to the Grantee; and
 - (iii) make an application for the quotation of such number of Shares.
- No share certificates will be delivered to the Grantee.
- 9.7 Any failure to comply with the foregoing provisions and/or to state the CDS Account number in the Notice of Exercise or inaccuracy in the CDS Account number shall result in the Notice of Exercise being rejected. The Option Committee shall inform the Grantee of the rejection by notice in writing within fourteen (14) days from the date of rejection and the Grantee shall then be deemed not to have exercised his Options.
- 9.8 Notwithstanding anything to the contrary herein contained in these By-Laws, the Option Committee shall have the right in its absolute discretion by notice in writing to that effect:
- (i) to suspend the right of any Grantee who is found to have contravened the written policies and guidelines of the Group (whether or not such contravention may give rise to a disciplinary proceeding being instituted) to exercise his Option. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the contravention PROVIDED ALWAYS that in the event such contravention would result in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; or
 - (ii) to suspend the right of any Grantee who is being subjected to disciplinary proceedings (whether or not such disciplinary proceedings may give rise to a dismissal or termination of service of such Grantee) to exercise his Option pending the outcome of such disciplinary proceedings. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its absolute discretion, on the right of exercise of the Option having regard to the nature of the charges made or brought against such Grantee PROVIDED ALWAYS that:
 - (a) in the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the right of such Grantee to exercise his Option; or
 - (b) in the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice and become null and void, upon the pronouncement of such dismissal or termination of service of such Grantee; or
 - (c) in the event such Grantee is found guilty but is not dismissed or termination of service is not recommended, the Option Committee shall have the right to determine in its absolute discretion whether or not the Grantee may continue

12. ESOS BY-LAWS (Cont'd)

to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, upon such exercise.

10. RIGHTS OF A GRANTEE

10.1 The Options shall not carry any right to vote at any general meeting of the Company.

10.2 A Grantee shall not be entitled to any dividends, rights or other entitlements on his unexercised Options.

11. RIGHTS ATTACHING TO SHARES

The new Shares to be allotted and issued upon any exercise of the Options shall upon such allotment and issuance, rank *pari passu* in all respects with the then issued and fully paid-up Shares except that the Shares so issued will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date (namely the date as at the close of business on which shareholders must be registered and/or whose names must be recorded in the Record of Depositors in order to be entitled to any dividends, rights, allotments and/or other distributions) of which is prior to the date of allotment of new Shares and will be subject to all the provisions of the Company's Articles of Association relating to transfer, transmission and otherwise of the Shares.

12. RETENTION PERIOD

The Shares to be issued and allotted to a Grantee pursuant to the exercise of an Option under the Scheme will not be subject to any retention period or restriction on transfer.

13. TAKEOVER AND COMPULSORY ACQUISITION AND SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION ETC.

13.1 In the event of a takeover offer being made for the Company by a general offer or otherwise and such offer becoming or being declared unconditional, notwithstanding By-Law 9.2, the Grantee shall also be entitled within three (3) months of the date on which such offer becomes or is declared unconditional to exercise in full or in part of any Option as yet unexercised within the Option Period.

13.2 In the event a person making the offer becomes entitled or bound to exercise rights of compulsory acquisition of the Shares of the Company under the provisions of the Act or the Securities Commission Act, 1993 and gives notice to the Grantee that it intends to exercise such rights on a specific date ("Specific Date"), the Option shall remain exercisable by the Grantee until the expiry of the Specific Date. In the foregoing circumstance, if the Grantee fails to exercise his Option or elects to exercise only in respect of a portion of such Shares by the Specific Date, then the Option, or as the case may be, the Option in relation to such balance Shares, shall automatically lapse after the Specific Date and be null and void.

13.3 In the event that the High Court sanctions a compromise or arrangement between the Company and its members for the purposes of, or in connection with, a scheme for reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, any Option shall remain exercisable by the Grantee at any time and from time to time during the period commencing with the date upon which the compromise or arrangement is sanctioned by the court and up to but excluding the date upon which such compromise or arrangement becomes effective. Upon the aforesaid compromise or arrangement becoming effective, all Options, to the extent unexercised, shall automatically lapse and shall be null and void.

14. ALTERATION OF SHARE CAPITAL AND ADJUSTMENT

14.1 Subject to By-Law 14.3, in the event of any alteration in the capital structure of the Company during the Option Period, whether by way of a rights issue, bonus issue or other capitalisation issue, consolidation or subdivision of shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:

- (i) the number of Options granted to each Grantee; and/or
- (ii) the Subscription Price;

12. ESOS BY-LAWS (Cont'd)

as shall be necessary to give a Grantee the same proportion of the issued capital of the Company as that to which he was entitled prior to the event giving rise to such adjustment.

The computation for the adjustment to the number of Options granted to each Grantee and/or the Subscription Price is set out in Appendix A to these By-Laws.

14.2 By-Law 14.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (i) an issue of Shares upon the exercise of Options pursuant to the Scheme; or
- (ii) an issue of Shares arising from the conversion of securities with a right of conversion into Shares; or
- (iii) an issue of securities as consideration for an acquisition; or
- (iv) an issue of securities as a private placement or restricted issue; or
- (v) an issue of securities as a special issue approved by the relevant governmental authorities; or
- (vi) a purchase by the Company of its own Shares pursuant to Section 67A of the Act.

14.3 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 14.1 shall be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.1 is applicable, Provided That By-Law 14.1 shall not be applicable in respect of such parts of the scheme which involves any alterations in the capital structure of the Company to which By-Law 14.2 is applicable.

14.4 An adjustment pursuant to By-Law 14.1 shall be made at the following times:

- (i) in the case of a rights issue, bonus issue or other capitalisation issue on the Market Day immediately following the date of entitlement in respect of such issue; or
- (ii) in the case of a consolidation or subdivision of Shares or capital reduction or any other variation of capital, on the Market Day immediately following the date of allotment of new shares of the Company in respect of such consolidation, subdivision or reduction.

Upon any adjustment being made, the Option Committee shall within ten (10) Market Days from the adjustment date give notice in writing to the Grantee or his legal or personal representatives where the Grantee is deceased, of the adjustment and the event giving rise thereto.

14.5 In the event of a fraction of a Share arising from the adjustments referred to in this By-Law would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be to the nearest board lot of one hundred (100) Shares.

14.6 All adjustments, other than on a bonus issue, must be confirmed in writing by an approved external auditor of the Company or such other persons as allowed by Bursa Securities (who shall act as an expert and not as an arbitrator), to be in his opinion fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a copy of the certificate from an approved external auditor or such other persons as allowed by Bursa Securities to the effect that in the opinion of such auditor or persons, acting as an expert and not as an arbitrator, an adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purposes of this By-Law, an approved external auditor shall have the meaning given in Section 8 of the Act.

12. ESOS BY-LAWS (Cont'd)

15. LISTING AND QUOTATION OF SHARES

- 15.1 The new Shares to be allotted to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with the provisions of By-Law 9 whereupon the Company shall make an application to Bursa Securities for the quotation for such Shares within eight (8) Market Days after the receipt of the Notice of Exercise and remittance from the Grantee.
- 15.2 The Company and the Option Committee shall not under any circumstances be held liable for any costs, losses and damages whatsoever and howsoever relating to the delay on the part of the Company in allotting and issuing Shares or in procuring Bursa Securities to list the Shares for which the Grantee is entitled to subscribe.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The Option Committee shall administer the Scheme in such manner as it shall in its absolute discretion deem fit and within such powers and duties as are conferred upon it by the Board including but not limited to the following:
- (i) subject to the provisions of the Scheme, construe and interpret the Scheme and Options granted under it, to define the terms therein and to recommend to the Board to establish amend and revoke rules and regulations relating to the Scheme and its administration. The Option Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for an Option in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective; and
 - (ii) determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 16.2 The Board shall have power from time to time to rescind the appointment of any person in the Option Committee and to appoint new members of the Option Committee as the Board deems fit.

17. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

Any subsequent modifications and/or changes to the Scheme or the By-Laws shall not require the approvals of any regulatory authority. However, such changes may only be effected upon recommendation by the Option Committee to the Board who shall have the power at any time and from time to time by resolution to amend and/or modify all or any part of the provisions of the Scheme provided that no such amendment and/or modification shall be made which would either prejudice the rights then accrued to any Grantee who has accepted an Option without his prior consent, or which would alter to the advantage of any Grantee the provisions of the Scheme without the prior approval of the shareholders of the Company at a general meeting. The Company shall be required to submit to Bursa Securities each time a modification or change is made, a confirmation letter that the modification or change does not contravene any of the relevant provisions of the Listing Requirements on employee share options scheme and the Rules of Bursa Depository no later than five (5) Market Days after the effective date of the said amendments.

18. TERMINATION OF OPTIONS

- 18.1 In the event of cessation or termination of employment or appointment of a Grantee with the Group for whatever reason prior to the exercise, or full exercise, of his Options, as the case may be, such Option shall cease immediately on the date of such cessation or termination without any claim against the Company provided always that, subject to the written approval of the Option Committee in its absolute discretion, where the Grantee ceases his employment or appointment with an Eligible Company by reason of:
- (i) his retirement at or after attaining normal retirement age;

12. ESOS BY-LAWS (Cont'd)

- (ii) retirement before the normal retirement age with the consent of the Option Committee;
- (iii) ill-health, injury or disability;
- (iv) redundancy; or
- (v) any other reasons which are acceptable to the Option Committee;

a Grantee may exercise his unexercised Options within the relevant Option Period subject to any conditions imposed by the Option Committee.

18.2 If a Grantee ceases his employment or appointment with an Eligible Company by reason of his resignation or for reasons other than those stated in By-Law 18.1, his remaining unexercised Options shall cease with immediate effect on the date of such cessation. For the avoidance of any doubt, the date of termination of employment of the Grantee or tender by the Grantee of his resignation, shall be deemed to be the date on which a Grantee ceases his employment or appointment with such Eligible Company unless approval was given by the Option Committee to extend the Options for a predefined period of time or before the expiration of the Options whichever is earlier.

18.3 An Option shall immediately become void and of no further force and effect upon the Grantee being adjudicated a bankrupt.

18.4 (i) In the event where a Grantee dies before the expiration of the Option Period and at the time of his death holds unexercised Options, such Options shall cease immediately on the date of his death without any claim against the Company PROVIDED ALWAYS that subject to the written approval of the Option Committee in its absolute discretion, such unexercised Options may be exercised in full by the legal or personal representatives of the Grantee after the date of his death within the Option Period and not later than twenty-four (24) months after the date of his death.

(ii) Notwithstanding By-Law 18.4(i), the Grantee may, during his lifetime, nominate any of his immediate family members who have attained the age of eighteen (18) years at the time of nomination to exercise the Option or Options (which are unexercised at the time of the death of the deceased Grantee) after the death of the deceased Grantee but in any event during the Option Period. The Options exercised pursuant to the provision of this By-Law 18.4(ii) may be for the benefit of the estate of the Grantee or for the personal benefit of the nominated person. The nomination as aforesaid shall be made by the Grantee during his lifetime and shall be in the prescribed form approved by the Option Committee and the Shares to be allotted and issued will be in the name of the deceased Grantee's estate or in the name of the nominated person as the Grantee shall elect in his lifetime. In the event no nomination is made by the Grantee during his lifetime, his unexercised Options shall only be exercised by his legal personal representatives pursuant to By-Law 18.4(i) above.

(iii) For the purposes of By-Law 18.4(ii) above, the term "immediate family members" shall include the spouse, parent, child (including legally adopted child but excluding step child), brother and sister of the Grantee.

18.5 Any Options which have been offered by the Option Committee but have not been accepted in the manner prescribed in By-Law 6.1 arising from an Eligible Employee's death or the cessation or termination of his employment with an Eligible Company, as the case may be, shall become null and void and of no further force and effect.

19. LIQUIDATION OF THE COMPANY

In the event of the liquidation of the Company, all unexercised or partially exercised Options shall cease and be null and void.

20. DURATION & TERMINATION OF THE SCHEME

12. ESOS BY-LAWS (Cont'd)

20.1 The scheme shall be in force for a period of five (5) years commencing from the effective date of the implementation of the Scheme, which shall be the date of full compliance with all relevant requirements including the following:

- (i) submission of the final copy of the By-Laws to Bursa Securities;
- (ii) receipt of approval-in-principle for the issuance and listing of the SIG Gases Berhad's Shares to be issued under the Scheme from Bursa Securities;
- (iii) procurement of shareholders' approval for the Scheme;
- (iv) receipt of approval of any other relevant authorities, where applicable; and
- (v) fulfilment of all conditions attached to the above proposals, if any.

Upon expiry of the Scheme, the Board shall have the absolute discretion, without having to obtain approval of the Company's shareholders, to extend the duration of the Scheme provided that the initial period of the Scheme and such extension of the Scheme made pursuant to this By-Law shall not in aggregate exceed the duration of ten (10) years. In the event the Scheme is extended in accordance with this provision, the Option Committee shall furnish a written notification to all Grantees and the Company shall make necessary announcements to Bursa Securities prior to the proposed extension of the Scheme.

20.2 The Company may at any time terminate the Scheme provided it has obtained:

- (i) the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present and voting thereat, voted in favour of the termination; and
- (ii) the written consent of all the Grantees who have yet to exercise their Options, either in part or in whole.

20.3 The Company may implement a new employees' share option scheme after the expiration or termination of the Scheme, subject to the relevant approvals being obtained.

21. DISPUTES/DIFFERENCES

In the case of any dispute or difference that may arise between the Option Committee and Grantee as to any provisions contained in the By-Laws, the Option Committee shall determine such dispute or difference by a written decision given to the Eligible Employee. The said decision shall be final and binding on the parties.

22. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to preparation and/or operation of the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any Option shall be borne by the Company save and except for any taxes (including income tax) and stamp duty, if any, arising from the exercise of any Options under the Scheme.

23. TRANSFERS FROM OTHER COMPANIES TO ELIGIBLE COMPANIES

In the event:

- (i) an employee who was employed in a company which is related to the Company pursuant to Section 6 of the Act, (that is to say, a company which does not fall within the definition of "the Group") and is subsequently transferred from such company to an Eligible Company; or
- (ii) an employee who was in the employment of a company which subsequently becomes an Eligible Company as a result of a restructuring or divestment exercise or otherwise involving the Company and/or any company within the Group with any of the first mentioned company stated in sub-clause (i) above:

(The first mentioned company in By-Laws 23.1(i) and 23.1(ii) above are hereinafter referred to as the "Previous Company"), such an employee of the Previous Company (the "Affected

12. ESOS BY-LAWS (Cont'd)

Employee”) shall, if the Affected Employee satisfies all the conditions of the By-Laws hereunder, be eligible to participate in the Scheme on the following conditions:

- (a) the Affected Employee shall be entitled to continue to exercise all such unexercised options which were granted to him under the employees’ share option scheme (if any) in which he was participating (the “Previous ESOS”) whilst the Affected Employee was in the employment of the Previous Company in accordance with the By-Laws of such Previous ESOS but he shall not, upon such restructuring or divestment as the case may be, be eligible to participate for further options of such Previous ESOS;
- (b) the Affected Employee shall only be eligible to participate in the Scheme for its remaining duration thereof; and
- (c) if the Affected Employee has participated in the Previous ESOS, the number of Shares to be offered to such Affected Employee under the Scheme shall be in the absolute discretion of the Option Committee.

24. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of a company in the Group which was subsequently divested from the Group, then such employee will notwithstanding such divestment and subject to the provisions of By-Laws 9 and 18 be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a period of three (3) months from the date of such divestment and within the Option Period, failing which the right of such employee to subscribe for the number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse upon the expiration of the said three (3) month period and be null and void and of no further force and effect.

25. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme does not form part of or constitute and shall not in any way be construed as a term or condition of employment of an Eligible Employee.

26. COMPENSATION

26.1 Notwithstanding any provisions of these By-Laws, this Scheme shall not:

- (i) form part of any contract of employment between an Eligible Company of the Group and any employee or Director of the Eligible Company or afford such Grantee any additional rights to compensation or damages in consequence of the termination of office or employment for any reason and the rights of any Grantee under the terms of his office and employment with the Eligible Company shall not be affected by his participation in the Scheme; or
- (ii) confer on any person any legal or equitable rights (other than those constituting the Option themselves) against the Eligible Company directly or indirectly or give rise to any cause of action at law or in equity against the Eligible Company or the Group.

26.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the Option Committee or any party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

27. ARTICLES OF ASSOCIATION OF THE COMPANY

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the Scheme and the Articles of Association of the Company, the provisions of the Articles of Association shall at all times prevail.

28. INSPECTION OF THE AUDITED ACCOUNTS

12. ESOS BY-LAWS (Cont'd)

All Grantees are entitled to inspect, during normal office hours from 9.30 a.m. to 4.30 p.m., Mondays to Fridays (except all public holidays declared in Malaysia) or as otherwise specified by the Option Committee, the latest audited accounts of the Company at the registered office of the Company for the time being.

29. NOTICE

Each employee will be notified of the Scheme either in writing or through posting on the Company's notice board.

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12. ESOS BY-LAWS (Cont'd)**APPENDIX A**

The Subscription Price and/or the number of Shares to be comprised in the Options in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled from time to time be adjusted, calculated or determined by the Option Committee and certified by the external auditor or such other persons allowed by Bursa Securities in accordance with the following relevant provisions in consultation with the merchant bank and/or the external auditor:

- (a) If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price and the additional Shares comprised in the Options so far as unexercised ("Additional Shares Under Option") shall be adjusted, calculated or determined in the following manner:

$$\text{New Subscription Price} = \frac{S \times \text{Revised par value for each Share}}{\text{Original par value for each Share}}$$

$$\text{Additional Shares Under Option} = \frac{T \times \text{Original par value for each Share}}{\text{Revised par value for each Share}} - T$$

Where:

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

(The par value shall be adjusted to the revised par value)

Each such adjustment will be effective from the close of business of the Market Day next following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make an issue of new Shares credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Subscription Price shall be adjusted by multiplying it by the following fraction:

$$\text{New Subscription Price} = \frac{S \times A}{A + B}$$

Whilst the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (A + B)}{A} - T$$

Where:

A = The aggregate number of issued and fully paid-up Shares immediately before such capitalisation issue;

B = The aggregate number of new Shares to be issued pursuant to any allotment credited as fully-paid by way of capitalisation of profits or reserves (whether of

12. ESOS BY-LAWS (Cont'd)

a capital or income nature and including any share premium account and capital redemption reserve fund);

S = Existing Subscription Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issue.

(c) If and whenever the Company shall make:

(i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unappropriated by available assets); or

(ii) Any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe Shares by way of rights; or

(iii) Any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares;

then and in any such case, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (C - D)}{C}$$

Where:

S = Existing Subscription Price

C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced or (failing any such announcement), immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation; and

D = (A) In the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(ii) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(iii) above, the value of rights attributable to one (1) Share (as defined below); or

(B) In the case of any other transaction falling within this paragraph (c), the fair market value, as determined (with the concurrence of the external auditor of the Company) by a licensed merchant bank or universal broker, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of definition (A) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

12. ESOS BY-LAWS (Cont'd)

Where:

C = C in this paragraph (c);

E = The subscription price of one (1) additional Share under the terms of such offer or invitation to acquire or one (1) additional security convertible into Shares or one (1) additional security with rights to acquire or subscribe for Shares;

F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into Shares or right to acquire or subscribe for Shares; and

1 = One (1)

In the case of paragraphs (c)(ii) and (c)(iii) above, the Additional Shares Under Option shall be calculated as follows:

$$\text{Additional Shares Under Option} = T \times \frac{(C)}{(C - D^*)} - T$$

Where:

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised;

C = C in this paragraph (c); and

D* = The "value of the rights attributable to one (1) Share" (as defined below)

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

Where:

C = C in this paragraph (c);

E* = The subscription consideration of one (1) new Share under the terms of such offer or invitation to acquire or subscribe for one (1) Share;

F* = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share; and

1 = One (1).

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits

12. ESOS BY-LAWS (Cont'd)

attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(ii) or paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C)] + (H \times I)]}{(G + H + B) \times C}$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(ii) above, the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = The aggregate number of issued and fully paid-up Shares on the entitlement date;
- C = C in paragraph (c) above;
- H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as the case may be;
- H* = The aggregate number of shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = The subscription price of one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share as the case may be;
- I* = The subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;
- B = B in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for such issues.

12. ESOS BY-LAWS (Cont'd)

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(ii) above together with an offer or invitation to acquire or subscribe securities convertible into shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

$$\text{Additional Shares Under Option} = \frac{T \times (G + H^*) \times C}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such exercise of such rights to subscribe for Shares by the ordinary shareholders;
- K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;
- S = Existing Subscription Price; and
- T = Existing number of Shares comprised in the Option in respect of the rights to subscribe for new Shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for above transaction.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(ii) above together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in paragraph (c)(iii) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times [(G \times C) + (H \times I) + (J \times K)]}{(G + H + J + B) \times C}$$

and the Additional Shares Under Option shall be calculated in the following manner:

12. ESOS BY-LAWS (Cont'd)

$$\text{Additional Shares Under Option} = \frac{T \times [(G + H^* + B) \times C]}{(G \times C) + (H^* \times I^*)} - T$$

Where:

- G = G as in paragraph (d) above;
- C = C as in paragraph (c) above;
- H = H as in paragraph (d) above;
- H* = H* as in paragraph (d) above;
- I = I as in paragraph (d) above;
- I* = I* as in paragraph (d) above;
- J = J as in paragraph (e) above;
- K = K as in paragraph (e) above;
- B = B as in paragraph (b) above;
- S = Existing Subscription Price; and
- T = Existing number of shares comprised in the Option in respect of the right to subscribe for new shares so far as unexercised.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the entitlement date for the above transaction.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(ii), (c)(iii), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into shares or with rights to acquire or subscribe for Shares, and in any such case the Total Effective Consideration per Share (as defined below) is less than ninety per centum (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Subscription Price shall be adjusted in the following manner:

$$\text{New Subscription Price} = \frac{S \times (L + M)}{L + N}$$

Where:

- L = The number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (exclusive of expenses);
- N = The aggregate number of Shares which so issued or in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable

12. ESOS BY-LAWS (Cont'd)

upon full conversation of such securities or the exercise in full of such rights;
and

S = Existing Subscription Price

For the purposes of this paragraph (g) the "Total Effective Consideration" shall determined by the directors of the Company with the concurrence of an investment bank and/or the external auditor and shall be:

- (a) In the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) In the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) In the case of the issue by the Company of securities with rights to acquire or subscription for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commission, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares by the maximum number of Shares issuable on full conversation of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the Average Price of a Share shall be the average price of one (1) Share as derived from either the last dealt price or average transacted price for one (1) or more board lots of the Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basic upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determined the offering price of such shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the completion of the above transaction.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the either the average of the last dealt price or average transacted price for the five (5) consecutive Market Days before such date or other period as many be determined in accordance with any guidelines issued, from time to time, by the SC.

The foregoing provisions on adjustment of the Subscription Price shall be subject to the following:

- (a) On any such adjustment the resultant Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of larger par value) involve an increase in the Subscription Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (b) No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen" or the number of Shares comprised in the Option so far as unexercised is less than one (1)

12. ESOS BY-LAWS (Cont'd)

Share and any adjustment that would otherwise be required then to be made will not be carried forward;

- (c) If an event giving rise to any such adjustment shall be capable of falling within any two (2) or more of paragraphs (i) to (ii) of By-Law 14.1 (both inclusive) or if such event is capable of giving rise to more than one (1) adjustment, the adjustment shall be made in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (d) If for any reason an event giving rise to an adjustment to the Subscription Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Directors of the Company and the external auditor or the Company may agree;
- (e) No adjustment shall be made in any event whereby the Subscription Price would be reduced to below the par value of a Share and in the event that any adjustment shall result in the Subscription Price being reduced below the par value of a Share, then the adjustment shall be made to the par value of a Share only; and
- (f) In determining a Grantee's entitlements to subscribe for Shares, any fractional entitlements will be disregarded.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

13.1 SHARE CAPITAL

- (i) Save for the ESOS Options as disclosed in Section 2.2.3 and 12.0 of this Prospectus, no shares will be allocated or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (ii) Save for the ESOS Options as disclosed in Section 2.2.3 and 12.0 of this Prospectus, neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (iii) As at the date of this Prospectus there is 1 class of shares in our Company, being ordinary shares of RM0.50 each, the details of which are outlined in Section 2.6 of this Prospectus.
- (iv) Save as disclosed in Sections 2.2, 2.2.3, 4.1.1, 4.2 and 12.0 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years preceding from the date thereof.
- (v) Save for the IPO Shares reserved for our eligible Directors and employees as disclosed in Section 2.2.1(ii) of this Prospectus and the ESOS as set out in Sections 2.2.3 and 12.0 of this Prospectus, there is currently no other scheme for or involving our Directors or employees of our Company or our subsidiaries.
- (iv) Save for the ESOS Options as disclosed in Section 2.2.3 and 12.0 of this Prospectus, neither our Company nor our subsidiaries have any outstanding convertible debt securities, options, warrants or uncalled capital as at the date of this Prospectus.

13.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

- (i) Transfer of securities

Article 41

The transfer of any listed securities or class of securities of the Company which have been deposited with the Depository shall be by way of book entry by the Depository in accordance with the Rules and notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such securities.

Article 42

Subject to these Articles, the Act, the Depositories Act and the Rules (with respect to transfer of deposited security), the instrument of transfer shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share and/or the Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Depositories Act and the Rules.

Article 43

No share shall in any circumstances be transferred to any partnership or unincorporated association or body, infant, bankrupt or person of unsound mind.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 45

- (1) Subject to these Articles, the Act, the Depositories Act and the Rules (with respect to transfer of Deposited Security), the Directors may in their absolute discretion and without assigning any reason thereof, decline to register any transfer of shares which are not deposited with the Depository. The registration of any transfer shall be suspended when the register of transfer is closed under Article 47.
- (2) Subject to the provisions of the Act, the Depositories Act and the Rules, all dealings in respect of deposited securities shall only be effected by the beneficial owners of such deposited securities or an authorised nominee, as the case may be. A Depositor shall not withdraw the securities which have been deposited with a Depository except in such manner as may be specified in the Rules.
- (3) The directors shall decline to recognise an instrument of transfer where the directors are aware or have reason to believe that the registration of such transfer would result in a contravention of or failure to comply with any provision of the laws of Malaysia.
- (4) All instruments of transfer which are registered may be retained by the Company.
- (5) If the directors decline to register any transfer they shall within ten (10) market days after the date on which the transfer was lodged with the Company send to the transferor, lodging broker and to the transferee written notice of refusal and the precise reasons thereof. Any instrument of transfer which the directors may decline to register shall be returned to the person who tendered the same for registration save and except in cases where the directors suspect fraud.

Article 46

The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefor shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least ten (10) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules to issue the appropriate Record of Depositors.

Article 47

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title of any shares, such fee, not exceeding Ringgit Three (RM3/-) as the directors may from time to time require or prescribe.

Article 48

Nothing in these Articles shall preclude the directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 49

Neither the Company nor the directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or the directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the shares transferred, or otherwise in defective manner. An in every such case, the person registered as transferee, his executors, administrators and assigns alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

(ii) Remuneration of Directors

Article 111

The fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportions of the fees related to the period during which he has held office Provided Always that:-

- (a) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to executive directors may not include a commission on or percentage of turnover;
- (c) 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;
- (d) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

Article 112

- (1) The director shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

(2) If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or resident 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 directors may pay him special remuneration, in addition to his director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arrangement provided always that extra remuneration payable to:-

(a) a non executive director shall not be by a commission on or percentage of profits or turnover;

(b) an executive director shall not include a commission on or percentage of turnover.

(iii) **Voting and Borrowing Powers of Directors**

Article 116

(1) The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party PROVIDED ALWAYS that nothing contained in these Articles shall authorise the directors to borrow any money or mortgage or charge any of the Company's undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(2) The directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.

(3) If the directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 124

The directors may meet together for the dispatch of business at such time and place, adjourn and otherwise regulate their meetings and proceedings as they think fit. Any board meeting at two (2) or more venues within or outside Malaysia may be held using any technology that gives the directors as whole a reasonable opportunity to participate in the meeting and are able to hear and speak to each other throughout the meeting. The meeting shall be deemed to be held at the place where the Chairman of the meeting participates in the meeting. Such participation in meeting shall constitute presence in person at such meeting. Voting may be done verbally or otherwise by each participant according to procedures decided by the Chairman in such manner as to permit the accurate recording of each vote. A minute of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.

Article 127

Subject to these Articles, questions arising at any meeting of directors shall be decided by a majority of votes. In the case of an equality of votes the Chairman shall have a second or casting vote except where only two (2) directors form a quorum and only such a quorum is present at the meeting; or are competent to vote on the question at issue.

(iv) Changes In Capital and Variation of Class Rights

Article 3

The authorised capital of the Company is Ringgit Malaysia One Hundred Thousand (RM100,000.00) divided into Two Hundred Thousand (200,000) ordinary shares of Fifty Cents (RM0.50) each.

Article 4

Subject to the Act and to the conditions restrictions and limitations expressed in these Articles, the directors may allot, grant options over or otherwise dispose of the unissued share capital of the Company to such persons, at such time and on such terms as they think proper, PROVIDED ALWAYS THAT:-

- (a) no shares shall be issued at a discount except in compliance with the provision of the Act;
- (b) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without prior approval of the members in general meeting;
- (c) in the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;
- (d) every issuance of shares or options to employees and/or directors under the Employee Share Option Scheme, shall be approved by the members in general meeting and such approval shall specifically detail the amount of shares or options to be issued to such director;

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (d) except in the case of an issue of securities on a pro rata basis to shareholders, the Company must ensure that it or any of its subsidiaries shall not issue shares or other convertible securities to the following persons unless shareholders in general meeting have approved of the specific allotment to be made to such persons:-
- a director, major shareholder or Chief Executive Officer of the Company or its holding company; or
 - a person connected with such a director, major shareholder or Chief Executive Officer;
- (f) except in the case of an issue of securities on a pro rata basis to shareholders and subject to Article 4(e), the Company must ensure that its subsidiary shall not issue shares or other convertible securities to a director, major shareholder or chief executive officer of its subsidiary or the holding company of the said subsidiary (other than the Company or a holding company of the Company) or a person connected with such director, major shareholder or chief executive officer unless the following are complied with:-
- (a) prior approval of the Board of the Company must be obtained for the specific allotment to such persons;
 - (b) the Board of the Company must ensure that the allotment is fair and reasonable to the Company and in the best interests of the Company; and
 - (c) an immediate announcement of the specific allotment to such persons must be made.

Article 5

Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, but subject to the Act and these Articles any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine provided that:-

- (a) preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company. PROVIDED always that preference shareholders shall not have the right to vote at any general meeting of the Company except on each of the following circumstances:-
- (i) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) on a proposal to reduce the company's share capital;
 - (iii) on a proposal for the disposal of the whole of the company's property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the share;
 - (v) on a proposal to wind up the company; and
 - (vi) during the winding up of the company.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (b) the Company shall not unless with the consent of the existing preference shareholders at a class meeting or pursuant to Article 20 hereof issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.

Article 20

Notwithstanding Article 21 hereof the repayment of preference share capital other than redeemable preference, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, PROVIDED ALWAYS that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 21

If at any time the share capital is divided into different classes of shares, the right attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-tenth 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 the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 22

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 61

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

Article 62

Except so far as otherwise provided by the conditions of issues, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the same provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Rules.

Article 63

- (1) The Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum and Articles of Association (subject nevertheless to the provisions of the Act) and so that in the 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 shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares;
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
 - (d) increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
- (2) The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by the law.

13.3 LIMITATION OF RIGHTS

There are no limitations on the right to own securities including limitations on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**13.4 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contract which is not in the ordinary course of business of our Group within 2 years preceding the date of this Prospectus:-

- (i) Zeal Perunding Sdn Bhd ("**Zeal**"), as Building Consultant, had on behalf of Southern Industrial Gas, as Employer, confirmed acceptance of a revised Tender for firm price of RM4,350,000.00 from Dison Construction Sdn Bhd ("**Dison**"), as Contractor, in the Letter of Award dated 3 February 2009 for the purpose of construction and completion of 1 block office, double storey and single storey factory with sewerage works at Lot 10688, Jalan Permata ¼ Kawasan Perindustrian Arab Malaysian, Mukim Setul Nilai, Daerah Seremban, Negeri Sembilan Darul Khusus. Subsequently, Zeal had vide letter dated 4 April 2009, instructed Dison to proceed the works as follows; (1) a new office block building works; (2) a new ETO factory building works; (3) M&E work for the item (1) and (2) and inclusive of adjustment of original M&E contract works; and (4) additional external road and drainage works for an additional amount of RM710,000.00. The said contract sum was completed via a combination of internal funds and a term loan granted by RHB Bank Berhad. The said agreement was completed on 28 September 2009.
- (ii) Share Sale Agreement dated 8 December 2009 in respect of the acquisition by the Company of the entire issued and paid-up share capital of Southern Industrial Gas comprising 23,000,000 ordinary shares of RM1.00 each in Southern Industrial Gas from its vendors, for a purchase consideration of RM50,399,990, which was wholly satisfied by the issuance of 100,799,980 new Shares, credited as fully paid-up at an issue price of RM0.50 per Share. This transaction was completed on 12 May 2010.
- (iii) Southern Industrial Gas, as Purchaser, has entered into a sale and purchase agreement dated 29 May 2010 with PB Realty, as Vendor, for the purchase of a piece of leasehold vacant land held under HS(D) 65129, PT. 6623, (IL56) in the Mukim of Krubong, District of Melaka Tengah, State of Negeri Sembilan, for the total cash consideration of RM412,110.50. The said consideration will be satisfied by payment of cash. As at LPD, the said agreement has yet to be completed.
- (iv) Southern Industrial Gas, as Purchaser, has entered into a sale and purchase agreement dated 29 May 2010 with PB Realty, as Vendor, for the purchase of a piece of leasehold vacant land held under HS(D) 65126, PT. 6620, (IL57) in the Mukim Krubong, District of Melaka Tengah, State of Negeri Sembilan, for the total cash consideration of RM431,324.30. The said consideration will be satisfied by payment of cash. As at LPD, the said agreement has yet to be completed.
- (v) Southern Industrial Gas, as Purchaser, has entered into a sale and purchase agreement dated 31 May 2010 with Perbadanan Kemajuan Negeri Pahang, as Vendor, for the purchase of a property known as Lot No. 41/129, Lot 129, Kawasan Perindustrian Gebeng Phase II, Kuantan, Pahang Darul Makmur, for the total cash consideration of RM483,604.10. The said consideration will be satisfied by payment of cash. As at LPD, the said agreement has yet to be completed.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (*cont'd*)

- (vi) Southern Industrial Gas, as Purchaser, has entered into a sale and purchase agreement dated 31 May 2010 with Perbadanan Kemajuan Negeri Pahang, as Vendor, for the purchase of a property known as Lot No. 42/129, Lot 129, Kawasan Perindustrian Gebeng Phase II, Kuantan, Pahang Darul Makmur, for the total cash consideration of RM481,554.69. The said consideration will be satisfied by payment of cash. As at LPD, the said agreement has yet to be completed.
- (vii) Southern Industrial Gas, as Tenant, has entered into a tenancy agreement dated 1 June 2010 with Lim Jiew Yang and Lim Ming Haur, as Landlord, for the rental of a single-storey semi-detached factory known as No. 1, Jalan IM 14/8, Kawasan Industri Ringan, Sektor 3, Bandar Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur held under HSD 23540, PT 73157, in the Mukim of Kuala Kuantan, District of Kuantan, State of Pahang for a term of 1 year commencing on the 1 June 2010 and terminating on the 31 May 2011 for a monthly rental fee of RM2,600
- (viii) Underwriting Agreement dated 7 July 2010 between the Company and AmInvestment Bank for AmInvestment Bank to underwrite up to 16,500,000 IPO Shares under the Public Issue and the Offer for Sale.

13.5 MATERIAL LITIGATION OR ARBITRATION

Save as disclosed below, we have not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and the Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of our Group.

Johor Bahru High Court Bankruptcy Nos. 29-1326-06 & 29-2067-06

Southern Industrial Gas has vide its solicitors filed a petition against Liew Chong Yong and Liew Look Kee in the Johor High Court via Bankruptcy No. 29-1326-06 and 29-2067-06. Southern Industrial Gas is claiming for the sum of RM459,419.86 being the outstanding cylinder rentals and interest on late payment. Southern Industrial Gas has sought bankruptcy orders against both Liew Chong Yong and Liew Look Kee. Adjudicating and Receiving Order was made against Liew Chong Yong on 27 May 2009 and against Liew Look Kee on 16 September 2009.

Southern Industrial Gas had since filed its proof of debt against both Liew Chong Yong and Liew Look Kee.

13.6 REPATRIATION OF CAPITAL AND PROFITS

To the best knowledge of our Directors, there are no governmental laws, decrees, regulations or other legislation that may affect the repatriation of capital and the remittance of profit by or to our Group.

13.7 GENERAL INFORMATION

During the last financial year and the current financial year to date, there were no:-

- (i) public take-over offers by third parties in respect of our Company's shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)**13.8 CONSENTS**

The written consent of the Adviser, Sole Underwriter, Sole Placement Agent, Company Secretaries, Solicitors for the IPO, Principal Bankers, Registrars and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and letter relating to the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Business and Market Research Consultants to the inclusion in this Prospectus of their name and Executive Summary of the Independent Market Research Report in the form and context in which they are contained in this Prospectus, has been given before the issuance of this Prospectus and has not been subsequently withdrawn.

13.9 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of our Company during normal business hours for a period of 12 months from the date of this Prospectus:-

- (i) The Memorandum and Articles of Association of our Company;
- (ii) The Directors' Report referred to in Section 11 of this Prospectus;
- (iii) The Accountants' Report as included in Section 9 of this Prospectus;
- (iv) The Reporting Accountants' letters relating to the Proforma Consolidated Financial Information as set out in Section 8.7 of this Prospectus;
- (v) The audited financial statements of our Group as follows:-
 - (a) Audited financial statements of our Company for the financial period from 14 October 2009 (date of incorporation) to 31 December 2009 and the 4-month FPE 30 April 2010;
 - (b) Audited financial statements of Southern Industrial Gas for the past five (5) FYE 31 December 2005 to FYE 31 December 2009 and the 4-month FPE 30 April 2010;
 - (c) Audited financial statements of Southern Oxygen for the period from 17 September 2007 (date of incorporation) to 31 December 2008, FYE 31 December 2009 and the 4-month FPE 30 April 2010; and
 - (d) Audited financial statements of Southern Carbon Dioxide for the period from 26 September 2007 (date of incorporation) to 31 December 2008, FYE 31 December 2009 and the 4-month FPE 30 April 2010;
- (vi) The Independent Market Research report prepared by Vital Factor Consulting Sdn Bhd as set out in Section 10 of this Prospectus;
- (vii) The ESOS By-Laws set out in Section 12 of this Prospectus;
- (viii) The material contracts referred to in Section 13.4 of this Prospectus;

13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (cont'd)

- (ix) The letters of consent referred to in Section 13.8 of this Prospectus; and
- (x) The cause papers in respect of the material litigation referred to in Section 13.5 of this Prospectus.

13.10 RESPONSIBILITY STATEMENTS

This Prospectus has been seen and approved by our Directors and Promoters and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

AmInvestment Bank 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 IPO.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE

14.1 OPENING AND CLOSING OF APPLICATIONS

Applications will be accepted from 10.00 a.m. on 22 July 2010 to 5.00 p.m. on 29 July 2010 or for such further period or periods as the Directors, Promoters and Offerors of our Company together with the Sole Underwriter in their absolute discretion may mutually decide. In the event that the closing date of the IPO is extended, the dates for the balloting, allotment of the IPO Shares and the Listing will be extended accordingly. Any extension of the abovementioned dates will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspapers. Late applications will not be accepted.

14.2 METHODS OF APPLICATION

Application Form, Electronic Share Application and Internet Share Application.

14.3 PROCEDURES FOR APPLICATIONS

THE FOLLOWING RELEVANT APPLICATION FORMS ISSUED WITH THE NOTES AND INSTRUCTIONS PRINTED THEREIN ARE ENCLOSED WITH THIS PROSPECTUS AND ARE DEEMED TO FORM PART THEREOF:-

- (i) **White** Application Forms for the application of Malaysian public.
- (ii) **Pink** Application Forms for the application by eligible Directors, employees and/or business associates of our Group;

You can obtain **White** Application Forms together with copies of this Prospectus, subject to availability, from AmInvestment Bank, participating organizations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or MIH.

Pink Application forms together with copies of this Prospectus will be sent out to eligible Directors, employees and/or business associates of our Group, and identified investors respectively.

14.4 GENERAL CONDITIONS FOR APPLICATIONS

Applications shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.

(i) Application by Malaysian Public for Allocations via Balloting

Applications for the 7,500,000 Shares made available for applications by the Malaysian public must be made on the White Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM or Internet Share Application through the Internet financial services website of the Internet Participating Financial Institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

(ii) Application by Eligible Directors, Employees and/or Business Associates of Our Group

Applications for the 9,000,000 Shares reserved for eligible Directors, employees and/or business associates of our Group must be made on the Pink Application Forms provided. The application must not be made 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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(iii) Application by Placees under Private Placement

Selected investors being allocated the 35,700,000 Shares under this category will be contacted directly by the Sole Placement Agent and are to follow the instructions as communicated by the Sole Placement Agent.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from AmlInvestment Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.

Only 1 Application Form from each applicant will be considered and applications must be for 100 ordinary shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full upon application is RM0.58 per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD (NRIC) NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (i) (a) THE APPLICANT'S NRIC;
 - (b) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (c) THE APPLICANT'S RESIT PENGENALAN SEMENTARA (JPN KP 09) ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (ii) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS/HER AUTHORITY CARD.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

No acknowledgement of the receipt of the Application Form or Application monies will be made by our Company and/or MIH.

14.5 APPLICATIONS USING APPLICATION FORMS

14.5.1 Terms and Conditions for Applications using the White and Pink Application Forms

Applications by way of White and Pink Application Forms shall be made on, and subject to, the terms and conditions set out below:-

- (i) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).

Applicant who is an individual must have a correspondence address in Malaysia with CDS account (Pink Application Forms only).

- (ii) Applicants which are corporations/institutions incorporated in Malaysia must have a CDS account and be subject to the following:-

a. 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

b. There is majority of Malaysian citizens on the board of directors/trustee.

Applicants which are corporations/institutions incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Forms only).

- (iii) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and has a CDS account.

- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in Sections 14.5.1(ii) and (iii) above or the trustees thereof.

- (v) Application for the Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.

- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-

- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- ATM STATEMENT OBTAINED ONLY FROM:-
 - AFFIN BANK BERHAD
 - ALLIANCE BANK MALAYSIA BERHAD;
 - AMBANK (M) BERHAD;
 - CIMB BANK BERHAD;
 - EON BANK BERHAD;
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD;
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 498" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS/CASHIER'S ORDERS/ MONEY ORDERS OR POSTAL ORDER/ATM STATEMENT/GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (vii) AN APPLICANT MUST STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIH/COMPANY.
- (viii) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (ix) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (x) MIH, on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) MIH, on the authority of the Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason 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 the shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the applicant within 10 Market Days from the date of the final ballot of the Applications lists by ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (xiii) The applicant shall ensure that his/her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his/her registered or correspondence address last maintained with Bursa Depository.
- (xiv) MIH, on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (xv) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd
 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 AND DEPOSITED** in the Drop-in Boxes provided at the first 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 29 July 2010 or for such further period or periods as the Board, Promoters and/or Offeror of our Company together with the Sole Underwriter in their absolute discretion may mutually decide.

- (xvi) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.
- (xvii) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.

14.6 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**
 - (a) Applicant must have an account with a Participating Financial Institution (as detailed in Section 14.6(ii) below) and an ATM card issued by that Participating Financial Institution to access the account.
 - (b) Applicant must have a CDS account.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 14.6(ii) below under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-

- Personal Identification Number (PIN);
- MIH Share Issue Account No. 498;
- CDS Account Number;
- Number of Shares, applied for and/or the Ringgit Malaysia amount to be debited from the account; and
- Confirmation of several mandatory statements.

(ii) Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 14.6(i) above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Shares, on 29 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 Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one Application.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The applicant is required to confirm the following statement (by depressing predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
- I have attained 18 years of age as at the Closing Date of the application for the IPO Shares;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
 - This is the only Application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) The applicant agrees and undertakes to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of Shares or not to allot or allocate any Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH, on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason 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 the shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Application. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within 2 Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from 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, the Application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than 10 Market Days from the day of the final ballot of the Application list. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises our Company:-
- to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
 - to issue share certificate(s) representing such Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the applicant's Electronic Share Application; or
 - data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the applicant agrees that:-
- (a) in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - (b) our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for and purchase Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - (d) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (m) our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (n) The Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (o) MIH, on the authority of the Board reserves the right to reject applications which do not conform to these instructions.
- (p) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- AFFIN BANK BERHAD; OR
 - AMBANK (M) BERHAD; OR
 - BANK MUAMALAT MALAYSIA BERHAD; OR
 - CIMB BANK BERHAD; OR
 - EON BANK BERHAD; OR
 - HSBC BANK MALAYSIA BERHAD; OR
 - MALAYAN BANKING BERHAD; OR
 - OCBC BANK (MALAYSIA) BERHAD; OR
 - RHB BANK BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only)
- (q) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

14.7 APPLICATIONS USING INTERNET SHARE APPLICATION**(I) 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.

YOU MUST HAVE A CDS ACCOUNT BEFORE YOU CAN MAKE ANY APPLICATION FOR THE IPO SHARES. PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (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.
- (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 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 shares;
 - (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;

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (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;
- (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 Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (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.

(II) TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION

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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)***Internet Participating Financial Institution***

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Malayan Banking Berhad at www.maybank2u.com.my; or
- Affin Bank Berhad at www.affinOnline.com; or
- RHB Bank Berhad at www.rhbbank.com.my

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:-

- (i) An applicant making an Internet Share Application shall:-
 - (a) be an individual with a CDS Account;
 - (b) 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
 - (c) 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.

- (ii) 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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) 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:-
- (a) The applicant has attained 18 years of age as at the date of the application for the IPO Shares;
 - (b) The applicant is a Malaysian citizen residing in Malaysia;
 - (c) 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;
 - (d) 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;
 - (e) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - (f) 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;
 - (g) 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;
 - (h) 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. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) 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.

- (iv) 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.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 14.7(II)(iii) herein.

- (v) 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.

- (vi) 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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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:-

- (a) 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
 - (b) The applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (vii) 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.
- (viii) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 Market Days after receipt of written confirmation from MIH.

MIH shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within 2 Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from 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 10 Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within 10 Market Days from the day of the final ballot of the Applications list.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

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.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 29 July 2010 or for such further period or periods as the Directors, Promoters and/or Offeror of our Company together with the Sole Underwriter in their absolute discretion may mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (x) 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.
- (xi) 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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- (a) 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;
 - (b) 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;
 - (c) 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;
 - (d) 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;
 - (e) 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;
 - (f) 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;
 - (g) In making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Underwriter, 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;
 - (h) 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.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (a) CIMB Investment Bank Berhad - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
 - (b) CIMB Bank Berhad - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - (c) Malayan Banking Berhad - RM1.00;
 - (d) No fee will be charged by Affin Bank Berhad for applications by their account holders; and
 - (e) RHB Bank Berhad – RM2.50.

14.8 APPLICATION AND ACCEPTANCE

MIH, on the authority of the Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications by Malaysian public shall be subject to ballot to be conducted in the manner approved by the Directors of our Company and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Shares, to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the shares of our Company. Pursuant to the listing requirements of Bursa Securities, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, our Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by the Directors of our Company.

In the event of an under-subscription by the eligible Directors, employess and/or business associates of our Group, such shares will be made available for Application by the Malaysian public.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

14.9 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Shares issued through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he/she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH/our Company. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an Application for the Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, MIH on the authority of our Company will reject the Application. MIH on the authority of the Directors of our Company also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

14.10 NOTICE OF ALLOTMENT

The Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to the Listing of our Company. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his/her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIH website at www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 14.11 by calling MIH at (603) 7841 8000 or (603) 7841 8289, between 5 to 10 Market Days (during office hours only) after the balloting date.

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14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:-

Name	Address and Telephone Number	Broker Code
<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
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-26976333	076-001
AmINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group No. 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2078 2788	086-001
BIMB SECURITIES SDN BHD	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	3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1888	052-001
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	Level 8, Menara HLA No.3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-9130 3399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2711 6888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square, No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-7981 8811	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
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

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th - 14th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No: 03-2168 8800	053-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, 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 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50400 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, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No. 03-9058 7222	056-058

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No.6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One, No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-003
HONG LEONG INVESTMENT BANK BERHAD	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 7345	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010
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
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	13th 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	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-8024 1682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3005 7550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7725 9095	073-016

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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 & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	056-048
OSK INVESTMENT BANK BERHAD	3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8023 6518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No.: 03-51920202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd 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 PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No.: 06-337 1533	012-001
MERCURY SECURITIES SDN BHD	No. 81B & 83B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-292 1898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-282 5211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-286 6008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-283 3622	087-002
PERAK DARUL RIDZUAN		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 2328	078-009
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-242 2828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-622 2828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-806 6688	068-003

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-255 9988	068-015
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-253 0888	066-003
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-241 9800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor) Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-245 3400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-241 5100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-623 6498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-692 1228	056-016
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.: 05-4651261	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

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-253 1313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2nd & 3rd Floor Bangunan Heng Guan 171, Jalan Burmah 10050 Pulau Pinang Tel No.: 04-229 9318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-554 1388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya Light 10200 Penang Tel No.: 04-261 1688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-226 1818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-228 1868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-228 3355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang No. 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

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No.: 04-269 0888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP No. 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-210 6666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No.: 04-332 2123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-263 9118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-263 4222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-390 0022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-540 2888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-583 1888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-640 4888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-227 3000	064-004

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-976 5200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No.: 04-979 3888	056-061
KEDAH DARUL AMAN		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-732 2111	078-007
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-425 6666	068-011
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-731 7088	076-004
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-420 4888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim, Kedah Darul Aman Tel No.: 04-496 4888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-720 9888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-765 5998	052-013

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-761 2288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-764 1641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-442 1000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-455 3011	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-646 1234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-762 3131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7 Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-333 2000	078-001
A. A. ANTHONY SECURITIES SDN BHD	42-8, Main Road, Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-663 7398	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3218	078-006

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-334 3855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-953 2222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor, No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-467 8885	052-005
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-223 1211	054-004
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
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

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-777 1161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 2292	073-011
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-771 7922	076-006
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
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua No. 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, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 8262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-557 7628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-932 1543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-776 9655	056-031

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-662 6288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-978 7180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-925 6881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st 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	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-351 3232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-433 3608	064-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-566 0800	076-002
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 1698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-517 3811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-223 4943	056-022

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-491 4913	056-041
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 0077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-743 2288	058-004
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-623 8128	021-001
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-631 7922	076-009
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-858 3109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-626 1816	056-055
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244 791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-004

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
CIMB INVESTMENT BANK BERHAD	No.6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No.: 084-367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313 855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422 252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329 100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654 100	056-050

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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 Kampung Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328 878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No.: 089-229 286	056-057