

11. FINANCIAL INFORMATION (Cont'd)**(iii) Analysis of contribution to gross profit by companies:-**

Company	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Focus Lumber	20,419	86.23	20,028	87.44	24,274	90.60	29,640	93.58
Untung Ria	3,201	13.52	2,817	12.30	2,458	9.18	1,972	6.23
Total	23,620	99.75	22,845	99.74	26,732	99.78	31,612	99.81
Consolidation adjustment	60	0.25	60	0.26	60	0.22	60	0.19
	23,680	100.00	22,905	100.00	26,792	100.00	31,672	100.00

(iv) Analysis of contribution to gross profit by core activities:-

	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing and sale of plywood	20,235	85.46	20,013	87.37	24,197	90.31	28,540	90.11
Manufacturing and sale of veneer	100	0.42	15	0.07	77	0.29	422	1.33
Manufacturing and sale of LVL	-	-	-	-	-	-	678	2.14
Sales of lumber core	84	0.35	- [^]	-	-	-	-	-
Sales of electricity	3,201	13.52	2,817	12.30	2,458	9.18	1,972	6.23
Total	23,620	99.75	22,845	99.74	26,732	99.78	31,612	99.81
Consolidation adjustment	60	0.25	60	0.26	60	0.22	60	0.19
	23,680	100.00	22,905	100.00	26,792	100.00	31,672	100.00
Overall Gross Profit Margin (%)		20.80		20.03		26.19		26.31

Note:-

[^] Negligible

11. FINANCIAL INFORMATION (Cont'd)**(v) Analysis of gross profit margin by core activities:-**

	←-----FYE 31 December----->			
	2007 %	2008 %	2009 %	2010 %
Manufacturing and sale of plywood	19.03	19.05	24.68	24.91
Manufacturing and sale of veneer	1.50	0.16	1.80	9.35
Manufacturing and sale of LVL	-	-	-	55.76
Sales of lumber core	10.27	4.10	-	-
Sales of electricity	50.14	49.99	46.56	36.40

(vi) Analysis of revenue for the manufacturing and sale of plywood and veneer and others by geographical location:-

	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
US	72,958	64.09	52,790	46.16	44,770	43.76	66,328	55.10
Asia ⁽¹⁾	22,899	20.12	33,187	29.01	30,131	29.45	36,433	30.27
Malaysia	17,707	15.55	21,726	19.00	22,993	22.48	15,038	12.49
Middle East	106	0.09	4,454	3.89	1,186	1.16	-	-
Others ⁽²⁾	167	0.15	2,216	1.94	3,220	3.15	2,579	2.14
Total	113,837	100.00	114,373	100.00	102,300	100.00	120,378	100.00

Notes:-

(1) Comprising mainly sales from India, Taiwan, Korea, Japan, Singapore and the PRC.

(2) Comprising mainly sales from Mexico, Australia, Canada and Europe.

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11. FINANCIAL INFORMATION (Cont'd)**(b) Financial Commentaries**

Based on the segmental analysis, our Group's revenue was contributed by two (2) main products, namely plywood and veneer, whereby plywood is the main contributor to our Group's revenue.

FYE 31 December 2007

Our Group recorded revenue of RM113.84 million in the FYE 31 December 2007. Based on the analysis of revenue by geographical location, our Group's revenue for the FYE 31 December 2007 was mainly generated from the US which accounted for RM72.96 million or 64.1% of our Group's revenue. Sales to the US were mainly to our major customer, Ihlo Sales & Imports Co., which accounted for RM54.57 million or 74.8% of the US revenue. The remaining revenue was mainly derived from Malaysia, Taiwan, Korea, Japan and the PRC markets.

Our gross profit margin and PAT margin for the FYE 31 December 2007 were 20.8% and 8.9% respectively. Our Group registered a profit attributable to our owners of RM11.05 million in the financial year under review.

FYE 31 December 2008

Our Group recorded revenue of RM114.37 million in the FYE 31 December 2008 as compared to RM113.84 million recorded in the FYE 31 December 2007, representing an increase of RM0.53 million or 0.5%. The slowdown in the US economy in the second half of 2007 has flowed through to 2008 and this, coupled with the financial crisis in the US and worldwide in the second half of the financial year, has affected businesses in various industries globally especially in the last quarter of FYE 31 December 2008. Despite the financial crisis, we still managed to record marginally higher revenue as compared to the FYE 31 December 2007 mainly due to the increase in sales of veneer. The sales of veneer increased from RM6.67 million in the FYE 31 December 2007 to RM9.18 million in FYE 31 December 2008, an increase of RM2.51 million or 37.6%. The plywood market has slowed down during the financial year under review due to the financial crisis which has resulted in the drop in the demand for plywood. With the decrease in orders for our plywood, we increased our sale of veneer for that financial year, whereby in the previous years when the demand for plywood was better, our main focus was on the manufacturing and sale of plywood which has better profit margin, despite there being demand for our veneer.

The slowdown in the US economy in the second half of 2007 has prompted us to expedite the process of enhancing our customer base in other markets. In this regard, our sales to the Asian, Middle East, Malaysia and other markets have registered higher sales for the financial year under review as compared to the FYE 31 December 2007 despite of the aforementioned global financial crisis. Sales to the Asian market have increased by RM10.29 million or 44.9%. Sales to the domestic market have increased by RM4.02 million or 22.7% while sales to the Middle East and Other markets have increased to RM4.45 million and RM2.22 million respectively from RM0.11 million and RM0.17 million respectively. Sales to the US market have decreased from RM72.96 million in the FYE 31 December 2007 to RM52.79 million in the FYE 31 December 2008, a decrease of RM20.17 million or 27.6%. The sales decrease was mainly due to the aforementioned continuous slowdown in the US economy and financial crisis.

Gross profit margin has decreased from 20.8% to 20.0% for the FYE 31 December 2008 due to the lower gross profit margin derived from the sale of veneer.

11. FINANCIAL INFORMATION (Cont'd)

Our Group's PBT for the FYE 31 December 2008 was RM10.87 million as compared to RM11.81 million recorded in the FYE 31 December 2007, representing a decrease of 7.9%. The decrease in PBT was mainly due to the lower gross profit margin recorded in the FYE 31 December 2008 as compared to the FYE 31 December 2007. Our Group's profit attributable to our owners decreased to RM10.27 million in the FYE 31 December 2008 from RM11.05 million in the FYE 31 December 2007, representing a decrease of RM0.77 million.

FYE 31 December 2009

Our Group recorded revenue of RM102.30 million for the FYE 31 December 2009 as compared to the FYE 31 December 2008 of RM114.37 million, representing a decrease of RM12.07 million or 10.6%. The decrease in revenue was mainly due to the global financial crisis which has continued into the first half of 2009, affecting the demand for our products during the first half of the financial year. For the FYE 31 December 2009, sales of our Group's plywood and veneer have decreased by RM7.01 million or 6.7% and RM4.91 million or 53.5% respectively as compared to FYE 31 December 2008.

Sales to the US decreased from RM52.79 million in the FYE 31 December 2008 to RM44.77 million in the FYE 31 December 2009 while sales to the Asian markets decreased from RM33.19 million to RM30.13 million as a result of the global financial crisis. However, sales to our domestic and Other markets have increased as compared to the FYE 31 December 2008. Sales to the domestic market has increased by RM1.27 million or 5.8% while sales to the Other markets have increased by RM1.00 million or 45.3%. Before the global financial crisis affected demand from the US market, our Group's main focus was on sales to the US market where we can command higher profit margin for our plywood. With the drop in the demand from the US market in the FYE 31 December 2009, our Group shifted our resources towards meeting the demand from the domestic and Other markets. We wish to note that with the gradual improvement of the global financial crisis beginning second half of 2009, our Group has been registering increase in sales orders since May 2009 as a result of improved business sentiments from our customers leading to restocking by these customers. Between May 2009 and December 2009, the average monthly sales of our Group were RM9.67 million.

Gross profit margin has increased significantly to 26.2% from 20.0% in the FYE 31 December 2009. The increase in the gross profit margin was due mainly to the following factors:-

- (i) Better production efficiency through the use of our new upgraded machinery which increased the recovery of logs, resulting in lower production cost;
- (ii) The use of our new upgraded machinery under (i) above has also enabled us to use higher quantity of smaller logs (which are lower in cost) in our manufacturing operation which has resulted in lower average log prices; and
- (iii) Marginal increase in average selling price as a result of recovery of demand especially from the US market.

Our Group's PBT has increased from RM10.87 million in the FYE 31 December 2008 to RM15.39 million in the FYE 31 December 2009, representing an increase of RM4.52 million or 41.6%. The increase in our Group's PBT was mainly attributable to the higher gross profit recorded and the discount on acquisition recognised for the FYE 31 December 2009 of approximately RM2.77 million arising from the purchase of the remaining 20% equity interest in Untung Ria. Our Group's profit attributable to our owners increased to RM11.60 million from RM10.27 million, an increase of RM1.32 million.

11. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2010***

Our Group recorded revenue of RM120.38 million for the FYE 31 December 2010 as compared to the FYE 31 December 2009 of RM102.30 million, representing an increase of RM18.08 million or 17.7%. The increase in revenue was mainly attributed to the recovery of the global financial crisis and the US economy in the FYE 31 December 2010 which has resulted in higher demand for our products. For the FYE 31 December 2010, our Group's plywood sales have increased by RM16.56 million or 16.9% which has contributed most to the increase in our Group's revenue. The sale of our Group's veneer recorded a marginal increase of RM0.24 million or 5.7% as compared to FYE 31 December 2009. In addition, sale of our Group's new product commencing from April 2010, LVL, contributed RM1.2 million or 1.0% to our Group's revenue for the FYE 31 December 2010.

Since the recovery of the global financial crisis and the US economy, we have shifted our focus and resources back to the US market and Asian market such as India and Taiwan. This has resulted in the increase in sales to the US by 48.2% from RM44.77 million in the FYE 31 December 2009 to RM66.33 million in the FYE 31 December 2010. Sales to the Asian market have also increased by 20.9% from RM30.13 million to RM36.43 million in the FYE 31 December 2010. Sales to the domestic market have decreased by 34.6% or RM7.96 million from RM22.99 million to RM15.04 million.

Our Group's gross profit margin has been fairly consistent for the FYE 31 December 2009 and 2010. Our Group's PBT has decreased from RM15.39 million in the FYE 31 December 2009 to RM10.79 million in the FYE 31 December 2010, representing a decrease of RM4.60 million or 29.9%. The decrease in our Group's PBT was mainly due to the following:-

- (i) In the FYE 31 December 2009, there was an one-off item recognised namely a discount on acquisition of approximately RM2.77 million arising from the purchase of the remaining 20% equity interest in Untung Ria;
- (ii) Higher selling and distribution expenses as a result of higher freight charges in the FYE 31 December 2010 in tandem with the increase in our export sales and due to increase in freight rate; and
- (iii) Higher administrative expenses in the FYE 31 December 2010 as compared to the FYE 31 December 2009 due mainly to, inter-alia, increase in recruitment and agency expenses and net unrealised foreign exchange losses as disclosed under the Administrative Expenses section below.

Our Group's profit attributable to our owners decreased from RM11.80 million to RM10.22 million, representing a decrease of RM1.59 million or 13.5%.

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11. FINANCIAL INFORMATION (Cont'd)**Other key factors affecting the profitability of our Group**

The other key factors affecting the profitability of our Group include those factors discussed below and elsewhere in this Prospectus, in particular the risk factors under Section 4 of this Prospectus:-

Cost of Sales

A breakdown of our cost of sales by product category for the past four (4) FYE 31 December 2007 to 2010 are as follow:-

Products	FYE 31 December							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Plywood	86,083	95.48	85,026	92.96	73,833	97.78	86,051	97.01
Veneer	6,574	7.29	9,163	10.02	4,193	5.55	4,092	4.61
LVL	-	-	-	-	-	-	538	0.61
Lumber core	734	0.82	8	0.01	-	-	-	-
Electricity	3,182	3.53	2,818	3.08	2,821	3.74	3,446	3.88
Total	96,573	107.12	97,015	106.07	80,847	107.07	94,127	106.11
Consolidation adjustment	(6,416)	(7.12)	(5,547)	(6.07)	(5,339)	(7.07)	(5,421)	(6.11)
	90,157	100.00	91,468	100.00	75,508	100.00	88,706	100.00

The components of our cost of sales are direct materials, direct labour and factory overheads. A breakdown of the components of our cost of sales for the past four (4) FYE 31 December 2007 to 2010 are as follow:-

	FYE 31 December							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Direct materials:-								
- Logs	61,033	67.70	48,387	52.90	38,289	50.71	47,876	53.97
- Veneer	18,156	20.14	6,055	6.62	904	1.20	8,326	9.39
- Glue	14,154	15.70	10,169	11.12	7,558	10.01	9,844	11.10
- Flour	1,896	2.10	2,003	2.19	1,129	1.49	1,414	1.59
	95,239	105.64	66,614	72.83	47,880	63.41	67,460	76.05
Direct labour	9,663	10.72	7,621	8.33	6,769	8.96	8,155	9.19
Factory overheads	13,357	14.81	11,516	12.59	11,257	14.91	14,943	16.85
Total cost of production	118,259	131.17	85,751	93.75	65,906	87.28	90,558	102.09
Net stock movement	(28,102)	(31.17)	5,717	6.25	9,602	12.72	(1,852)	(2.09)
Total cost of sales	90,157	100.00	91,468	100.00	75,508	100.00	88,706	100.00

11. FINANCIAL INFORMATION (Cont'd)*Direct material*

Our direct materials comprise mainly logs, veneer, glue and flour. The direct materials costs represent the largest component of our cost of sales. The significant decrease in direct materials costs in the FYE 31 December 2008 of 30.1% from RM95.24 million to RM66.61 million was in tandem with the decrease in our Group's production during the said financial year as a result of the continued slowdown in the US economy in 2008, coupled with the financial crisis in the US and worldwide in the second half of 2008 which has affected demand for our plywood.

The significant decrease in direct materials costs of 28.1% from RM66.61 million in the FYE 31 December 2008 to RM47.88 million in the FYE 31 December 2009 was mainly due to:-

- (i) lower purchase of veneer due to the decrease in production output resulted from the global financial crisis which has affected the demand for our products;
- (ii) improved production efficiency through the use of our new upgraded machinery which increased the recovery of logs, resulting in lower production cost; and
- (iii) the use of our new upgraded machinery under (ii) above has also enabled us to use higher quantity of smaller logs (which are lower in cost) in our manufacturing operation which has resulted in lower average log prices.

The increase in our direct materials costs of 40.9% from RM47.88 million in the FYE 31 December 2009 to RM67.46 million in the FYE 31 December 2010 was mainly due to:-

- (i) the increase in average log purchase prices;
- (ii) higher purchase of veneer during the financial year to meet the increase in demand for our products. Our Group purchases veneer on a need-be basis when our own production of veneer is insufficient to meet our plywood orders; and
- (iii) the increase in our Group's production output in tandem with the increase in turnover during the said financial year.

Direct labour

Our Group's direct labour mainly comprises employee expenses for our staff that are directly involved in the manufacturing of plywood, veneer and LVL. Employee expenses comprise mainly salaries, wages, bonus, welfare benefits and other employee benefits. The direct labour costs constituted 10.72%, 8.33%, 8.96% and 9.19% of the total cost of sales for the FYE 31 December 2007, 2008, 2009 and 2010 respectively.

Factory overheads

Our factory overheads mainly comprise the followings:-

- (i) Depreciation charges of property, plant and equipments;
- (ii) Repair and maintenance costs; and
- (iii) Consumables and supplies.

The factory overheads constituted 14.8%, 12.6%, 14.9% and 16.9% of the total cost of sales for the FYE 31 December 2007, 2008, 2009 and 2010 respectively.

11. FINANCIAL INFORMATION (Cont'd)

The decrease in factory overheads from the FYE 31 December 2007 to FYE 31 December 2009 was mainly due to the drop in production for the FYE 31 December 2008 and 2009 as a result of the abovementioned negative economic situation. In addition, there was a decrease in depreciation charge by RM0.82 million for FYE 31 December 2008 as compared to the FYE 31 December 2007 as certain assets were fully depreciated in the FYE 31 December 2008. Further, there was also a decrease in repair and maintenance cost from RM3.15 million in the FYE 31 December 2007 to RM2.55 million in the FYE 31 December 2008 due to higher repair and maintenance cost incurred on Untung Ria's power plant in the FYE 31 December 2007.

Our factory overhead has increased in the FYE 31 December 2010 by 32.7% from RM11.26 million to RM14.94 million mainly due to the increase in our Group's production output which was in tandem with the increase in our Group's revenue.

The main factors that may influence our cost of sales include the followings:-

- (i) Fluctuation in the prices of raw materials such as timber logs, which is our main raw material;
- (ii) Ability to enhance our production efficiency rate; and
- (iii) Ability to control our manufacturing cost.

Other Income

Our Group's other income was RM3.40 million, RM0.35 million, RM0.83 million and RM0.91 million for the FYE 31 December 2007, 2008, 2009 and 2010 respectively. Our other income mainly comprised rental income, interest income from fixed deposit and foreign currency account, insurance claim received, gain on disposal of fixed assets and reversal of provision for doubtful debts pursuant to the write off of bad debts which had previously been provided for as explained in Section 11.1.1 of this Prospectus.

Administrative Expenses

Our Group's administrative expenses mainly comprised recruitment expenses, net unrealised foreign exchange losses, Directors' emoluments, salaries and other staff-related expenses of our management, administrative and support personnel, other administrative expenses and bad debts written off (comprising mainly doubtful debts which has been provided for in the previous financial years subsequently turned bad) as explained in Section 11.1.1 of this Prospectus.

- (i) *Recruitment and agency expenses*

Recruitment expenses accounted for RM0.54 million, RM0.54 million, RM1.11 million and RM1.58 million of our total administrative expenses for the FYE 31 December 2007, 2008, 2009 and 2010 respectively. The recruitment expenses consist of agent fees, expenses paid for foreign workers health screening and food and transportation costs incurred during the process of recruiting foreign workers. The increase in recruitment expenses for the FYE 31 December 2009 was mainly due to more active recruitment activity carried out by our Company to bring our staff strength back to the pre-crisis level after our Company has reduced our staff strength during the crisis period in 2008. In 2009, a new government policy was implemented with effect from 1 May 2009 whereby all levies, recruitment agent fees and health screening expenses are to be borne by the employers. This new government policy has resulted in higher recruitment expenses incurred by our Company for the FYE 31 December 2010.

11. FINANCIAL INFORMATION (Cont'd)*(ii) Unrealised Foreign Exchange Loss*

Our Group's net unrealised foreign exchange losses amounted to RM0.57 million, RM0.12 million, RM1.23 million and RM1.93 million for the FYE 31 December 2007, 2008, 2009 and 2010 respectively. The net unrealised foreign exchange losses were due to the conversion loss of our USD-denominated foreign currency accounts arising from appreciation of RM against USD. The increase in net unrealised foreign exchange losses for the FYE 31 December 2009 and 2010 was due to the strengthening of the RM against the USD.

(iii) Salary and staff related expenses

Salary and other staff-related expenses of our management, administrative and support personnel amounted to RM0.96 million, RM0.94 million, RM1.06 million and RM1.13 million of our total administrative expenses for the FYE 31 December 2007, 2008, 2009 and 2010 respectively.

Apart from the above, the increase in administrative expenses was also contributed by the increase in, amongst others, listing expenses, Directors emoluments and sundry expenses.

Selling and Distribution Expenses

Our Group's selling and distribution expenses mainly comprised transportation cost, freight charges, loading charges, packing materials and export cess and port charges. In the FYE 31 December 2010, our Group's selling and distribution expenses has increased by 56.4% from RM8.88 million to RM13.9 million mainly due to the following:-

- (i) Increase in freight rate in the FYE 31 December 2010; and
- (ii) In tandem with the increase of our export sales during the financial year.

Finance Costs

Our Group's finance costs were insignificant and were mainly attributable to interest expenses arising from the utilisation of bank overdraft and bills of exchange.

Taxation

The Malaysian statutory tax rates applicable to the FYE 31 December 2007 and 2008 were 27% and 26% respectively whilst 2009 and 2010 were 25%. Our overall effective tax rates were 14.09%, (10.30)%, 23.31% and 5.34% for the FYE 31 December 2007, 2008, 2009 and 2010 respectively.

Our Group's effective tax rates for the FYE 31 December 2007 and 2008 were lower than the statutory tax rates due mainly to the following:-

- (i) Under provision of deferred tax assets in prior years, claim for double deduction of freight expenses and income not subject to tax for the FYE 31 December 2007; and
- (ii) Tax incentive enjoyed by our subsidiary, Untung Ria, which has been granted the Investment Tax Allowance ("ITA") incentive under the Promotion of Investment Act, 1986 at the rate of 100% on the qualifying capital expenditure incurred for its power generation activity for a period of five (5) years with effect from 27 December 2004. For the FYE 31 December 2008, our Group recognised deferred tax assets on unabsorbed ITA of RM6.58 million pursuant to the ITA;

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2009, our Group's effective tax rate was lower than the statutory tax rate mainly due to income not subject to tax, particularly discount on the acquisition of the remaining 20% equity interest in Untung Ria as the discount on acquisition was a consolidation adjustment and capital in nature which is not subject to tax.

A tax field audit was carried out on our Company. Resulting from the tax field audit, the Inland Revenue Board ("IRB") has proposed to disallow our Company's claim for double deduction on freight charges on the basis that the said expenses were not incurred by our Company. The IRB has revised our Company's income tax computation with the proposed additional tax payable and penalty imposed totalling RM4,708,796 and RM2,118,958 respectively covering the years of assessment 2005, 2006 and 2007. This was reflected in our audited financial statements for the FYE 31 December 2009 as a contingent liability. Subsequently, the IRB has, vide its letter dated 25 August 2010, written to our Company indicating that the tax audit case was resolved without any adjustments or revision to our Company's tax computations for the years concerned.

For the FYE 31 December 2010, our Group's effective tax rate was lower than the statutory tax rate mainly due to the claim for double deduction of freight expenses for the financial year and over provision of income tax in respect of the previous financial years.

Minority Interests

Minority interests represent the portion of profit or loss in Untung Ria not held by our Company. In FYE 31 December 2008, the minority interests' share of profit increased to RM1.72 million as Untung Ria managed to record a profit after tax for the financial year of RM8.61 million comprising profit before tax and deferred tax asset of RM6.58 million recognised on investment tax allowance as Untung Ria has been granted the ITA incentive under the Promotion of Investment Act, 1986 at the rate of 100% on the qualifying capital expenditure incurred for its power generation activity for a period of five (5) years with effect from 27 December 2004.

For the FYE 31 December 2009, the minority interests' share of profit decreased to RM0.21 million mainly due to the acquisition of the 20% equity interest not owned by our Company during the financial year. Thus, Untung Ria became our wholly-owned subsidiary on 1 August 2009. As a result, the minority interests' share of profit was recorded only for the financial period from 1 January 2009 to 31 July 2009 only.

(c) Impact of Foreign Exchange / Commodity Prices / Interest Rates / Inflation on Operating Profits**Foreign Exchange**

Based on the segmental information of revenue by geographical location in Section 11.4.1 (a) of this Prospectus, our Group' revenue is essentially export driven. The export sales transactions were mostly denominated in USD. In this regard, any strengthening of the RM against the USD would have a negative impact on the results of our Group. Likewise, any weakening of the RM against the USD would contribute favourably to the results of our Group. Notwithstanding the fluctuation in foreign exchange, our Group may adjust our pricing of sales quotations over a period of time with certain degree of flexibility which may in turn reduce the impact of foreign currency movement accordingly.

For further details on our exposure to foreign exchange risk, please refer to Section 4.1.5 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)**Movement in Commodity Prices**

The main raw material of our Group's operation is timber logs which are usually subject to price fluctuations. We are able to mitigate the risk of the fluctuation in raw materials given that if the price of raw material increases over time, the selling prices for our plywood products should likewise increase, and vice versa. We believe that our Group would be able to pass on the cost increase to our customers in the longer term, in the event of any increase in the raw material prices.

For further details on the risk of fluctuation in raw materials prices, please refer to Section 4.1.4 of this Prospectus.

Interest Rates

Our Group does not have any bank borrowings for the FYE 31 December 2008 and 2010. As at 31 December 2007 and 2009, our Group's total bank borrowings amounted to RM0.81 million and RM2.48 million respectively in respect of an interest bearing bank overdraft facility granted by a local financial institution.

Inflation

There was no material impact of inflation on our Group's financial results for the past four (4) FYE 31 December 2007 to 2010.

(d) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past four (4) FYE 31 December 2007 to 2010.

(e) Government / Economic / Fiscal / Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus.

Save as disclosed in Sections 4, 6 and 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past four (4) FYE 31 December 2007 to 2010.

11.4.2 Liquidity and capital resources

Our Group's principal sources of liquidity are predominantly the internally generated funds. As at 31 December 2010, our Group has cash and cash equivalents of RM28.81 million and unutilised bank overdraft of RM3.50 million.

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

The table below sets out the audited consolidated statements of cash flow of our Group for the FYE 31 December 2010:-

11. FINANCIAL INFORMATION (Cont'd)

	Audited FYE 31 December 2010 RM'000
Net cash generated from operating activities	19,433
Net cash used in investing activities	(6,645)
Net increase in cash and cash equivalents	12,788
Effects of foreign exchange rate changes on cash and cash equivalents	(1,931)
Cash and cash equivalents at beginning of year	17,953
Cash and cash equivalents at end of year	28,810

Our operations are funded predominantly by internally generated funds and a small amount of short term trade financing. Internally generated funds comprise mainly of cash generated from our operating activities. The principal uses of these funds are for working capital purposes such as payment for the purchase of raw materials, trade payables and staff cost, financing trade receivable balances and operating expenses. The cash used for investing activities was mainly for the purpose of our Group's capital expenditures.

There are no legal (save and except in certain exceptional circumstances) or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligation of our Company.

Net cash generated from operating activities

For the FYE 31 December 2010, the amount generated from operations before working capital changes was RM17.71 million. After accounting for items such as the increase in inventories of RM4.44 million, decrease in receivables of RM20.71 million, decrease in payables of RM11.75 million and income tax paid of RM2.91 million, our net cash generated from operating activities was RM19.43 million.

Our Group actively manages our operating cash flows and the availability of funding so as to ensure that all funding needs and repayment are met.

Net cash used in investing activities

For the FYE 31 December 2010, our Group's net cash used for investing activities was recorded at RM6.64 million. The net cash used in investing activities was mainly for capital expenditure incurred for the purchase of machineries to enhance our production line.

The cash and cash equivalents as at 31 December 2010 was at RM28.81 million.

11.4.3 Borrowings and financial instruments

As at 31 December 2010 and the LPD, our Group does not have any bank borrowings and has not utilised a short-term overdraft facilities granted by a financial institution.

As at 31 December 2010, our Group does not have nor are we using any financial instruments for hedging purposes.

11. FINANCIAL INFORMATION (Cont'd)**11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan**

To the best of our Directors' knowledge, as at the LPD, neither us nor our subsidiary are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

11.4.5 Material Commitment

As at the LPD, our Group has not incurred or known to have incurred any material commitment for capital expenditure that may have a material and adverse impact on our financial position.

11.4.6 Material Litigation

As at the LPD, neither we nor our subsidiary company are engaged in any material litigation or arbitration either as plaintiff or defendant that has a material effect on the financial position of our Group. Our Board is not aware of any proceedings pending or threatened against us or our subsidiary company or of any facts likely to give rise to any proceedings that may materially affect our Group's position and business.

11.4.7 Contingent Liabilities

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

11.4.8 Trend Information**(a) Business and financial prospects**

In respect of FYE 31 December 2011, our Directors have observed the following trends based on the sales and operations of our Group:-

- (i) With the gradual improvement of the global financial crisis, our Group envisages that the revenue for the FYE 31 December 2011 should be higher than that of FYE 31 December 2010. We will continue to expand our customer base in the US market as we believe that, based on our current good standing in supplying plywood for the use by the RV industry, we are in a position to procure more customers from the lucrative RV market in which our plywood can command better profit margin. In addition, we will supply our plywood to other industries in the US such as furniture, home decorating and house constructions where the penetration of our plywood sales in these industries are still low compared to the RV market. Based on the information as stated in the Independent Market Research Report by Dun & Bradstreet (Malaysia) Sdn Bhd, the US import of plywood, veneered panels and similar laminated wood from the world amounted to approximately RM4.53 billion in 2009, whereby approximately RM188.7 million were imported from Malaysia. It is also stated that the RV market in the US is recovering from one of the worst years ever in 2009, with projections of a robust increase in unit shipments in 2010 due to pent-up demand, hence, the US market is a big market for our plywood to tap upon. Likewise, we will continue to expand our sales in the existing other markets such as Taiwan, India, Mexico, Korea, Singapore, Australia and the PRC.

11. FINANCIAL INFORMATION (Cont'd)

In addition, as mentioned in Section 5.1.1 of this Prospectus, our Group has started a production line for the manufacturing of LVL which commenced operations in March 2010 and the sales of LVL started in April 2010. The manufacturing and selling of the new LVL product will be part of our diversification plan to diversify into different market segments in terms of products whilst maintaining our existing market in thin panel plywood;

- (ii) Our key management observed that the selling prices of our plywood have moved within certain price ranges over the years due to changing market demand and supply conditions. Barring any unforeseen circumstances, our Directors expect such trends to continue going forward; and
- (iii) Generally, our costs of materials comprising prices of timber logs have generally moved within certain price ranges over the years due to changes in market demand and supply conditions. Barring any unforeseen circumstances, our Directors expect such trends to continue going forward.

Labour costs have generally been on an upward trend in order to retain workers. Our Directors believe that the trend of increasing labour costs would generally continue in tandem with the improving economy going forward. Selling and distribution costs are generally expected to be on an upward trend in tandem with the increase in transportation cost and sales.

As at the LPD and to the best knowledge and belief of our Board, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this section and Sections 4 and 5 of this Prospectus;
- (ii) Material capital expenditure commitments save as disclosed in Section 11.4.5 of this Prospectus;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, significant trends in sales, costs and selling prices is set out in this section, Section 4 and Section 5 of this Prospectus. Given the outlook of the plywood industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 and our Group's dedication to implement the future plans and strategies as set out in Section 5.8.1 of this Prospectus, our Board is optimistic about the future prospects of our Group.

11. FINANCIAL INFORMATION (Cont'd)

(b) Order books

In general, our customers do not place long term orders with us. As at the LPD, we have confirmed orders on hand amounting to RM20.99 million. These orders are however subject to cancellation, deferral or rescheduling by our customers. As such, our order book as at any particular date may not be indicative of our Group's revenue for any succeeding period. As at 28 February 2011, 20.1% of the confirmed orders has been delivered to the customers. The remaining 79.9% of the orders are expected to be delivered by April 2011.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.9 Other key financial ratios**

The key financial ratios of our Group are as follows:-

	-----FYE 31 December----->			
	2007 (Restated)	2008 (Restated)	2009	2010
Trade receivables				
Revenue (RM'000)	113,837	114,373	102,300	120,378
Trade receivable (RM'000)	19,501	14,407	17,827	5,679
Trade receivable turnover period (months)	2.06	1.51	2.09	0.57
Trade receivable (RM'000)	19,501	14,407	17,827	5,679
Less: Log purchase advances(RM'000)	(12,818)	(8,316)	(4,164)	(1,219)
Trade receivable (excluding log purchase advances)	6,683	6,091	13,663	4,460
Trade receivable (excluding log purchase advances) turnover period (months)	0.70	0.64	1.60	0.44
Trade payables				
Cost of sales (RM'000)	90,158	91,468	75,507	88,706
Trade payable (RM'000)	4,790	5,035	6,182	7,190
Trade payable turnover period (months)	0.64	0.66	0.98	0.97
Inventories				
Cost of sales (RM'000)	90,158	91,468	75,507	88,706
Closing inventories (RM'000)	30,946	28,150	17,842	22,285
Inventories turnover period (months)	4.12	3.69	2.84	3.01

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11. FINANCIAL INFORMATION (Cont'd)**Trade receivables**

Log purchase advances are advances given to log suppliers for the supply of logs. Log purchase advances are unsecured, non-interest bearing and are recoverable through purchase of logs, by off-setting the logs purchase price with log purchase advances. The log purchase advance is common particularly for smaller suppliers (these advances are used to pay on their behalf expenses such as royalties, cess, premium, timber development charges, any other costs that may be incurred in extracting and selling the timber to the purchaser and etc). The log purchase advances are requested by the smaller log suppliers to assist them on easing their cash flow requirements in order to facilitate the supply of logs to the buyers. These advances would then be off-set against the purchase price paid for the supply of logs. For the financial years under review, the log purchase advances were made to a related party, namely GSSB (whom subsequently ceased as a related party on 22 June 2009) as well as other third party log suppliers.

As at 31 December 2010, the trade receivables of our Group, excluding log purchase advances, amounted to RM4.46 million which can be analysed as follows:-

	<-----Within credit period----->			Exceed credit period	Total
	0-30 days	31-60 days	61-90 days		
Trade receivables* (RM'000)	4,426	15	15	4	4,460
% of total trade receivables	99.24	0.34	0.34	0.08	100.00

Note:-

* Excluding log purchase advances.

The normal credit term granted to regular customers is 30 days and may increase to 90 days. For new customers, payment in advance is normally required. Other credit terms are assessed and approved on a case-by-case basis.

Our trade receivables turnover period has improved from the FYE 31 December 2007 to FYE 31 December 2008. The decrease in trade receivables in the FYE 31 December 2008 was mainly due to the decrease in log purchase advances arising from the more stringent control over the provision of log purchase advances to log suppliers by our Company. In addition, despite the increase in revenue in FYE 31 December 2008, there was a decrease in the trade receivables as sales in the fourth quarter of 2008 were lower due to the global financial crisis which has affected various businesses globally.

The increase in the turnover period for the FYE 31 December 2009 as compared to the FYE 31 December 2008 was mainly due to higher year-end sales to our major customer, namely Ihlo Sales and Import Co, during the FYE 31 December 2009. This was due to the gradual improvement of the global financial crisis beginning second half of 2009 which resulted in increase orders whereby delivery of the products were towards the year end.

For the FYE 31 December 2010, our trade receivables turnover period has improved significantly as compared to the FYE 31 December 2009. The improvement was mainly due to lower year-end sale during the FYE 31 December 2010 and prompt clearance of letter of credit for our November sales, which was received in December. Nevertheless, the trade receivables turnover period has been maintaining within the credit period for the four (4) financial years under review due to the tight credit control and monitoring by our Group. Our Group seeks to maintain a strict control over our outstanding trade receivables and monitor debtors aging regularly. In addition, the outstanding balances of receivables are reviewed regularly by our senior management. When a customer fails to issue payment within the credit term granted, we will follow up with the customer on the payment status of the overdue debt. Where payment is still not collected, we may

11. FINANCIAL INFORMATION (Cont'd)

proceed to issue a letter of demand to the customer and, depending on the materiality of the debt and our relationship with the customer, we may consider taking legal action. Specific provisions will be made in the event that recovery of the debt appears doubtful. To-date, we have not resorted to issuing letter of demand to our customers in light of our tight credit control.

As at 31 December 2010, 99.9% of our trade receivables fall within the credit period granted whilst only 0.01% has exceeded the credit period granted. As at the LPD, all the trade receivables of RM4.46 million as at 31 December 2010 has been settled.

It is our policy to make full provisions for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful.

Trade payables

	←——Within credit period——→			Exceed credit period	Total
	0-30 days	31-60 days	61-90 days		
Trade payables (RM'000)	3,278	1,821	1,643	448	7,190
% of total trade payables	45.59	25.33	22.85	6.23	100.00

Trade payables are non-interest bearing and the normal trade credit term granted by our Group's suppliers is 30 days. For the FYE 31 December 2010, trade payables increased mainly due to purchase of machineries towards the year-end. As at 31 December 2010, 93.8% of trade payables are within the credit period granted.

No legal or other action has been taken against us due to our non-payment or late payment in amount owed to our suppliers.

Inventories

Our inventories comprise raw materials, finished goods and consumables. Raw materials mainly consist of timber logs, veneer, glues and flour which are vital to the production of our plywood and veneer products.

For the FYE 31 December 2007, 2008 and 2009, our inventory turnover period has been decreasing from 4.12 months to 3.69 months and 2.84 months respectively with a slight increase in the FYE 31 December 2010 to 3.01 months.

Our inventory turnover period has decreased from 4.12 months in the FYE 31 December 2007 to 3.69 months in the FYE 31 December 2008 as there were certain finished products that were pending shipment delivery towards the end of the FYE 31 December 2007, thus resulting in a higher year-end inventory for the FYE 31 December 2007 as compared to the FYE 31 December 2008. For the FYE 31 December 2008, our Group was still recording higher than normal year-end inventory as a result of lower demand for our products during the said financial year caused by mainly the slowdown in the US economy which started in the second half of 2007 and has flowed through to 2008 coupled with the global financial crisis in the second half of 2008. The lower demand has resulted in lower production during the financial year under review which has resulted in higher closing inventory of raw materials and consumables which has increased by RM1.11 million and RM1.89 million respectively between the FYE 31 December 2007 and 2008.

Our closing inventories have decreased by RM10.31 million or 36.62% as at 31 December 2009 as compared to 31 December 2008 and our inventory turnover period has improved from 3.69 months in the FYE 31 December 2008 to 2.84 months in the FYE 31 December 2009. This was due to clearing of inventories brought forward and

11. FINANCIAL INFORMATION (Cont'd)

the lower production during the said financial year. As at 31 December 2010, our Group's closing inventories have increased from RM17.84 million to RM22.29 million and our inventories turnover period has increased from 2.84 months in the FYE 31 December 2009 to 3.01 months in the FYE 31 December 2010. The increase in our inventories turnover period was mainly due to certain finished products that were pending shipment delivery towards the end of the FYE 31 December 2010, thus resulting in a higher year-end inventory for the FYE 31 December 2010 as compared to the FYE 31 December 2009.

We will usually maintain an adequate level of timber logs for between one and a half (1.5) to two (2) months to sustain production needs and to meet the customers' demands.

11.5 DIVIDEND POLICY

Our Company has declared and paid an interim tax-exempt dividend of 60% which amounted to RM21.00 million on 31 March 2009 for the FYE 31 December 2009. Our Company has also declared an interim tax-exempt (single tier) dividend amounting to RM6.20 million for the FYE 31 December 2010 on 28 January 2011 which was paid on 15 February 2011.

For FYE 31 December 2011, our Board intends to recommend and distribute net dividend of not less than 4.4 sen per Share, representing a net dividend yield of 7.3% based on the IPO Price per share, to our shareholders subject to the following factors:-

- (i) The availability of adequate distributable reserves and cash flows;
- (ii) Our operating cash flow requirements and financing commitments;
- (iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- (iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend the dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There is no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

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12. ACCOUNTANTS' REPORT



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*(Prepared for inclusion in the Prospectus
to be dated 6 April 2011)*

The Board of Directors
Focus Lumber Berhad
11th Floor, Wisma Perindustrian
Jalan Istiadat, Likas
88400 Kota Kinabalu
Sabah

18 March 2011

Dear Sirs,

**FOCUS LUMBER BERHAD ("FOCUS LUMBER")
ACCOUNTANTS' REPORT**

1. INTRODUCTION

This report has been prepared by Ernst & Young, an approved company auditor, for inclusion in the Prospectus of Focus Lumber to be dated 6 April 2011 in connection with the following:

- a) Public issue of 12,200,000 new ordinary shares of RM0.50 each in Focus Lumber at an issue price of RM0.60 per share.
- b) Offer for sale of up to 5,160,000 ordinary shares of RM0.50 each in Focus Lumber at an offer price of RM0.60 per share.
- c) Listing of and quotation for the entire enlarged issued and paid-up share capital of Focus Lumber of RM51,600,000 comprising 103,200,000 ordinary shares of RM0.50 each on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

This report is required by and is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission and should not be relied upon for any other purposes.

12. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION****2.1 Focus Lumber****2.1.1 Incorporation and Principal Activities**

Focus Lumber was incorporated in Malaysia as a private limited company under the Companies Act 1965 on 30 October 1989 under the name of Focus Lumber Sdn Bhd.

The company was converted to a public limited company on 13 November 2009.

The principal activities of the company are the manufacturing and sale of plywood, veneer and laminated veneer lumber, and investment holding. The principal activities of its subsidiary are stated in Note 2.3 of this report.

2.1.2 Share Capital

The present authorised share capital of Focus Lumber is RM150,000,000 divided into 300,000,000 ordinary shares of RM0.50 each and the issued and fully paid-up share capital is RM45,500,000 comprising 91,000,000 ordinary shares of RM0.50 each.

Movements in the issued and fully paid-up share capital of Focus Lumber for the last four financial years are as follows:

Date of allotment/ subdivision	Number of ordinary shares allotted	Cumulative number of ordinary shares	Par Value	Consideration	Amount	Cumulative Amount
		RM	RM		RM	RM
Brought forward		35,000,000	1.00			35,000,000
16 December 2010	10,500,000	45,500,000	1.00	Bonus issue	10,500,000	45,500,000
17 December 2010	-	91,000,000	0.50	Share split	-	45,500,000

The issued and fully paid-up share capital of Focus Lumber will be increased to RM51,600,000 comprising 103,200,000 ordinary shares of RM0.50 each upon completion of the Public Issue as defined in Section 2.2 below.

12. ACCOUNTANTS' REPORT (Cont'd)



2. GENERAL INFORMATION (continued)

2.2 Listing Scheme

In connection with and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of Focus Lumber on the Main Market of Bursa Securities, Focus Lumber undertakes a listing scheme, which involves the following transactions:

2.2.1 Bonus Issue

Bonus issue of 10,500,000 new ordinary shares of RM1.00 each in Focus Lumber on the basis of three new ordinary shares for every ten existing ordinary shares held by the existing shareholders. ("Bonus Issue")

The Bonus Issue was completed on 16 December 2010.

2.2.2 Share Split

Subdivision of the issued and paid-up share capital of Focus Lumber of RM45,500,000 comprising 45,500,000 ordinary shares of RM1.00 each into 91,000,000 ordinary shares of RM0.50 each. ("Share Split")

The Share Split was completed on 17 December 2010.

2.2.3 Public Issue

Public issue of 12,200,000 new ordinary shares of RM0.50 each in Focus Lumber at an issue price of RM0.60 per share. ("Public Issue")

2.2.4 Offer for Sale

Offer for sale of up to 5,160,000 ordinary shares of RM0.50 each in Focus Lumber at an offer price of RM0.60 per share. ("Offer for Sale")

2.2.5 Listing

Listing of and quotation for the entire enlarged issued and paid-up share capital of Focus Lumber of RM51,600,000 comprising 103,200,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities.

12. ACCOUNTANTS' REPORT (Cont'd)**2. GENERAL INFORMATION (continued)****2.3 Subsidiary****2.3.1 Incorporation and Principal Activities**

Company	Date of incorporation	Effective equity interest	Principal activities
Untung Ria Sdn Bhd ("Untung Ria")	09.06.1997	100%	Generation, transmission, distribution and sale of electricity

2.3.2 Share Capital

The present authorised share capital of Untung Ria is RM15,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 10,000,000 7% redeemable non-cumulative preference shares of RM1.00 each.

The issued and fully paid-up share capital of Untung Ria is RM15,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 10,000,000 7% redeemable non-cumulative preference shares of RM1.00 each.

Movements in the issued and fully paid-up 7% redeemable non-cumulative preference share capital of Untung Ria for the last four financial years are as follows:

Date of allotment	Number of preference shares of RM1.00 each	Consideration	Amount	Cumulative Amount
			RM	RM
14.07.2008	10,000,000	Cash	10,000,000	10,000,000

There were no other changes in the issued and paid up share capital of Untung Ria for the last four financial years.

12. ACCOUNTANTS' REPORT (Cont'd)**3. AUDITORS AND AUDITED FINANCIAL STATEMENTS**

We were the auditors of Focus Lumber and its subsidiary ("Focus Lumber Group") for the four financial years under review.

The auditors' reports on the financial statements of Focus Lumber Group for the four financial years under review were not subject to any qualification.

4. ACCOUNTING POLICIES AND STANDARDS

The financial statements of Focus Lumber for the financial year ended 31 December 2007 were prepared in compliance with applicable Private Entity Reporting Standards ("PERS") in Malaysia. The financial statements of Focus Lumber for the financial years ended 31 December 2008, 2009 and 2010 were prepared in compliance with applicable Financial Reporting Standards ("FRS") in Malaysia.

For the purpose of this report, the financial statements of Focus Lumber were converted to comply with applicable FRS. We have reviewed the financial statements of Focus Lumber for the financial year ended 31 December 2007 for the conversion to applicable FRS, prepared for the purpose of this report. The adoption of applicable FRS did not have any material effect on the financial statements of Focus Lumber other than as disclosed in Note 4.1 below. The transition from PERS to FRS has not had a material impact on the income statements and cash flow statements.

4.1 Summary of Effects and Changes Arising from Adoption of Applicable FRS

The following comparative amounts for the financial year ended 31 December 2007 have been restated as a result of adopting applicable FRS.

	Previously	Increase/(Decrease)			Restated
	Stated RM	FRS 117 RM	FRS 140 RM	FRS 101 RM	
2007					
Property, plant and equipment	47,204,565	(700,080)	(1,537,872)	-	44,966,613
Investment properties	-	-	1,537,872	-	1,537,872
Prepaid land lease payments	-	700,080	-	-	700,080
Total equity	<u>92,091,333</u>	<u>-</u>	<u>-</u>	<u>1,836,790</u>	<u>93,928,123</u>

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.1 Summary of Effects and Changes Arising from Adoption of Applicable FRS (continued)**

Group reconciliation of equity as at 31 December 2007

	PERS RM	Remeasurements RM	FRS RM
NON-CURRENT ASSETS			
Property, plant and equipment	47,204,565	(2,237,952)	44,966,613
Investment properties	-	1,537,872	1,537,872
Prepaid land lease payments	-	700,080	700,080
Intangible assets	7,611	-	7,611
Other investments	149,040	-	149,040
	<u>47,361,216</u>	<u>-</u>	<u>47,361,216</u>
CURRENT ASSETS			
Inventories	30,945,693	-	30,945,693
Trade and other receivables	24,203,978	-	24,203,978
Tax refundable	20,013	-	20,013
Cash and bank balances	6,611,077	-	6,611,077
	<u>61,780,761</u>	<u>-</u>	<u>61,780,761</u>
TOTAL ASSETS	<u>109,141,977</u>	<u>-</u>	<u>109,141,977</u>
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the company			
Share capital	35,000,000	-	35,000,000
Retained earnings	57,091,333	-	57,091,333
	<u>92,091,333</u>	<u>-</u>	<u>92,091,333</u>
Minority interests	1,836,790	-	1,836,790
Total equity	<u>93,928,123</u>	<u>-</u>	<u>93,928,123</u>
NON-CURRENT LIABILITY			
Deferred tax liabilities	1,626,714	-	1,626,714
CURRENT LIABILITIES			
Borrowings	808,049	-	808,049
Trade and other payables	12,779,091	-	12,779,091
	<u>13,587,140</u>	<u>-</u>	<u>13,587,140</u>
Total liabilities	<u>15,213,854</u>	<u>-</u>	<u>15,213,854</u>
TOTAL EQUITY AND LIABILITIES	<u>109,141,977</u>	<u>-</u>	<u>109,141,977</u>

12. ACCOUNTANTS' REPORT (Cont'd)

**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.1 Summary of Effects and Changes Arising from Adoption of Applicable FRS (continued)****a) FRS 117 Leases****Leasehold Land Held for Own Use**

Under PERS, 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.

Focus Lumber Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. 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 140 Investment Properties

Under PERS, all properties were classified as property, plant and equipment. The adoption of the FRS 140: Investment Property has resulted in a change in the accounting policy relating to the classification of these assets which are leased to third party. These assets are classified as investment properties.

The reclassification has been accounted for retrospectively and certain comparatives have been restated as shown above.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.1 Summary of Effects and Changes Arising from Adoption of Applicable FRS (continued)****c) FRS 101 Presentation of Financial Statements**

Under PERS, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon adoption of the revised FRS 101, minority interests are now presented within the total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the company and to minority interests.

This change in presentation has been applied retrospectively and certain comparatives have been restated.

4.2 Prior Year Adjustment

Included in other receivables as at 31 December 2007 and 2008 were workers recruitment and staff advances amounting to RM1,324,984 and RM1,132,116, of which RM1,019,154 and RM1,030,005 were considered not recoverable.

The following adjustments relating to prior years financial statements of Focus Lumber Group were identified during the financial year ended 31 December 2009 and were accounted for retrospectively by way of prior year adjustment.

	2007 RM	2008 RM	2009 RM
Effects on retained earnings			
At 1 January, as previously stated	46,032,700	57,091,333	67,375,017
Effects of prior year adjustment	(1,006,418)	(1,019,154)	(1,030,005)
At 1 January, as restated	<u>45,026,282</u>	<u>56,072,179</u>	<u>66,345,012</u>
Effects on profit for the year			
Profit for the year before prior year adjustment	10,155,083	12,004,827	11,803,795
Effects of prior year adjustment	(12,736)	(10,851)	-
Profit for the year	<u>10,142,347</u>	<u>11,993,976</u>	<u>11,803,795</u>

12. ACCOUNTANTS' REPORT (Cont'd)

**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.3 Changes in Accounting Policies**

At the beginning of the financial year ended 31 December 2010, the Focus Lumber Group adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully below.

a) 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.

Focus Lumber Group has 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 Focus Lumber Group's financial statements for the year ended 31 December 2010.

b) FRS 8 *Operating Segments*

FRS 8, which replaces FRS 114 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Focus Lumber Group operates, and revenue from the Focus Lumber Group's major customers. The Focus Lumber Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Focus Lumber Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 7.29 below.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.3 Changes in Accounting Policies (continued)****c) 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. The Focus Lumber 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 Focus Lumber Group to make new disclosures to enable users of the financial statements to evaluate the Focus Lumber Group's objectives, policies and processes for managing capital (see Note 7.28).

The revised FRS 101 was adopted retrospectively by the Focus Lumber Group.

d) 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. The Focus Lumber Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. Any 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 Focus Lumber Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and concluded that there were no material differences and hence no adjustments to the opening balance of retained earnings as at that date.

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.3 Changes in Accounting Policies (continued)****e) Amendments to FRS 117 Leases**

Prior to 1 January 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Focus Lumber Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were 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 represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee.

Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Focus Lumber Group has applied this change in accounting policy retrospectively and certain comparatives have been restated.

The following comparative amounts for the financial years ended 31 December 2007, 2008 and 2009 have been restated as a result of adopting Amendments to FRS 117:

Statements of financial position	Previously stated RM	Increase/ (decrease) Amendments to FRS 117 RM	Restated RM
31 December 2007			
Property, plant and equipment	44,966,613	700,080	45,666,693
Prepaid land lease payments	700,080	(700,080)	-
31 December 2008			
Property, plant and equipment	46,499,650	690,490	47,190,140
Prepaid land lease payments	690,490	(690,490)	-
31 December 2009			
Property, plant and equipment	45,827,598	680,900	46,508,498
Prepaid land lease payments	680,900	(680,900)	-

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.4 Restatement of Comparatives**

The presentation and classification of items in the financial statements for the financial year ended 31 December 2010 have been consistent with the prior financial years except that certain comparative amounts have been adjusted as a result of the abovementioned prior year adjustment, restatement to conform with 2009's presentation, and the adoption of applicable FRS in 2010.

	Previously stated RM	Prior year adjustment RM	Reclassifications RM	Amendments to FRS 117 RM	Restated RM
At 1 January 2007					
Retained earnings	(46,032,700)	1,006,418	-	-	(45,026,282)
At 31 December 2007					
Property, plant and equipment	44,966,613	-	-	700,080	45,666,693
Prepaid land lease payments	700,080	-	-	(700,080)	-
Trade and other receivables	24,203,978	(1,019,154)	-	-	23,184,824
Retained earnings	(57,091,333)	1,019,154	-	-	(56,072,179)
At 31 December 2008					
Property, plant and equipment	46,499,650	-	-	690,490	47,190,140
Prepaid land lease payments	690,490	-	-	(690,490)	-
Deferred tax assets	2,194,715	-	2,285,802	-	4,480,517
Deferred tax liabilities	-	-	(2,285,802)	-	(2,285,802)
Trade and other receivables	16,739,336	(1,030,005)	-	-	15,709,331
Retained earnings	(67,375,017)	1,030,005	-	-	(66,345,012)
At 31 December 2009					
Property, plant and equipment	45,827,598	-	-	680,900	46,508,498
Prepaid land lease payments	680,900	-	-	(680,900)	-

12. ACCOUNTANTS' REPORT (Cont'd)**4. ACCOUNTING POLICIES AND STANDARDS (continued)****4.4 Restatement of Comparatives (continued)**

	Previously stated RM	Prior year adjustment RM	Reclassifications RM	Amendments to FRS 117 RM	Restated RM
For the year ended 31 December 2007					
Administrative expenses	6,106,118	12,736	-	-	6,118,854
For the year ended 31 December 2008					
Administrative expenses	3,224,406	10,851	-	-	3,235,257

5. DIVIDENDS

No dividends have been paid by Focus Lumber during the financial years ended 31 December 2007 and 2008.

During the financial year ended 31 December 2009, Focus Lumber declared and paid an interim tax exempt dividend of 60% on 35,000,000 ordinary shares of the company, which amounted to RM21 million, on 31 March 2009.

No dividends have been paid by Focus Lumber during the financial year ended 31 December 2010.

On 28 January 2011, Focus Lumber declared an interim tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010 of approximately 6.8132%, on 91,000,000 ordinary shares of RM0.50 each in Focus Lumber, amounting to RM6,200,000, which was paid on 15 February 2011.

No dividends have been paid by subsidiary of Focus Lumber during the relevant financial years under review.

12. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP****6.1 Consolidated Statements of Comprehensive Income of Focus Lumber Group for the Financial Years Ended 2007 to 2010**

	Note	2007 RM (Restated)	2008 RM (Restated)	2009 RM	2010 RM
Revenue	7.3	113,837,004	114,373,286	102,299,804	120,378,236
Cost of sales		(90,157,504)	(91,467,614)	(75,507,441)	(88,705,717)
Gross profit		23,679,500	22,905,672	26,792,363	31,672,519
Other items of income					
Interest income	7.4	252,371	204,282	78,497	123,981
Other income	7.5	3,144,577	145,134	747,056	789,039
Discount on acquisition	7.6	-	-	2,765,551	-
Other items of expense					
Selling and distribution costs		(9,136,915)	(9,134,421)	(8,886,757)	(13,900,220)
Administrative expenses		(6,118,854)	(3,235,257)	(6,104,234)	(7,891,246)
Finance costs	7.7	(15,888)	(12,545)	(1,644)	(1,467)
Profit before tax	7.8	11,804,791	10,872,865	15,390,832	10,792,606
Income tax expense	7.11	(1,662,444)	1,121,111	(3,587,037)	(576,186)
Profit net of tax		10,142,347	11,993,976	11,803,795	10,216,420
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		10,142,347	11,993,976	11,803,795	10,216,420
Profit attributable to:					
Owners of Focus Lumber		11,045,897	10,272,833	11,596,177	10,216,420
Minority interests		(903,550)	1,721,143	207,618	-
		10,142,347	11,993,976	11,803,795	10,216,420

12. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****6.2 Consolidated Statements of Financial Position of Focus Lumber Group as at 31 December 2007, 31 December 2008, 31 December 2009 and 31 December 2010**

	Note	2007 RM (Restated)	2008 RM (Restated)	2009 RM (Restated)	2010 RM
Non-current assets					
Property, plant and equipment	7.12	45,666,693	47,190,140	46,508,498	46,987,450
Investment properties	7.13	1,537,872	1,499,425	1,459,993	1,517,720
Intangible assets	7.14	7,611	7,611	-	-
Other investments	7.15	149,040	149,040	149,040	1,149,040
Deferred tax assets	7.16	-	4,480,517	3,888,745	3,417,853
		<u>47,361,216</u>	<u>53,326,733</u>	<u>52,006,276</u>	<u>53,072,063</u>
Current assets					
Inventories	7.17	30,945,693	28,149,644	17,842,423	22,284,827
Trade and other receivables	7.18	23,184,824	15,709,331	19,538,735	6,347,490
Tax refundable		20,013	-	369,291	3,679,073
Cash and bank balances	7.19	6,611,077	21,851,257	20,435,244	28,810,477
		<u>60,761,607</u>	<u>65,710,232</u>	<u>58,185,693</u>	<u>61,121,867</u>
Total assets		<u>108,122,823</u>	<u>119,036,965</u>	<u>110,191,969</u>	<u>114,193,930</u>
Equity and liabilities					
Current liabilities					
Borrowings	7.20	808,049	-	2,482,152	-
Trade and other payables	7.21	12,779,091	11,804,814	13,388,823	9,155,980
Tax payable		-	43,404	-	-
		<u>13,587,140</u>	<u>11,848,218</u>	<u>15,870,975</u>	<u>9,155,980</u>
Net current assets		<u>47,174,467</u>	<u>53,862,014</u>	<u>42,314,718</u>	<u>51,965,887</u>
Non-current liability					
Deferred tax liabilities	7.16	1,626,714	2,285,802	2,379,805	2,880,341
Total liabilities		<u>15,213,854</u>	<u>14,134,020</u>	<u>18,250,780</u>	<u>12,036,321</u>
Net assets		<u>92,908,969</u>	<u>104,902,945</u>	<u>91,941,189</u>	<u>102,157,609</u>
Equity attributable to owners of Focus Lumber					
Share capital	7.22	35,000,000	35,000,000	35,000,000	45,500,000
Retained earnings		56,072,179	66,345,012	56,941,189	56,657,609
		<u>91,072,179</u>	<u>101,345,012</u>	<u>91,941,189</u>	<u>102,157,609</u>
Minority interests		<u>1,836,790</u>	<u>3,557,933</u>	<u>-</u>	<u>-</u>
Total equity		<u>92,908,969</u>	<u>104,902,945</u>	<u>91,941,189</u>	<u>102,157,609</u>
Total equity and liabilities		<u>108,122,823</u>	<u>119,036,965</u>	<u>110,191,969</u>	<u>114,193,930</u>

12. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****6.3 Consolidated Statements of Changes in Equity of Focus Lumber Group for the Financial Years Ended 31 December 2007 to 2010**

	Attributable to owners of Focus Lumber				
	Equity, total RM	Equity attributable to owners of Focus Lumber, total RM	Non- distributable	Distributable	Minority Interests RM
Share Capital RM			Retained Earnings RM		
At 1 January 2007					
As previously stated	83,773,040	81,032,700	35,000,000	46,032,700	2,740,340
Prior year adjustment	(1,006,418)	(1,006,418)	-	(1,006,418)	-
At 1 January 2008 (restated)	82,766,622	80,026,282	35,000,000	45,026,282	2,740,340
Total comprehensive income	10,142,347	11,045,897	-	11,045,897	(903,550)
As at 31 December 2007	92,908,969	91,072,179	35,000,000	56,072,179	1,836,790
At 1 January 2008					
As previously stated	93,928,123	92,091,333	35,000,000	57,091,333	1,836,790
Prior year adjustment	(1,019,154)	(1,019,154)	-	(1,019,154)	-
At 1 January 2008 (restated)	92,908,969	91,072,179	35,000,000	56,072,179	1,836,790
Total comprehensive income	11,993,976	10,272,833	-	10,272,833	1,721,143
As at 31 December 2008	104,902,945	101,345,012	35,000,000	66,345,012	3,557,933

12. ACCOUNTANTS' REPORT (Cont'd)



6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)

6.3 Consolidated Statements of Changes in Equity of Focus Lumber Group for the Financial Years Ended 31 December 2007 to 2010 (continued)

	Equity, total RM	Attributable to owners of Focus Lumber			
		Equity attributable to owners of Focus Lumber, total RM	Non- distributable Share Capital RM	Distributable Retained Earnings RM	Minority Interests RM
At 1 January 2009					
As previously stated	105,932,950	102,375,017	35,000,000	67,375,017	3,557,933
Prior year adjustment	(1,030,005)	(1,030,005)	-	(1,030,005)	-
At 1 January 2009 (restated)	104,902,945	101,345,012	35,000,000	66,345,012	3,557,933
Total comprehensive income	11,803,795	11,596,177	-	11,596,177	207,618
Transactions with owners					
Acquisition of minority interests	(3,765,551)	-	-	-	(3,765,551)
Dividends on ordinary shares	(21,000,000)	(21,000,000)	-	(21,000,000)	-
Total transactions with owners	(24,765,551)	(21,000,000)	-	(21,000,000)	(3,765,551)
As at 31 December 2009	91,941,189	91,941,189	35,000,000	56,941,189	-
At 1 January 2010	91,941,189	91,941,189	35,000,000	56,941,189	-
Total comprehensive income	10,216,420	10,216,420	-	10,216,420	-
Transactions with owners					
Bonus Issue	-	-	10,500,000	(10,500,000)	-
As at 31 December 2010	102,157,609	102,157,609	45,500,000	56,657,609	-

12. ACCOUNTANTS' REPORT (Cont'd)**6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****6.4 Consolidated Statements of Cash Flows of Focus Lumber Group for the Financial Years Ended 31 December 2007 to 2010**

	2007 RM (Restated)	2008 RM (Restated)	2009 RM	2010 RM
Operating activities				
Profit before tax	11,804,791	10,872,865	15,390,832	10,792,606
Adjustments for:				
Amortisation of intangible assets	3,806	-	-	-
Bad debts written off	2,893,336	56,454	2,457	450
Depreciation of investment properties	-	38,447	39,432	40,183
Depreciation of property, plant and equipment	5,662,836	4,897,220	4,888,992	5,126,510
Discount on acquisition	-	-	(2,765,551)	-
Gain on disposal of property, plant and equipment	(59,998)	-	-	(183,753)
Impairment of intangible asset	-	-	7,611	-
Finance costs	15,888	12,545	1,644	1,467
Interest income	(252,371)	(204,282)	(78,497)	(123,981)
Loss on disposal of plant and equipment	-	-	161,053	-
Net unrealised foreign exchange loss	568,482	129,218	1,225,370	1,931,187
Plant and equipment written off	-	-	43,135	124,919
Reversal of provision for doubtful debts	(2,893,336)	(14,512)	(581,030)	-
Staff recruitment advances written off	12,736	10,851	10,427	-
Total adjustments	5,951,379	4,925,941	2,955,043	6,916,982
Operating cash flows before changes in working capital	17,756,170	15,798,806	18,345,875	17,709,588
(Increase)/decrease in inventories	(28,725,303)	2,796,049	10,307,221	(4,442,404)
Decrease/(increase) in receivables	8,704,900	2,685,608	(4,529,068)	20,706,938
(Decrease)/increase in payables	(4,794,917)	3,762,814	2,869,698	(11,748,986)
Total changes in working capital	(24,815,320)	9,244,471	8,647,851	4,515,548
Cash flows (used in)/from operations carried forward	(7,059,150)	25,043,277	26,993,726	22,225,136

12. ACCOUNTANTS' REPORT (Cont'd)



6. SUMMARISED FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)

6.4 Consolidated Statements of Cash Flows of Focus Lumber Group for the Financial Years Ended 31 December 2007 to 2010 (continued)

	2007 RM (Restated)	2008 RM (Restated)	2009 RM	2010 RM
Cash flows (used in)/from operations brought forward	(7,059,150)	25,043,277	26,993,726	22,225,136
Interest received	252,371	204,282	78,497	123,981
Interest paid	(15,888)	(12,545)	(1,644)	(1,467)
Income tax paid	(104,819)	(2,636,900)	(3,333,095)	(2,914,540)
Income tax refunded	1,449	-	19,138	-
Net cash flows (used in)/from operating activities	(6,926,037)	22,598,114	23,756,622	19,433,110
Investing activities				
Additional investment in subsidiary	-	-	(1,000,000)	-
Purchase of property, plant and equipment	(3,522,756)	(6,420,667)	(4,921,538)	(5,828,300)
Acquisition of other investment	-	-	-	(1,000,000)
Proceeds from disposal of plant and equipment	60,000	-	510,000	183,762
Net cash flows used in investing activities	(3,462,756)	(6,420,667)	(5,411,538)	(6,644,538)
Financing activity				
Dividend paid	-	-	(21,000,000)	-
Cash flows used in financing activity	-	-	(21,000,000)	-
Net (decrease)/increase in cash and cash equivalents	(10,388,793)	16,177,447	(2,654,916)	12,788,572
Effect of exchange rate changes on cash and cash equivalents	-	(129,218)	(1,243,249)	(1,931,187)
Cash and cash equivalents at 1 January	16,191,821	5,803,028	21,851,257	17,953,092
Cash and cash equivalents at 31 December (Note 7.19)	5,803,028	21,851,257	17,953,092	28,810,477

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP****7.1 Significant Accounting Policies****7.1.1 Basis of Preparation**

The financial statements comply with Financial Reporting Standards and the Companies Act 1965 in Malaysia.

The financial statements of the Focus Lumber Group have been prepared on the historical cost basis.

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

7.1.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of Focus Lumber Group as at the reporting date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as Focus Lumber. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of a subsidiary is accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Focus Lumber Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. The accounting policy for goodwill is set out in Note 7.1.7. Any excess of the Focus Lumber Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Focus Lumber Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiary is consolidated from the date of acquisition, being the date on which the Focus Lumber Group obtains control, and continues to be consolidated until the date that such control ceases.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.3 Transactions with minority interests**

Minority interests represent the portion of profit or loss and net assets in subsidiary not held by the Focus Lumber Group and are presented separately in profit or loss of the Focus Lumber Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the parent entity extension method, whereby, on acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised in goodwill. Gain or loss on disposal to minority interests is recognised in profit and loss.

7.1.4 Foreign currency**a) Functional and presentation currency**

The individual financial statements of each entity in the Focus Lumber 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 Focus Lumber's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of Focus Lumber and its subsidiary 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 Focus Lumber 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 Focus Lumber 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.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.5 Property, plant and equipment, and depreciation**

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Focus Lumber Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Focus Lumber Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	Remaining lease period
Factory and office buildings	20 years
Motor vehicles	4 years
Heavy equipment	5 years
Plant and machinery	15 years
Furniture, fittings, office equipment and renovation	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

7.1.6 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. The depreciation policy for investment properties is in accordance with that for depreciable property, plant and equipment as described in Note 7.1.5.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.6 Investment properties (continued)**

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Focus Lumber Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 7.1.5 up to the date of change in use.

7.1.7 Intangible assets**Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Focus Lumber Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.8 Impairment of non-financial assets**

The Focus Lumber 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 Focus Lumber 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 to reduce the carrying amount of the assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

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.

7.1.9 Subsidiaries

A subsidiary is an entity over which the Focus Lumber Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Focus Lumber Group's separate financial statements, investment in subsidiary is accounted for at cost less impairment losses.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.10 Financial assets**

Financial assets are recognised in the statement of financial position when, and only when, the Focus Lumber Group becomes 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.

The Focus Lumber Group determines the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

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.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.10 Financial assets (continued)****b) Loans and receivables (continued)**

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.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Focus Lumber Group has the positive intention and ability to hold the investment to maturity.

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

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Focus Lumber Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.10 Financial assets (continued)**

A financial asset is derecognised when 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 Focus Lumber Group commits to purchase or sell the asset.

7.1.11 Impairment of financial assets

The Focus Lumber Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

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, the Focus Lumber Group considers 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 Focus Lumber Group'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.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.11 Impairment of financial assets (continued)****Trade and other receivables and other financial assets carried at amortised cost (continued)**

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.

7.1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments 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 Focus Lumber Group's cash management.

7.1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on weighted average basis
- Finished goods: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity. These costs are determined using the weighted average basis.

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

7.1.14 Provisions

Provisions are recognised when the Focus Lumber Group has a present obligation (legal and constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.14 Provisions (continued)**

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pretax 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.

7.1.15 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, the Focus Lumber Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Focus Lumber Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Focus Lumber Group has not designated any financial liabilities as at fair value through profit or loss.

b) Other financial liabilities

The Focus Lumber 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.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.15 Financial liabilities (continued)****b) Other financial liabilities (continued)**

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 Focus Lumber 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.

7.1.16 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 the Focus Lumber Group incurred in connection with the borrowing of funds.

7.1.17 Employee benefits**a) Short term benefits**

Wages, salaries, bonuses, and social security contributions are recognised as an expense in the year in which associated services are rendered by employees of the Focus Lumber 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.

12. ACCOUNTANTS' REPORT (Cont'd)

**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.17 Employee benefits (continued)****b) Defined contribution plans**

The Focus Lumber Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Focus Lumber 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.

7.1.18 Leases**a) As lessee**

Finance leases, which transfer to the Focus Lumber 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 Focus Lumber 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.

b) As lessor

Leases where the Focus Lumber Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 7.1.19 (c).

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.19 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Focus Lumber Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

- a) **Sales of goods**
Revenue relating to sales of plywood, veneer, and laminated veneer lumber is recognised net of sales discounts upon the transfer of risks and rewards of ownership of goods to the customer.
- b) **Sale of electricity**
Revenue relating to sale of electricity is recognised upon consumption by the consumers.
- c) **Rental income**
Rental income is accounted for on a straight-line basis over the lease term.
- d) **Dividend income**
Dividend income is recognised when the Focus Lumber Group's right to receive payment is established.
- e) **Interest income**
Interest is recognised on an accrual basis using the effective interest method.

7.1.20 Income taxes**a) 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.

b) 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.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.20 Income taxes (continued)****b) Deferred tax (continued)**

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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 except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in subsidiary, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.1 Significant Accounting Policies (continued)****7.1.20 Income taxes (continued)****b) Deferred tax (continued)**

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.

c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

7.1.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Focus Lumber Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

7.1.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Focus Lumber Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Focus Lumber Group.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.2 Significant Accounting Estimates and Judgements**

The preparation of the Focus Lumber Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

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

a) Useful lives of plant and machinery

The cost of plant and machinery for the manufacture of plywood, veneer, laminated veneer lumber, and power utility are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 15 to 20 years for timber industry, and 5 to 20 years for power utility industry. These are the common life expectancies applied in the timber and power utility industries. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Focus Lumber Group's plant and machinery at the reporting date is disclosed in Note 7.12. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 3%, 2%, 2%, and 2% variance in the Focus Lumber Group's profit for the financial year ended 31 December 2007, 2008, 2009 and 2010 respectively.

b) Impairment of loans and receivables

The Focus Lumber Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Focus Lumber Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.3 Revenue**

	2007	2008	2009	2010
	RM	RM	RM	RM
Sales of veneer	6,673,424	9,177,943	4,269,850	4,513,585
Sales of plywood	106,318,714	105,039,487	98,029,954	114,590,623
Sale of laminated veneer lumber	-	-	-	1,216,302
Others	844,866	155,856	-	57,726
	<u>113,837,004</u>	<u>114,373,286</u>	<u>102,299,804</u>	<u>120,378,236</u>

7.4 Interest Income

	2007	2008	2009	2010
	RM	RM	RM	RM
Interest income from:				
Fixed deposits	53,089	96,865	72,554	123,981
Foreign currency account	199,282	107,417	5,943	-
	<u>252,371</u>	<u>204,282</u>	<u>78,497</u>	<u>123,981</u>

7.5 Other Income

	2007	2008	2009	2010
	RM	RM	RM	RM
Gain on disposal of plant and equipment	59,998	-	-	183,753
Insurance claims	-	-	-	361,294
Rental income	120,000	120,000	153,526	115,000
Recovery of bad debts written off	38,363	10,622	12,500	7,000
Reversal of provision for doubtful debts	2,893,336	14,512	581,030	-
Sundry income	32,880	-	-	121,992
	<u>3,144,577</u>	<u>145,134</u>	<u>747,056</u>	<u>789,039</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.6 Discount on Acquisition**

	2007	2008	2009	2010
	RM	RM	RM	RM
Purchase consideration of minority interest	-	-	1,000,000	-
Net assets attributable to minority interest	-	-	(3,765,551)	-
	-	-	(2,765,551)	-

The excess of the Focus Lumber Group's interest in the carrying amount of the identifiable assets and liabilities over cost of acquisition is recognised immediately in income statement.

7.7 Finance Costs

	2007	2008	2009	2010
	RM	RM	RM	RM
Interest expense on:				
Bank overdraft	9,855	12,545	1,644	1,467
Bills of exchange	6,033	-	-	-
	15,888	12,545	1,644	1,467

7.8 Profit before Tax

The following amounts have been included in arriving at profit before tax:

	2007	2008	2009	2010
	RM	RM	RM	RM
	(Restated)	(Restated)		
Employee benefits expense (Note 7.9)	12,817,358	10,236,535	9,857,293	11,149,780
Non-executive director's remuneration (Note 7.10)	-	-	51,000	110,500
Amortisation of intangible asset (Note 7.14)	3,806	-	-	-
Auditors' remuneration	27,000	35,000	52,500	70,000
Bad debts written off	2,893,336	56,454	2,457	450
Depreciation of investment properties (Note 7.13)	-	38,447	39,432	40,183
Depreciation of property, plant and equipment (Note 7.12)	5,662,836	4,897,220	4,888,992	5,126,510

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.8 Profit before Tax (continued)**

	2007	2008	2009	2010
	RM	RM	RM	RM
	(Restated)	(Restated)		
Impairment of intangible asset (Note 7.14)	-	-	7,611	-
Loss on disposal of plant and equipment	-	-	161,053	-
Net realised foreign exchange loss	-	-	143,882	211,830
Net unrealised foreign exchange loss	568,482	129,218	1,225,370	1,931,187
Plant and equipment written off	-	-	43,135	124,919
Rental of land	34,380	39,450	51,900	38,300
Rental of parking lots	5,760	5,760	5,760	14,307
Staff recruitment advances written off	12,736	10,851	10,427	-

7.9 Employee Benefits Expense

	2007	2008	2009	2010
	RM	RM	RM	RM
Salaries, wages, bonus and allowances	12,543,191	9,958,360	9,572,115	10,844,598
Employee Provident Fund contributions	233,871	242,247	252,783	270,930
Social security contributions	40,296	35,928	32,395	34,252
	<u>12,817,358</u>	<u>10,236,535</u>	<u>9,857,293</u>	<u>11,149,780</u>

Included in employee benefits expense of Focus Lumber Group is executive directors' remuneration as disclosed in Note 7.10.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.10 Directors' Remuneration**

	2007 RM	2008 RM	2009 RM	2010 RM
Executive directors' remuneration (Note 7.9):				
Other emoluments	282,460	281,900	456,210	632,820
Bonus	-	-	-	51,500
	<u>282,460</u>	<u>281,900</u>	<u>456,210</u>	<u>684,320</u>
Non-executive director's remuneration (Note 7.8):				
Other emoluments	-	-	51,000	110,500
	<u>282,460</u>	<u>281,900</u>	<u>507,210</u>	<u>794,820</u>
Estimated money value of benefits-in-kind	-	-	-	-
Total directors' remuneration including benefits-in-kind	<u>282,460</u>	<u>281,900</u>	<u>507,210</u>	<u>794,820</u>

7.11 Income Tax Expense**Major components of income tax expense**

Major components of income tax expense for the financial years ended 31 December 2007, 2008, 2009 and 2010 are:

	2007 RM	2008 RM	2009 RM	2010 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax:				
- Current year	68,140	1,853,544	2,901,262	610,449
- Under/(over) provision in respect of previous years	37,619	846,774	-	(1,005,691)
	<u>105,759</u>	<u>2,700,318</u>	<u>2,901,262</u>	<u>(395,242)</u>
Deferred income tax (Note 7.16):				
- Origination and reversal of temporary differences	1,892,847	(5,481,118)	687,427	785,536
Relating to changes in tax rates	(48,683)	-	-	-
- Under/(over) provision in respect of previous years	(287,479)	1,659,689	(1,652)	185,892
	<u>1,556,685</u>	<u>(3,821,429)</u>	<u>685,775</u>	<u>971,428</u>
Income tax expense recognised in profit or loss	<u>1,662,444</u>	<u>(1,121,111)</u>	<u>3,587,037</u>	<u>576,186</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.11 Income Tax Expense (continued)****Reconciliation between tax expense and accounting profit**

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2007, 2008, 2009 and 2010 are as follows:

	2007	2008	2009	2010
	RM	RM	RM	RM
Accounting profit before tax	11,804,791	10,872,865	15,390,832	10,792,606
Tax at Malaysian statutory tax rate	3,187,294	2,826,945	3,847,708	2,698,151
Adjustments:				
Non-deductible expenses	293,810	205,192	600,278	910,015
Income not subject to taxation	(875,898)	(57,354)	(859,297)	(47,688)
Effect of reduction in tax rate	(43,779)	-	-	-
Effect of expenses eligible for double deduction tax incentives	(536,708)	-	-	(2,164,493)
Deferred tax recognised at different tax rates	(112,415)	(26,153)	-	-
Deferred tax recognised on investment tax allowance	-	(6,576,204)	-	-
Under/(over) provision of income tax in respect of previous years	37,619	846,774	-	(1,005,691)
(Over)/under provision of deferred tax in respect of previous years	(287,479)	1,659,689	(1,652)	185,892
Income tax expense recognised in profit or loss	1,662,444	(1,121,111)	3,587,037	576,186

The subsidiary of Focus Lumber has been granted the investment tax allowance incentive under the Promotion of Investments Act, 1986 at the rate of 100% on qualifying capital expenditure incurred for its power generation activity for a period of 5 years with effect from 27 December 2004.

Domestic income tax is calculated at the Malaysian statutory tax rates of 27%, 26%, 25% and 25% of the estimated assessable profit for years of assessment 2007, 2008, 2009 and 2010 respectively.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.12 Property, Plant and Equipment**

	Long term leasehold land RM	Factory and office buildings RM	Motor vehicles, heavy equipment, plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Total RM
Cost:					
At 1 January 2007					
As previously stated	-	10,997,445	111,766,950	1,127,717	123,892,112
Effects of adopting the amendments to FRS 117	700,080	-	-	-	700,080
As restated	700,080	10,997,445	111,766,950	1,127,717	124,592,192
Additions	-	296,500	3,114,997	111,259	3,522,756
Disposals	-	-	(120,930)	-	(120,930)
At 31 December 2007 (restated)	700,080	11,293,945	114,761,017	1,238,976	127,994,018
At 1 January 2008					
As previously stated	-	11,293,945	114,761,017	1,238,976	127,293,938
Effects of adopting the amendments to FRS 117	700,080	-	-	-	700,080
As restated	700,080	11,293,945	114,761,017	1,238,976	127,994,018
Additions	-	12,000	6,378,308	30,359	6,420,667
At 31 December 2008 (restated)	700,080	11,305,945	121,139,325	1,269,335	134,414,685
At 1 January 2009					
As previously stated	-	11,305,945	121,139,325	1,269,335	133,714,605
Effects of adopting the amendments to FRS 117	700,080	-	-	-	700,080
As restated	700,080	11,305,945	121,139,325	1,269,335	134,414,685
Additions	-	126,794	4,769,891	24,853	4,921,538
Disposals	-	-	(671,053)	-	(671,053)
Write off	-	-	(9,658,440)	-	(9,658,440)
At 31 December 2009 (restated)	700,080	11,432,739	115,579,723	1,294,188	129,006,730

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.12 Property, Plant and Equipment (continued)**

	Long term leasehold land RM	Factory and office buildings RM	Motor vehicles, heavy equipment, plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Total RM
Cost:					
At 1 January 2010					
As previously stated	-	11,432,739	115,579,723	1,294,188	128,306,650
Effects of adopting the amendments to FRS 117	700,080	-	-	-	700,080
As restated	700,080	11,432,739	115,579,723	1,294,188	129,006,730
Additions	-	493,881	5,257,429	76,990	5,828,300
Disposals	-	-	(3,873,622)	-	(3,873,622)
Transfer to investment properties (Note 7.13)	-	(103,440)	-	-	(103,440)
Write off	-	(193,889)	-	-	(193,889)
At 31 December 2010	700,080	11,629,291	116,963,530	1,371,178	130,664,079
Accumulated depreciation:					
At 1 January 2007					
As previously stated	-	5,688,869	70,038,547	1,058,001	76,785,417
Effects of adopting the amendments to FRS 117	-	-	-	-	-
As restated	-	5,688,869	70,038,547	1,058,001	76,785,417
Depreciation charge	-	477,731	5,141,380	43,725	5,662,836
Disposals	-	-	(120,928)	-	(120,928)
At 31 December 2007 (restated)	-	6,166,600	75,058,999	1,101,726	82,327,325
At 1 January 2008					
As previously stated	-	6,166,600	75,058,999	1,101,726	82,327,325
Effects of adopting the amendments to FRS 117	-	-	-	-	-
As restated	-	6,166,600	75,058,999	1,101,726	82,327,325
Depreciation charge	9,590	521,916	4,320,941	44,773	4,897,220
At 31 December 2008 (restated)	9,590	6,688,516	79,379,940	1,146,499	87,224,545

12. ACCOUNTANTS' REPORT (Cont'd)



7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)

7.12 Property, Plant and Equipment (continued)

	Long term leasehold land RM	Factory and office buildings RM	Motor vehicles, heavy equipment, plant and machinery RM	Furniture, fittings, office equipment and renovation RM	Total RM
Accumulated depreciation:					
At 1 January 2009					
As previously stated	-	6,688,516	79,379,940	1,146,499	87,214,955
Effects of adopting the amendments to FRS 117	9,590	-	-	-	9,590
As restated	9,590	6,688,516	79,379,940	1,146,499	87,224,545
Depreciation charge	9,590	529,374	4,302,469	47,559	4,888,992
Disposals	-	-	-	-	-
Write off	-	-	(9,615,305)	-	(9,615,305)
At 31 December 2009 (restated)	19,180	7,217,890	74,067,104	1,194,058	82,498,232
At 1 January 2010					
As previously stated	-	7,217,890	74,067,104	1,194,058	82,479,052
Effects of adopting the amendments to FRS 117	19,180	-	-	-	19,180
As restated	19,180	7,217,890	74,067,104	1,194,058	82,498,232
Depreciation charge	9,202	544,588	4,514,411	58,309	5,126,510
Disposals	-	-	(3,873,613)	-	(3,873,613)
Transfer to investment properties (Note 7.13)	-	(5,530)	-	-	(5,530)
Write off	-	(68,970)	-	-	(68,970)
At 31 December 2010	28,382	7,687,978	74,707,902	1,252,367	83,676,629
Net carrying amount:					
At 31 December 2007	700,080	5,127,345	39,702,018	137,250	45,666,693
At 31 December 2008	690,490	4,617,429	41,759,385	122,836	47,190,140
At 31 December 2009	680,900	4,214,849	41,512,619	100,130	46,508,498
At 31 December 2010	671,698	3,941,313	42,255,628	118,811	46,987,450

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.13 Investment properties**

	2007	2008	2009	2010
	RM	RM	RM	RM
Cost:				
At 1 January	1,537,872	1,537,872	1,537,872	1,537,872
Transfer from property, plant and equipment (Note 7.12)	-	-	-	103,440
At 31 December	<u>1,537,872</u>	<u>1,537,872</u>	<u>1,537,872</u>	<u>1,641,312</u>
Accumulated depreciation:				
At 1 January	-	-	38,447	77,879
Depreciation charge for the year	-	38,447	39,432	40,183
Transfer from property, plant and equipment (Note 7.12)	-	-	-	5,530
At 31 December	<u>-</u>	<u>38,447</u>	<u>77,879</u>	<u>123,592</u>
Net carrying amount at 31 December	<u>1,537,872</u>	<u>1,499,425</u>	<u>1,459,993</u>	<u>1,517,720</u>

The strata title of the investment property is being processed by the relevant authority.

7.14 Intangible Asset

	2007	2008	2009	2010
	RM	RM	RM	RM
Goodwill				
At 1 January	11,417	7,611	7,611	-
Less: Amortisation (Note 7.8)	(3,806)	-	-	-
Less: Impairment loss (Note 7.8)	-	-	(7,611)	-
At 31 December	<u>7,611</u>	<u>7,611</u>	<u>-</u>	<u>-</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.15 Other Investment**

	2007	2008	2009	2010
	RM	RM	RM	RM
Cost				
Investment in Golf and Country Club membership	149,040	149,040	149,040	149,040
Held-to-maturity investment - Prosperity structured investment	-	-	-	1,000,000
	<u>149,040</u>	<u>149,040</u>	<u>149,040</u>	<u>1,149,040</u>

The prosperity structured investment is principal protected if held to maturity and upon early termination by the banker. It offers fixed interests as follows:

- Year 1 : 3.08% per annum, plus bonus interest of 2% for the first quarter of the year.
- Year 2 to 5 : 0.34% per annum, plus enhanced interest (3M KLIBOR) of 2.70% per annum for the number of days that the daily 3M KLIBOR is fixed at or below a predefined level throughout year 2 to 5.

Prosperity structured investment is pledged as security for overdraft facility (Note 7.20).

7.16 Deferred Tax

Deferred income tax as at 31 December relates to the following:

	Deferred tax assets			Deferred tax liability	
	Unabsorbed capital allowances	Unutilised investment tax allowances	Unutilised tax losses	Property, plant and equipment	Total
	RM	RM	RM	RM	RM
At 1 January 2007	1,169,096	-	2,673,831	(3,912,956)	(70,029)
Recognised in profit or loss (Note 7.11)	(265,764)	-	(1,035,424)	(255,497)	(1,556,685)
At 31 December 2007	<u>903,332</u>	-	<u>1,638,407</u>	<u>(4,168,453)</u>	<u>(1,626,714)</u>
At 1 January 2008	903,332	-	1,638,407	(4,168,453)	(1,626,714)
Recognised in profit or loss (Note 7.11)	(196,666)	6,576,614	(1,638,407)	(920,112)	3,821,429
At 31 December 2008	<u>706,666</u>	<u>6,576,614</u>	-	<u>(5,088,565)</u>	<u>2,194,715</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.16 Deferred Tax (continued)**

	Deferred tax assets			Deferred tax liability	
	Unabsorbed capital allowances RM	Unutilised investment tax allowances RM	Unutilised tax losses RM	Property, plant and equipment RM	Total RM
At 1 January 2009	706,666	6,576,614	-	(5,088,565)	2,194,715
Recognised in profit or loss (Note 7.11)	(98,873)	(755)	-	(586,147)	(685,775)
At 31 December 2009	607,793	6,575,859	-	(5,674,712)	1,508,940
At 1 January 2010	607,793	6,575,859	-	(5,674,712)	1,508,940
Recognised in profit or loss (Note 7.11)	97,682	-	-	(1,069,110)	(971,428)
At 31 December 2010	705,475	6,575,859	-	(6,743,822)	537,512

	2007 RM	2008 RM	2009 RM	2010 RM
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	4,480,517	3,888,745	3,417,853
Deferred tax liabilities	(1,626,714)	(2,285,802)	(2,379,805)	(2,880,341)
	(1,626,714)	2,194,715	1,508,940	537,512

At 31 December 2010, the subsidiary has unabsorbed capital allowances that are available for offset against future taxable profits of the subsidiary, subject to no substantial change in shareholdings of the subsidiary under the Income Tax Act, 1967 and guidelines issued by the tax authority.

7.17 Inventories

	2007 RM	2008 RM	2009 RM	2010 RM
Cost				
Raw materials	955,450	2,068,576	1,694,899	1,104,927
Finished goods	28,677,717	22,883,229	13,824,184	17,201,689
Consumables	1,312,526	3,197,839	2,323,340	3,978,211
	30,945,693	28,149,644	17,842,423	22,284,827

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.18 Trade and Other Receivables**

	2007 RM (Restated)	2008 RM (Restated)	2009 RM	2010 RM
Trade receivables				
Third parties	5,421,811	6,052,816	13,663,624	4,459,564
Companies in which certain directors of Focus Lumber have financial interests	1,261,257	37,723	-	-
Log purchase advances	13,019,174	8,517,887	4,163,623	1,219,719
	19,702,242	14,608,426	17,827,247	5,679,283
Less: Provision for doubtful debts				
Third parties	(201,463)	(201,463)	-	-
Trade receivable, net	19,500,779	14,406,963	17,827,247	5,679,283
Other receivables				
Amounts due from related parties:				
A shareholder	400,000	400,000	411,483	-
Company in which certain directors of Focus Lumber have financial interest	433,551	482,014	-	-
	833,551	882,014	411,483	-
Workers recruitment and staff advances				
As previously stated	1,324,984	1,132,116	47,143	45,600
Prior year adjustment	(1,019,154)	(1,030,005)	-	-
As restated	305,830	102,111	47,143	45,600
Deposits	214,518	147,178	900,744	84,104
Prepayments	203,582	130,938	102,118	153,884
Sundry receivables	2,506,131	419,694	250,000	384,619
	4,063,612	1,681,935	1,711,488	668,207
Less: Provision for doubtful debts				
Third parties	(379,567)	(379,567)	-	-
Other receivables, net	3,684,045	1,302,368	1,711,488	668,207
	23,184,824	15,709,331	19,538,735	6,347,490
Total trade and other receivables	23,184,824	15,709,331	19,538,735	6,347,490
Add: Cash and bank balances (Note 7.19)	6,611,077	21,851,257	20,435,244	28,810,477
Total loans and receivables	29,795,901	37,560,588	39,973,979	35,157,967

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.18 Trade and Other Receivables (continued)****a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 to 90 days terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Focus Lumber Group's trade receivables (excluding log purchase advances) is as follows:

	2010 RM
Neither past due nor impaired	4,426,016
1 to 30 days past due not impaired	14,465
31 to 60 days past due not impaired	15,084
61 to 90 days past due not impaired	3,999
More than 91 days past due not impaired	-
	33,548
Impaired	-
	<u>4,459,564</u>

Receivables that are neither past due nor impaired

None of the Focus Lumber Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year 2010.

Receivables that are past due but not impaired

The Focus Lumber Group has trade receivables amounting to RM33,548 that are past due at 31 December 2010 but not impaired. These receivables are unsecured in nature.

b) Log purchase advances

Log purchase advances are unsecured, non-interest bearing and are recoverable through future purchase of logs.

c) Amount due from a shareholder

This amount was unsecured, non-interest bearing and repayable on demand.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.19 Cash and Bank Balances**

	2007	2008	2009	2010
	RM	RM	RM	RM
Cash at banks and on hand	6,305,394	16,535,647	16,612,775	25,885,427
Short term deposits with licensed banks	305,683	5,315,610	3,822,469	2,925,050
Cash and bank balances	<u>6,611,077</u>	<u>21,851,257</u>	<u>20,435,244</u>	<u>28,810,477</u>

Short term deposits are made varying periods between 1 month and 12 months depending on the immediate cash requirement of the Focus Lumber Group, and earn interest at the respective short term deposit rates. The weighted average effective interest rate as at 31 December 2007, 2008, 2009 and 2010 for the Focus Lumber Group was 2.50%, 2.25%, 2.53%, and 2.88% respectively.

For the purpose of the consolidated statement of cash flow, cash and cash equivalents comprise the following at the reporting date:

	2007	2008	2009	2010
	RM	RM	RM	RM
Cash and short term deposits	6,611,077	21,851,257	20,435,244	28,810,477
Less: Bank overdraft (Note 7.20)	(808,049)	-	(2,482,152)	-
Cash and cash equivalents	<u>5,803,028</u>	<u>21,851,257</u>	<u>17,953,092</u>	<u>28,810,477</u>

7.20 Borrowing

	2007	2008	2009	2010
	RM	RM	RM	RM
Short term borrowing				
Secured:				
Bank overdraft (Note 7.19)	<u>808,049</u>	<u>-</u>	<u>2,482,152</u>	<u>-</u>

Bank overdraft facility of RM3,500,000 was not utilised as at the end of the financial year 2010.

The overdraft facility is secured by the following:

- fixed deposit belonging to certain directors of Focus Lumber;
- joint and several guarantees by certain directors of Focus Lumber; and
- negative pledge on all assets of Focus Lumber.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.21 Trade and Other Payables**

	2007	2008	2009	2010
	RM	RM	RM	RM
Trade payables				
Third parties	4,790,267	5,034,754	6,181,915	7,189,539
Other payables				
Amounts due to related parties:				
Shareholders	5,970,194	5,640,852	2,129,404	-
Director	275	275	-	-
	5,970,469	5,641,127	2,129,404	-
Accruals	1,181,219	800,132	977,062	1,028,747
Deposits received	11,000	11,000	11,000	101,872
Salaries retention	-	-	274,942	534,910
Sundry payables	826,136	317,801	3,814,500	300,912
	7,988,824	6,770,060	7,206,908	1,966,441
	12,779,091	11,804,814	13,388,823	9,155,980
Total trade and other payables	12,779,091	11,804,814	13,388,823	9,155,980
Add: Borrowing (Note 7.20)	808,049	-	2,482,152	-
Total financial liabilities carried at amortised cost	13,587,140	11,804,814	15,870,975	9,155,980

a) Trade Payables

These amounts are non-interest bearing. Trade payables are normally settled on 30-day terms.

b) Amounts Due to Related Parties

These amounts are non-interest bearing. Other payables are generally for a period of 30-day.

c) Amounts due to shareholders

These amounts were unsecured, non-interest bearing and repayable on demand.

d) Salaries retention

This represents contracted employees' salaries retention and is repayable 6 months after fulfilment of work contract. This amount is non-interest bearing.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.22 Share Capital**

	2007	2008	2009	2010
	RM	RM	RM	RM
Issued and fully paid				
Ordinary shares				
At 1 January	35,000,000	35,000,000	35,000,000	35,000,000
Bonus Issue	-	-	-	10,500,000
At 31 December	<u>35,000,000</u>	<u>35,000,000</u>	<u>35,000,000</u>	<u>45,500,000</u>
Authorised share capital				
Ordinary shares				
At 1 January	35,000,000	35,000,000	35,000,000	150,000,000
Created during the year	-	-	115,000,000	-
At 31 December	<u>35,000,000</u>	<u>35,000,000</u>	<u>150,000,000</u>	<u>150,000,000</u>

a) Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Focus Lumber. All ordinary shares carry one vote per share without restrictions and ranked equally with regard to Focus Lumber's residual assets.

b) Increase in authorised share capital

During the financial year ended 31 December 2009, Focus Lumber increased its authorised ordinary share capital from RM35,000,000 to RM150,000,000 through the creation of 115,000,000 ordinary shares of RM1.00 each.

c) Bonus shares

On 16 December 2010, the Company increased its issued and paid up ordinary share capital from RM35,000,000 to RM45,500,000 by way of a bonus issue of 10,500,000 ordinary shares of RM1 each at par, by capitalising RM10,500,000 from the retained earnings of Focus Lumber.

The new ordinary shares issued ranked *pari passu* in all respects with the existing ordinary shares of Focus Lumber.

d) Share splits

On 17 December 2010, Focus Lumber passed a resolution of members approving share split of 45,500,000 ordinary shares of RM1 each into 91,000,000 ordinary shares of RM0.50 each. The ratio of share split was at two ordinary shares of RM0.50 each for every one existing ordinary share RM1 each.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.23 Related Party Transactions****a) Sale and purchase of goods and services**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Focus Lumber Group and related parties took place at terms agreed between the parties during the financial year:

	2007 RM	2008 RM	2009 RM	2010 RM
Sale of logs to:				
- Companies related to certain directors	783,781	518,949	101,901	-
Sale of plywood to:				
- Companies related to certain directors	17,800	-	-	-
Sale of electricity to:				
- Company related to certain directors	27,480	147,713	-	-
Purchase of logs from:				
- Companies related to certain directors	10,497,671	21,137,538	5,885,144	-
Purchase of edging tapes from:				
- Company related to a key management personnel	561,670	467,113	382,749	386,210
Acquisition of subsidiary's shares from:				
- Persons connected to certain directors	-	-	1,000,000	-

Company related to a key management personnel

The Focus Lumber Group purchased edging tapes from Sabarina Corporation Sdn Bhd, a company of which the husband of one of the key management personnel of the Focus Lumber Group is a director. Outstanding balance with the company at 31 December 2010 was RM48,627.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.23 Related Party Transactions (continued)****b) Compensation of Key Management Personnel**

	2007	2008	2009	2010
	RM	RM	RM	RM
Short term employee benefits	540,160	616,120	917,700	1,302,400
Defined contribution plan	16,220	15,020	40,120	46,812
	<u>556,380</u>	<u>631,140</u>	<u>957,820</u>	<u>1,349,212</u>

7.24 Capital Commitments

Capital commitments as at the reporting date are as follows:

	2007	2008	2009	2010
	RM	RM	RM	RM
Approved and contracted for:				
Motor vehicle	268,807	-	-	-
Machinery	-	-	69,901	383,750
			<u>69,901</u>	<u>383,750</u>

7.25 Contingent Liabilities**a) Contingent liability arising from tax field audit**

Resulting from a tax field audit carried out on Focus Lumber in prior year, the Inland Revenue Board ("IRB") has proposed to disallow Focus Lumber's claim for double deduction on freight charges on the basis that the said expenses were not incurred by Focus Lumber. The IRB had revised Focus Lumber's income tax computations with proposed additional tax payable and penalty imposed totalling RM4,708,796 and RM2,118,958 respectively, covering the years of assessment 2005, 2006 and 2007. During the financial year ended 31 December 2010, the case was resolved without any adjustment or revision to Focus Lumber's tax computation for those years of assessment concerned.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.25 Contingent Liabilities (continued)****a) Other contingent liability**

	2007 RM	2008 RM	2009 RM	2010 RM
Secured:				
Guarantees extended to Forestry Department on behalf of a major supplier	-	-	1,000,000	1,000,000
Guarantees extended to Forestry Department on behalf of a company related to a director	1,000,000	1,000,000	-	-
	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>

7.26 Fair Value of Financial Instruments**Determination of fair value**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Trade and other receivables (current)	7.18
Trade and other payables (current)	7.21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

7.27 Financial Risk Management Objectives and Policies

The Focus Lumber Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.27 Financial Risk Management Objectives and Policies (continued)**

It is, and has been throughout the financial years ended 31 December 2007, 2008, 2009 and 2010, the Focus Lumber Group's policy that no derivatives shall be undertaken. The Focus Lumber Group does not apply hedge accounting.

The following sections provide details regarding the Focus Lumber Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

a) Credit risk**Credit risk concentration profile**

The Focus Lumber Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Focus Lumber Group's trade receivables at 31 December 2010 is as follows:

	2010	
	RM	% of total
By country:		
United States	583,075	10%
Taiwan	2,584,749	46%
Singapore	1,249,076	22%
Malaysia	1,262,383	22%
	5,679,283	100%

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 7.18. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 7.18.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.27 Financial Risk Management Objectives and Policies (continued)****b) Liquidity risk**

Liquidity risk is the risk that the Focus Lumber Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Focus Lumber Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Focus Lumber Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Focus Lumber Group's liabilities at 31 December 2010 based on contractual undiscounted repayment obligations.

	2010			Total RM
	On demand or within one year RM	One to five years RM	Over five years RM	
Financial liabilities:				
Trade and other payables	9,155,980	-	-	9,155,980
Total undiscounted financial liabilities	9,155,980	-	-	9,155,980

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Focus Lumber Group's financial instruments will fluctuate because of changes in market interest rates.

The Focus Lumber Group's exposure to interest rate risk arises primarily from its borrowings. The investments in financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.27 Financial Risk Management Objectives and Policies (continued)****d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Focus Lumber Group has transactional currency exposures arising from sales or purchases that are denominated a currency other than in RM. The foreign currency in which these transactions are denominated is mainly US Dollars ("USD").

Approximately 87% of the Focus Lumber Group's sales for the financial year ended 31 December 2010 are denominated in foreign currencies whilst 78% and 27% of the Focus Lumber Group's receivables and payables balances are denominated in foreign currencies. The Focus Lumber Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At 31 December 2010, such foreign currency balances (USD) amount to RM19,286,084.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Focus Lumber Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Focus Lumber Group entities, with all other variables held constant.

Change in currency rate		2010 Profit net of tax RM
USD/RM	+5%	<u>1,089,178</u>

An equivalent decrease in the currency shown above would have resulted in an equivalent, but opposite impact.

7.28 Capital management

The primary objective of the Focus Lumber Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Focus Lumber Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Focus Lumber Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007, 2008, 2009, and 2010.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.28 Capital management (continued)**

The Focus Lumber Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Focus Lumber Group's policy is to keep the gearing ratio between 5% and 10%. The Focus Lumber Group includes within net debt, borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of Focus Lumber.

	Note	2010 RM
Trade and other payables	7.21	9,155,980
Less: Cash and bank balances	7.19	<u>(28,810,477)</u>
		<u>(19,654,497)</u>
Net debts		<u>-</u>
Equity attributable to the owners of Focus Lumber		<u>102,157,609</u>
Total capital		<u>102,157,609</u>
Capital and net debt		<u>102,157,609</u>
Gearing ratio		<u>0%</u>

7.29 Segment information

For management purposes, the Focus Lumber Group is organised into business units based on their products and services, and has two reportable operating segments as follows:

- i. The manufacturing segment is business of manufacturing and sale of plywood, veneer and laminated veneer lumber.
- ii. The electricity segment is the business of generation, transmission, distribution and sale of electricity.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

The following table provides an analysis of the Focus Lumber Group's revenue, results, assets, liabilities and other information by business segment:

	Manufacturing RM	Electricity RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
2007					
Revenue:					
External customers	113,809,524	27,480	-		113,837,004
Inter-segment	-	6,355,976	(6,355,976)	A	-
Total revenue	113,809,524	6,383,456	(6,355,976)		113,837,004
Results:					
Interest income	252,371	-	-		252,371
Depreciation and amortisation	3,933,348	1,729,488	-		5,662,836
Impairment of non- financial assets	-	-	-		-
Other non-cash expenses	-	-	-		-
Segment profit	8,623,164	3,185,433	(3,806)	B	11,804,791
Assets:					
Additions to non- current assets	3,481,521	41,235	-	C	3,522,756
Segment assets	98,490,932	23,915,805	(14,283,914)	D	108,122,823
Segment liabilities	10,753,526	14,751,853	(10,291,525)	E	15,213,854

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

	Manufacturing RM	Electricity RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
2008					
Revenue:					
External customers	114,225,570	147,716	-		114,373,286
Inter-segment	-	5,487,516	(5,487,516)	A	-
Total revenue	114,225,570	5,635,232	(5,487,516)		114,373,286
Results:					
Interest income	204,282	-	-		204,282
Depreciation and amortisation	3,206,033	1,729,634	-		4,935,667
Impairment of non- financial assets	-	-	-		-
Other non-cash expenses	-	-	-		-
Segment profit	8,152,864	2,720,001	-	B	10,872,865
Assets:					
Additions to non- current assets	6,419,017	1,650	-	C	6,420,667
Segment assets	106,974,384	30,042,060	(17,979,479)	D	119,036,965
Segment liabilities	15,848,718	12,272,392	(13,987,090)	E	14,134,020

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

	Manufacturing RM	Electricity RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
2009					
Revenue:					
External customers	102,299,804	-	-		102,299,804
Inter-segment	-	5,279,104	(5,279,104)	A	-
Total revenue	102,299,804	5,279,104	(5,279,104)		102,299,804
Results:					
Interest income	78,497	-	-		78,497
Depreciation and amortisation	3,197,292	1,731,132	-		4,928,424
Impairment of non- financial assets	-	-	-		-
Other non-cash expenses	-	-	-		-
Segment profit	10,261,539	2,371,353	2,757,940	B	15,390,832
Assets:					
Additions to non- current assets	4,914,045	7,493	-	C	4,921,538
Segment assets	100,841,974	31,866,138	(22,516,143)	D	110,191,969
Segment liabilities	23,450,034	12,316,889	(17,516,143)	E	18,250,780

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

	Manufacturing RM	Electricity RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
2010					
Revenue:					
External customers	120,320,510	57,726	-		120,378,236
Inter-segment	-	5,360,751	(5,360,751)	A	-
Total revenue	120,320,510	5,418,477	(5,360,751)		120,378,236
Results:					
Interest income	123,981	-	-		123,981
Depreciation and amortisation	3,377,587	1,789,106	-		5,166,693
Impairment of non- financial assets	-	-	-		-
Other non-cash expenses	-	-	-		-
Segment profit	8,920,898	1,871,708	-	B	10,792,606
Assets:					
Additions to non- current assets	5,756,415	1,071,885	-	C	6,828,300
Segment assets	106,807,076	31,243,798	(23,856,944)	D	114,193,930
Segment liabilities	20,599,532	10,293,733	(18,856,944)	E	12,036,321

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2007 RM	2008 RM	2009 RM	2010 RM
Discount on acquisition	-	-	2,765,551	-
Amortisation of goodwill	(3,806)	-	(7,611)	-
	<u>(3,806)</u>	<u>-</u>	<u>2,757,940</u>	<u>-</u>

C Additions to non-current assets consist of:

	2007 RM	2008 RM	2009 RM	2010 RM
Property, plant and equipment	3,522,756	6,420,667	4,921,538	5,828,300
Investment properties	-	-	-	-
Other investments	-	-	-	1,000,000
	<u>3,522,756</u>	<u>6,420,667</u>	<u>4,921,538</u>	<u>6,828,300</u>

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2007 RM	2008 RM	2009 RM	2010 RM
Investment in subsidiary	(4,000,000)	(14,000,000)	(15,000,000)	(15,000,000)
Goodwill on consolidation	7,611	7,611	-	-
Inter-segment assets	(10,291,525)	(3,987,090)	(7,516,143)	(8,856,944)
	<u>(14,283,914)</u>	<u>(17,979,479)</u>	<u>(22,516,143)</u>	<u>(23,856,944)</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. NOTES TO THE FINANCIAL STATEMENTS OF FOCUS LUMBER GROUP (continued)****7.29 Segment information (continued)**

Note Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

E Inter-segment liabilities are eliminated on consolidation.

Geographical information

Revenue information for the financial year ended 31 December 2010 based on the geographical location of customers are as follows:

	2010 RM
Australia	122,224
Canada	217,169
People's Republic of China	1,209,384
Hong Kong	1,001,159
India	6,228,781
Korea	2,460,494
Malaysia	15,038,084
Mexico	2,239,180
Singapore	1,079,081
Taiwan	24,454,374
United States of America	66,328,306
	<u>120,378,236</u>

12. ACCOUNTANTS' REPORT (Cont'd)




8. AUDITED FINANCIAL STATEMENTS

No audited financial statements of Focus Lumber Group have been prepared in respect of any period subsequent to 31 December 2010.

9. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Other than as disclosed elsewhere in this report and the Listing Scheme as set out in Note 2.2, there were no other events that have arisen from the last balance sheet date to the date of this report which would require disclosure in this report.

Yours faithfully,



Ernst & Young
AF: 0039
Chartered Accountants
Kota Kinabalu, Malaysia

13. DIRECTORS' REPORT



富佳木業有限公司

FOCUS LUMBER BERHAD (188710-V)

Date: 28 MAR 2011

The Shareholders of
Focus Lumber Berhad
11th Floor, Wisma Perindustrian
Jalan Istiadat, Likas
88400 Kota Kinabalu
Sabah

Dear Sir/Madam,

On behalf of the Board of Directors of Focus Lumber Berhad ("Board"), I wish to report that, after making due enquiries in relation to the Company and its subsidiary ("Group") during the period between 31 December 2010, being the date on which the latest audited consolidated financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:

- (a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;
- (b) in the opinion of the Board, there have been no circumstances, which have arisen since the date of the last audited consolidated 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) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the date of the last audited consolidated financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Board is aware of; and
- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the date of the last audited consolidated financial statements of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
Focus Lumber Berhad

.....
Lin Hao Wen
Executive Director

Head Office : 11th Floor, Wisma Perindustrian, Jalan Istiadat, Likas, 88400 Kota Kinabalu, Sabah, Malaysia. P. O. Box 576, 88856 Likas, Sabah, Malaysia.
Tel: 088-242257 / 8 / 9 Fax: 088-242169 Email: focuskl@tm.net.my

Factory Site: Mile 3, Jalan Masak, Kg. Ulu Patikang, Locked Bag No. 13 - SM 88, 89009 Keningau, Sabah, Malaysia. Tel: 087-334761 / 4 / 6, 335457 / 8 Fax: 087-335459

14. BY-LAWS OF THE ESOS**1. NAME OF SCHEME**

This Scheme shall be called the "Focus Lumber Berhad Employee Share Option Scheme".

2. OBJECTIVES OF SCHEME

The objectives of the Scheme are:-

- (a) To provide an opportunity for Directors and Employees to participate as shareholders of the Company;
- (b) To reward and retain Employees whose services are vital to the continued growth of the Group; and
- (c) To motivate Employees towards better performance through greater loyalty to the Group.

3. DEFINITIONS AND INTERPRETATION

3.1 In these By-Laws, the following terms and expressions shall have the following meanings:-

Act	- The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
Available Balance	- The unissued share capital of the Company which is available for the offer of further Options subject to the limit set out in By-Law 4.2 and after deducting all Options which have been offered and accepted
Board	- The Board of Directors of the Company
Bursa Securities	- Bursa Malaysia Securities Berhad
By-laws	- The rules, terms and conditions of the Scheme (as may be amended, varied or supplemented from time to time in accordance with By-law 22)
CDS	- Central Depository System
CDS Account	- An account established by Bursa Malaysia Central Depository Sdn. Bhd. for a depositor for the recording of deposits of securities and dealings in such securities by the depositor
Company or Focus Lumber	- Focus Lumber Berhad, or such other name to which it may be changed from time to time
Date of Expiry	- The last day of the duration of the Scheme as defined in By-Law 19.1
Date of Offer	- The date on which an Offer is made by the Option Committee to an Eligible Director and Employee in the manner provided in By-Law 7
Director	- A natural person who is a member of the Board, either in executive or non-executive capacity

14. BY-LAWS OF THE ESOS (Cont'd)

- | | |
|-------------------------------|--|
| Effective Date | - The date of full compliance with all relevant requirements pursuant to the LR, including but not limited to the following:-

<ul style="list-style-type: none"> (a) Submission of the final copy of the By-Laws of the Scheme to Bursa Securities; (b) Receipt of approval-in-principle for the listing of the new Focus Lumber Shares to be issued under the Scheme from Bursa Securities; (c) Procurement of shareholders' approval for the Scheme; (d) Receipt of approval of any other relevant authorities, where applicable; and (e) Fulfillment of all conditions attached to the above approvals, if any. |
| Eligible Director or Employee | - A Director or Employee who is designated in writing by the Option Committee to be an Eligible Director or Employee described in By-Law 5.1, and falling within any of the categories of Employees set out in By-Law 6.1 |
| Employee | - A natural person who is employed by and on the payroll of any company in the Group |
| Entitlement Date | - The date as at the close of business on which shareholders' names must appear on Focus Lumber's Record of Depositors in order to participate in any dividends, rights, allotments or other distributions |
| Executive Director | - A natural person who holds a directorship in a full time executive capacity in any company in the Group and is involved in the day to day management and on the payroll of such company or any other company in the Group |
| Foreign Employee | - An employee or Executive Director of the Group who is not a Malaysian citizen |
| Grantee | - An Eligible Director and Employee who has accepted an Offer in the manner provided in By-Law 8 |
| Group | - The Company and its subsidiary company as defined in Section 5 of the Act, which are not dormant. Subsidiaries include subsidiaries which are existing as at the Effective Date and subsidiaries which are incorporated or acquired at any time during the duration of the Scheme but exclude subsidiaries which have been divested in the manner provided in By-Law 17.2 |
| LR | - The Listing Requirements of Bursa Securities for the Main Market |

14. BY-LAWS OF THE ESOS (Cont'd)

- | | |
|------------------------|--|
| Market Day | - Any day from Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities |
| Maximum Entitlement | - The maximum number of Options that can be offered to an Eligible Director and Employee as stipulated in By-Law 6.1 |
| Focus Lumber Shares | - Ordinary shares of RM0.50 each in the Company |
| Non-Executive Director | - A natural person who holds a directorship in a non-executive capacity in the Group and do not participate in the day-to-day management of the Group |
| Offer | - A written offer made by the Option Committee to an Eligible Director and Employee in the manner provided in By-Law 7 |
| Option | - The right of a Grantee to subscribe for one (1) new Focus Lumber Share pursuant to the contract constituted by acceptance by the Grantee in the manner provided in By-Law 8 of an Offer made to such Grantee by the Option Committee pursuant to By-Law 7 |
| Option Committee | - A committee comprising directors and/or senior management personnel appointed by the Board to administer the Scheme |
| Option Period | - The period commencing from the Date of Offer and expiring on the Date of Expiry of the Scheme as provided in By-Law 19.1. In the event that the duration of the Scheme shall be extended, the Date of Expiry of the Scheme shall be the date of expiry as so extended. |
| Scheme | - The scheme for the granting of Options to Eligible Directors and Employees to subscribe for new Focus Lumber Shares upon the terms as herein set out, such scheme to be known as the "Focus Lumber Berhad Employee Share Option Scheme" |
| Senior Management | - Any employee of the Group who falls within the grading as determined by the Option Committee from time to time |
| Subscription Price | - The price at which a Grantee shall be entitled to subscribe for each Focus Lumber Share as calculated in accordance with the provisions of By-Law 11 |
- 3.2 Headings are for ease of reference only and do not affect the meaning of a By-Law.
- 3.3 References to the provisions of statutes include such provisions as amended or re-enacted from time to time, and references to statutes include any consolidations, replacements or revisions of the same.
- 3.4 Words importing the masculine gender shall include the feminine and neuter genders.
- 3.5 Words importing the singular number shall include the plural number and vice versa.

14. BY-LAWS OF THE ESOS (Cont'd)**4. TOTAL NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 Each Option shall be exercisable into one (1) new Focus Lumber Share in accordance with the provisions of these By-Laws.
- 4.2 The aggregate number of Options exercised and Options offered and to be offered under the Scheme shall not exceed ten per centum (10%) of the issued and paid-up ordinary share capital of the Company at any one time during the duration of the Scheme as provided in By-Law 19.1, and further, the following shall be complied with:-
- (a) Not more than fifty per centum (50%) of the total number of Focus Lumber Shares to be issued under the Scheme shall be allocated in aggregate to Directors and Senior Management of the Group; and
 - (b) Not more than ten per centum (10%) of the total number of Focus Lumber Shares to be issued under the Scheme shall be allocated to an Eligible Director or Employee of the Group who either singly or collectively through persons connected with the Director or Employee holds twenty per centum (20%) or more of the issued and paid-up share capital of the Company.

In this By-Law, "persons connected" has the same meaning as defined in paragraph 1.01 of the LR.

- 4.3 Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Focus Lumber Shares comprised in the Options granted under the Scheme exceeds the aggregate of ten per centum (10%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own Focus Lumber Shares pursuant to Section 67A of the Act and thereby diminishing the issued and paid-up capital of the Company, the Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers unless the total number of Focus Lumber Shares to be issued under the Scheme falls below ten per centum (10%) of the issued and paid-up ordinary share capital of the Company.
- 4.4 The Company will keep available sufficient unissued Focus Lumber Shares in its authorised share capital to satisfy all outstanding Options throughout the duration of the Scheme.

5. ELIGIBILITY

- 5.1 Only Eligible Directors and Employees of the Group who fulfill the following conditions shall be eligible to participate in the Scheme:-
- (i) at least eighteen (18) years of age on the Date of Offer;
 - (ii) employed by the Group on a full time basis and must be confirmed in service (save for the non-Executive Directors of the Group); and
 - (iii) falls under such categories and of such criteria that the Option Committee may from time to time decide.
- 5.2 No Director or Employee shall participate at any time in more than one (1) employee share option scheme currently implemented by any company within the Group.
- 5.3 Subject to By-Laws 4.2 and 6.1, in the event that the Option Committee has determined that certain Eligible Directors and Employees are entitled to be offered additional Options and the Available Balance is insufficient to grant their full additional entitlements, the Available Balance may be distributed on such basis as the Option Committee may determine.

14. BY-LAWS OF THE ESOS (Cont'd)

- 5.4 The Option Committee has the discretion not to make further additional Offers regardless of the amount of the Available Balance.
- 5.5 In addition to the above criteria of eligibility as set out in this By-Law, any Foreign Employee of the Group who is serving on a full-time capacity and whose contribution is vital to the Group may be considered for participation in the Scheme, provided that no Foreign Employee who is serving under an employment contract may be considered for participation in the Scheme unless the employment contract is for a duration of at least two (2) years or such other period as may be required by the relevant authorities.
- 5.6 A Non-Executive Director must not sell, transfer or assign shares obtained through the exercise of Option pursuant to the Scheme within one (1) year from the Date of Offer.

6. MAXIMUM ENTITLEMENT AND BASIS OF ALLOTMENT

- 6.1 The categories of Eligible Directors and Employees who are eligible to participate in the Scheme and their Maximum Entitlements are as follows:-

Category of Employee	Maximum Entitlement (No. of Options)
Managing Director	600,000
Executive Director	450,000
Non-Executive Director	100,000
Head of Department/Manager	350,000
Supervisor/Technician Head	75,000
Technician/Clerk	70,000
General Worker	2,000

- 6.2 (a) In determining the number of Options to be offered to an Eligible Director and Employee under the Scheme, the seniority and performance of the Eligible Director and Employee and his length of service and contribution in the Group as at the Date of Offer shall be taken into consideration, subject to a minimum of one hundred (100) Options and in multiples of one hundred (100) Options.
- (b) In the event that an Eligible Employee is moved to a higher category, his Maximum Entitlement shall be increased in accordance with the scale provided in By-Law 6.1 upon his confirmation in the higher category.
- (c) In the event that an Eligible Employee is moved to a lower category, the following provisions shall apply:-
- (i) His Maximum Entitlement shall be reduced in accordance with the scale provided in By-Law 6.1;
- (ii) In the event that the total number of Focus Lumber Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is greater than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date but he shall not be entitled to be offered any further Options unless and until he is subsequently moved to a higher category so that his Maximum Entitlement is increased to an amount greater than the total number of Focus Lumber Shares in respect of Options which have already been accepted by him; and

14. BY-LAWS OF THE ESOS (Cont'd)

- (iii) In the event that the total number of Focus Lumber Shares in respect of Options which have been accepted by him up to the date he is moved to the lower category is less than his Maximum Entitlement under such lower category, he shall be entitled to continue to hold and to exercise all unexercised Options held by him on such date and, subject to By-Law 6.3, to be offered further Options up to his Maximum Entitlement under such lower category.

- 6.3 Notwithstanding By-Law 6.1, the number of Options to be offered to each Eligible Director and Employee shall, subject to each Eligible Director and Employee's Maximum Entitlement, be at the discretion of the Option Committee. In exercising its discretion, the Option Committee shall take into consideration the seniority, performance and length of service of each Eligible Director and Employee. The Option Committee shall not be obliged in any way to offer to an Eligible Director and Employee all of the specified Maximum Entitlement. The decision of the Option Committee shall be final and binding.
- 6.4 The Option Committee may at its discretion introduce additional categories of Employees which it shall deem necessary during the duration of the Scheme provided always that the Maximum Entitlements in respect of these additional categories are in compliance with the relevant LR and applicable laws.
- 6.5 The Option Committee may make more than one (1) Offer to an Eligible Director and Employee provided that the aggregate number of Options offered to an Eligible Director and Employee throughout the entire duration of the Scheme does not exceed his Maximum Entitlement.

7. OFFER

- 7.1 During the duration of the Scheme, the Option Committee may at its discretion at any time and from time to time make an Offer in writing to an Eligible Director and Employee, subject to the Eligible Director and Employee's Maximum Entitlement under By-Law 6.1 hereof.
- 7.2 The Option Committee shall state the following particulars in the letter of Offer:-
- (a) The number of Options that are being offered to the Eligible Director and Employee;
 - (b) The number of Focus Lumber Shares which the Eligible Director and Employee shall be entitled to subscribe for upon the exercise of the Options being offered;
 - (c) The Option Period;
 - (d) The Subscription Price; and
 - (e) The Offer Period as defined in By-Law 7.3.
- 7.3 An Offer shall be valid for a period of fourteen (14) days from the Date of Offer ("**Offer Period**").
- 7.4 No Offer shall be made to any Director of Focus Lumber unless such Offer and the related allotment of Focus Lumber Shares have previously been approved by the shareholders of the Company in general meeting.
- 7.5 Without prejudice to By-Law 21, in the event of an error on the part of the Company in stating any of the particulars referred to in By-Law 7.2, the following provisions shall apply:-
- (a) Within one (1) month after discovery of the error, the Company shall issue a supplemental letter of Offer, stating the correct particulars referred to in By-Law 7.2;

14. BY-LAWS OF THE ESOS (Cont'd)

- (b) In the event that the error relates to particulars other than the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall remain as the Subscription Price as per the original letter of Offer; and
- (c) In the event that the error relates to the Subscription Price, the Subscription Price applicable in the supplemental letter of Offer shall be the Subscription Price applicable as at the date of the original letter of Offer, save and except with respect to any Options which have already been exercised as at the date of issue of the supplemental letter of Offer.

7.6 After each adjustment following an alteration of the share capital of the Company as stipulated in By-Law 15.1, upon the return by a Grantee of the original letter of Offer to the Company, that letter of Offer shall be amended or a new letter of Offer shall be issued within two (2) months from the date of return of the original letter, to reflect the adjustment made to the number of Options granted to the Grantee and/or to the Subscription Price.

8. ACCEPTANCE

- 8.1 An Offer shall be accepted by an Eligible Director and Employee within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 8.2 If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon the expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the Eligible Director and Employee, and the Eligible Director and Employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future. However, Options not taken up resulting from the non-acceptance of Offers within the Offer Period shall thereafter form part of the balance of Options available under the Scheme for future Offers.

9. NON-TRANSFERABILITY

- 9.1 An Option is personal to the Grantee and subject to the provisions of By-Laws 14.2 and 14.3, it is exercisable only by the Grantee personally during his lifetime whilst he is in the employment of any company in the Group.
- 9.2 An Option shall not be transferred, assigned, disposed of or subject to any encumbrances by the Grantee save and except in the event of the death of the Grantee as provided under By-Law 14.3. Any such transfer, assignment, disposal or encumbrance shall result in the automatic cancellation of the Option.

10. EXERCISE OF OPTIONS

- 10.1 Subject to By-Laws 14.2, 14.3, 16 and 17, a Grantee shall be allowed to exercise the Options granted to him on terms set out in the letter of Offer, on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, during his lifetime whilst he is in the employment of the Group, and within the Option Period subject to the following limits:-

14. BY-LAWS OF THE ESOS (Cont'd)

Maximum Percentage of Options Exercisable in Each Year Commencing From Date of Offer (On a Per Offer Basis)					
Number of Options Accepted Per Offer	Year 1	Year 2	Year 3	Year 4	Year 5
Managing Director	50.00%	12.50%	12.50%	12.50%	12.50%
Executive Director	50.00%	12.50%	12.50%	12.50%	12.50%
Non-Executive Director	100.00%	-	-	-	-
Head of Department/Manager,	40.00%	15.00%	15.00%	15.00%	15.00%
Supervisor/Technician Head, Technician/Clerk	30.00%	17.50%	17.50%	17.50%	17.50%
General Worker	100.00%	-	-	-	-

Note: The above percentages of Options shall be rounded up to the nearest 100 Options.

- 10.2 Subject to the discretion of the Option Committee, where a Grantee is serving under an employment contract and the remaining duration of the contract is less than five (5) years from the Date of Offer, he may exercise any remaining unexercised Options upon the expiry of the contract but before the Date of Expiry of the Scheme.
- 10.3 Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years subject to the Option Period. Any balance of Options not exercised within six (6) months preceding the Date of Expiry shall be capable of being exercised in full subject to the approval of the Option Committee. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated without any claim against the Company. For the avoidance of doubt, it is hereby stated that the provisions of By-Laws 10.1 and 10.2 are subject to the provisions of this By-Law 10.3.
- 10.4 A Grantee shall exercise his Options on the last working day of each calendar month or such other period that may be stipulated by the Option Committee, by notice in writing to the Company stating the number of Options exercised. The procedure for the exercise of Options to be complied with by a Grantee shall be determined by the Option Committee from time to time.
- 10.5 A Grantee shall exercise his Options by notice in writing to the Company in the prescribed form stating the number of Options exercised, the number of Focus Lumber Shares relating thereto and the Grantee's individual/nominee CDS Account number. The Options shall be exercised in multiples of and not less than one hundred (100) Options. The exercise by a Grantee of some but not all of the Options which have been offered to and accepted by him shall not preclude the Grantee from subsequently exercising any other Options which have been or will be offered to and accepted by him, during the Option Period.
- 10.6 Every notice to exercise Options shall be accompanied by a remittance in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Kuala Lumpur, for the full amount of the subscription money in relation to the number of Focus Lumber Shares in respect of which the notice is given.
- 10.7 Within eight (8) Market Days of the receipt by the Company of such notice and payment, or such other period as may be prescribed by Bursa Securities, and subject to the Articles of Association of the Company, the Company shall allot the relevant number of Focus Lumber Shares to the Grantee. The said Focus Lumber Shares will be credited directly into the CDS Account of the Grantee or his financier, as the case may be, and a notice of allotment stating the number of Focus Lumber Shares so credited will be issued to the Grantee. No physical certificates will be issued. An application will be made for the quotation of such Focus Lumber Shares.

14. BY-LAWS OF THE ESOS (Cont'd)

10.8 The Company, the Board and the Option Committee shall not under any circumstances be held liable to any person for any costs, losses, expenses, damages or liabilities howsoever arising in the event of any delay on the part of the Company in allotting and issuing the Focus Lumber Shares or in procuring Bursa Securities to list and quote the Focus Lumber Shares subscribed for by a Grantee or any delay in receipt or non-receipt by the Company of the notice to exercise the Options or for any errors in any Offers.

11. SUBSCRIPTION PRICE

The Subscription Price of each Focus Lumber Share comprised in any Option shall, subject always to the provisions of By-Law 15 hereof, be as follows:-

- (a) In respect of any Offer which is made in conjunction with the Company's listing on the Main Market of Bursa Securities, not less than the initial public offer price; and
- (b) In respect of any Offer which is made subsequent to the Company's listing on the Main Market of Bursa Securities:-
 - (i) the weighted average market price of the Focus Lumber Shares for the five (5) Market Days immediately preceding the Date of Offer with a discount of not more than ten per centum (10%); and
 - (ii) the price so determined shall not be less than the par value of the Focus Lumber Shares;

or at a subscription price in accordance with any guidelines, rules and regulations of the relevant authorities governing the Scheme at the time of the Offer.

12. RIGHTS ATTACHING TO SHARES

The new Focus Lumber Shares to be allotted upon the exercise of any Options will, upon allotment and issue, rank *pari passu* in all respects with the existing issued and paid-up Focus Lumber Shares of the Company, except that the new Focus Lumber Shares will not be entitled to any dividends, rights, allotments or other distributions, the Entitlement Date of which is prior to the date on which these new Focus Lumber Shares are credited into the Grantee's individual/nominee CDS Account. The new Focus Lumber Shares will be subject to the provisions of the Articles of Association of the Company.

13. HOLDING OF SHARES

The Company encourages Grantees to hold the Focus Lumber Shares subscribed for by them for as long as possible although a Grantee or his financier, as the case may be, may sell the Focus Lumber Shares subscribed for by the Grantee at any time after such Focus Lumber Shares have been credited to the Grantee's or his financier's CDS Account. A Grantee should note that the Focus Lumber Shares are intended for him to hold as an investment rather than for realisation to yield a quick profit.

14. TERMINATION OF EMPLOYMENT, RETRENCHMENT, TRANSFER, ETC

14.1 Any Option which has not been exercised by a Grantee shall be automatically terminated in the following circumstances:-

14. BY-LAWS OF THE ESOS (Cont'd)

- (a) Termination of employment of the Grantee with the Group for any reason whatsoever, in which event the Option shall be automatically terminated on the day the Grantee notifies his employer of his resignation or on the Grantee's last day of employment, whichever is the earlier; or
- (b) Bankruptcy of the Grantee, in which event the Option shall be automatically terminated on the date a receiving order is made against the Grantee by a court of competent jurisdiction; or
- (c) Upon the happening of any other event which results in the Grantee being deprived of the beneficial ownership of the Option.

Upon the termination of Options pursuant to By-Law 14.1(a), (b) or (c) above, the Grantee shall have no right to compensation or damages or any claim against the Company from any loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed, whether for wrongful dismissal or breach of contract or loss of office or otherwise howsoever arising from his ceasing to hold office or employment or from the suspension of his right to exercise his Options or his Options ceasing to be valid.

14.2 Notwithstanding By-Law 14.1 above, the Option Committee may at its discretion allow an Option to remain exercisable during the Option Period on such terms and conditions as it shall deem fit if the cessation of employment occurs as a result of:-

- (a) Retirement on attaining the normal retirement age of fifty-five (55) years; or
- (b) Retirement before attaining the normal retirement age and with the consent of the employer company within the Group; or
- (c) Ill-health, injury, physical or mental disability; or
- (d) Redundancy; or
- (e) Transfer to any company outside the Group at the direction of the Company; or
- (f) Any other circumstance acceptable to the Option Committee.

14.3 In the event that a Grantee dies before the expiry of the Option Period and, at the date of death, holds any Options which are unexercised, such Options may be exercised by the personal or legal representative of the deceased Grantee within the Option Period subject to the approval of the Option Committee.

The exercise of Options in the proportions set out in By-Law 10.1 hereof shall not apply to an exercise of the Options of a deceased Grantee by his personal or legal representative. The proportion exercisable is at the discretion of the Option Committee.

15. ALTERATION OF CAPITAL

15.1 Subject to By-Law 15.6 hereof, 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 Focus Lumber Shares or reduction of capital or otherwise howsoever, the Company shall cause such adjustment to be made to:-

- (a) The number of Options granted to each Grantee (excluding Options already exercised); and/or
- (b) The Subscription Price

14. BY-LAWS OF THE ESOS (Cont'd)

for purposes of ensuring that the capital outlay to be incurred by a Grantee in subscribing for 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 (i.e. not taking into account Options already exercised) shall remain unaffected.

15.2 The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:-

- (a) Any adjustment to the Subscription Price shall be rounded up to the nearest one (1) sen and in no event shall the Subscription Price be reduced to an amount which is below the par value of the Focus Lumber Shares; and
- (b) In determining a Grantee's entitlement to subscribe for Focus Lumber Shares, any fractional entitlements will be disregarded.

15.3 Subject to By-Law 15.2, the Subscription Price and the number of new Shares relating to the Options so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the Auditor:-

- (a) If and whenever a Focus Lumber Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Subscription Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of new Shares relating to the Options to be issued shall be calculated in accordance with the following formula:-

$$\text{Number of additional Shares} = T \times \left(\frac{\text{Former Par Value}}{\text{Revised Par Value}} \right) - T$$

Where T = existing number of Shares relating to an Option.

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

- (b) If and whenever the Company shall make any issue of new Shares to shareholders credited as fully paid-up, by way of bonus issue or capitalisation issue of profits or reserves of the Company (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:-

$$\frac{A}{A+B}$$

and the additional number of new Shares relating to the Options to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \times \left(\frac{A+B}{A} \right) \right\} - T$$

Where:

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

14. BY-LAWS OF THE ESOS (Cont'd)

B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid-up by way of bonus issue or capitalisation issue of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund); and

T = T as in By-Law 15.3(a) above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for such issue.

(c) If and whenever the Company shall make:

- (1) 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 unrepresented by available assets); or
- (2) any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe new Shares by way of rights; or
- (3) any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares attached thereto,

then and in respect of each such case, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{C - D}{C}$$

and in respect of the case referred to in By-Law 15.3(c)(2) hereof, the number of additional new Shares comprised in the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left\{ T \times \left(\frac{C}{C - D^*} \right) \right\} - T$$

Where:

T = T as in By-Law 15.3(a) above;

C = the prevailing market price of each 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 to Bursa Securities 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 = (aa) in the case of an offer or invitation to acquire or subscribe for new Shares under By-Law 15.3(c)(2) above or for securities convertible into or with rights to acquire or subscribe for new Shares under By-Law 15.3(c)(3) above, the value of rights attributable to one (1) existing Share (as defined below); or

14. BY-LAWS OF THE ESOS (Cont'd)

- (bb) in the case of any other transaction falling within By-Law 15.3(c) hereof, the fair market value as determined (with the concurrence of the Auditor) by the adviser of the Company (a merchant bank or universal broker) of that portion of the Capital Distribution attributable to one (1) existing Share.

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

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

Where:

- C = C as in By-Law 15.3(c) above;
- E = the subscription price for one (1) additional Share under the terms of offer or invitation 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 existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Shares or security convertible into Shares or right to acquire or subscribe for Shares; and
- D* = The value of rights attributable to one (1) existing Shares (as defined below).

For the purpose of definition 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 as in By-Law 15.3(c) above;
- E* = the subscription price for one (1) additional Share under the terms of offer or invitation; and
- F* = the number of existing Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of By-Law 15.3(c) hereof, ("**Capital Distribution**") shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of new Shares (not falling under By-Law 15.3(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves of the Company (whether of a capital or income nature and including any share premium account and capital redemption reserve fund).

Any dividend charged or provided for in the audited accounts of the Company for any period 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 attributable to the shareholders as shown in the audited profit and loss accounts of the Company.

14. BY-LAWS OF THE ESOS (Cont'd)

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for such issue.

- (d) If and whenever the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and where the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

G = the aggregate number of issued and fully paid-up Shares on the entitlement date;

C = C as in By-Law 15.3(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 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 the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such 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 as in By-Law 15.3(b) above; and

T = T as in By-Law 15.3(a) above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for such issue.

14. BY-LAWS OF THE ESOS (Cont'd)

- (e) If and whenever the Company makes any offer or invitation to its shareholders to acquire or subscribe for Shares as provided in By-Law 15.3(c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for shareholders as provided in By-Law 15.3(c)(3) above, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = \left[T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:

G = G as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H* = H* as in By-Law 15.3(d) above;

I = I as in By-Law 15.3(d) above;

I* = I* as in By-Law 15.3(d) above;

J = the aggregate number of Shares to be issued to its shareholders upon conversion of such securities or exercise of such rights to subscribe for Shares by the shareholders;

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Shares; and

T = T as in By-Law 15.3(a) above.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for the above transactions.

- (f) If and whenever the Company makes an allotment to its shareholders as provided in By-Law 15.3(b) above and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in By-Law 15.3(c)(2ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law 15.3(c)(3iii) above, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Subscription Price shall be adjusted by multiplying it by the following fraction:-

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

14. BY-LAWS OF THE ESOS (Cont'd)

and the number of additional new Shares relating to the Option to be issued shall be calculated as follows:-

$$\text{Number of additional Shares} = T \times \left(\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$$

Where:

G = G as in By-Law 15.3(d) above;

C = C as in By-Law 15.3(c) above;

H = H as in By-Law 15.3(d) above;

H* = H* as in By-Law 15.3(d) above

I = I as in By-Law 15.3(d) above;

I* = I* as in By-Law 15.3(d) above

J = J as in By-Law 15.3(e) above;

T = T as in By-Law 15.3(a) above;

K = K as in By-Law 15.3(e) above;

B = B as in By-Law 15.3(b) above;

Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all shareholders and requiring an adjustment under By-Laws 15.3(c)(2), (c)(3), (d), (e) or (f) above), the Company shall issue either any Share or any security convertible into Shares or any 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 percent (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 by multiplying it by the following fraction:

$$\frac{L + M}{L + N}$$

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 (as defined below) (exclusive of expenses); and

N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the

14. BY-LAWS OF THE ESOS (Cont'd)

maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

For the purpose of By-Laws 15.3(g), ("**Total Effective Consideration**") shall be determined by the Board with the concurrence of the Auditor and shall be:-

- (i) In case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) 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
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscribe 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, discount or expense 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 new Shares issued as aforesaid or, in the case of securities convertible into new Shares or securities with rights to acquire or subscribe for new Shares, by the maximum number of new Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 15.3(g), ("**Average Price**") of a Share shall be the average market price of one (1) Share as derived from the last traded prices for one or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or (failing any such announcement) on the Market Day immediately following the date on which the Company determines the subscription price of such Shares. Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the completion of the above transaction.

- (h) For the purpose of By-Law 15.3(c),(d),(e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the average of the last traded prices for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

Such adjustments must be confirmed in writing by the Auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT:

14. BY-LAWS OF THE ESOS (Cont'd)

- (a) no adjustment to the Subscription Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Subscription Price payable shall be the par value of the new Shares;
- (b) upon any adjustment being made pursuant to this By-Law, the Option Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Subscription Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of each Option; and
- (c) any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws .

Notwithstanding the foregoing, any adjustments to the Subscription Price and /or the number of new Shares comprised in each Option so far as unexercised arising from bonus issues, need not be confirmed in writing by the Auditors of the Company.

- 15.4 The adjustment pursuant to this By-Law shall be made on the day immediately following the books closure date for the event giving rise to the adjustment.
- 15.5 Save as expressly provided for herein, the Auditors must confirm in writing that the adjustments are in their opinion fair and reasonable. The opinion of the Auditors shall be final, binding and conclusive.
- 15.6 The provisions of this By-Laws 15 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:-
 - (a) An issue of Shares pursuant to the exercise of Options under the Scheme; or
 - (b) An issue of securities as consideration for an acquisition; or
 - (c) An issue of securities as a private placement; or
 - (d) An issue of securities as a special issue approved by the relevant governmental authorities; or
 - (e) A restricted issue of securities; or
 - (f) An issue of further Options to Eligible Employees under these By-Laws; or
 - (g) A purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:-
 - (i) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is greater than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee shall not make any further Offers up-till such time, if any (occurring during the remainder of the Option Period), as the provisions of By-Law 4.2 above are once again satisfied; and

14. BY-LAWS OF THE ESOS (Cont'd)

- (ii) If the number of Shares in respect of Options granted by the Company as at the date of designation of the Shares so purchased as treasury Shares or cancellation of such Shares is less than 10% of the issued capital of the Company after such designation or cancellation, the Option Committee may make further Offers only until the total number of Shares in respect of Options granted by the Company is equivalent to 10% of the issued capital of the Company after such designation or cancellation.
- 15.7 In the event that the Company enters into any scheme of arrangement or reconstruction pursuant to Part VII of the Act, By-Law 15.1 shall be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is applicable, but By-Law 15.1 shall not be applicable in respect of such part(s) of the scheme which involve(s) any alteration(s) in the capital structure of the Company to which By-Law 15.1 is not applicable as described in By-Law 15.6.
- 15.8 An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:-
 - (a) In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or
 - (b) In the case of a consolidation or subdivision of Shares or reduction 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.

16. TAKE-OVERS AND MERGERS

- 16.1 In the event of an offer being made for Focus Lumber Shares under the Securities Commission Act, 1993 and the Malaysian Code on Take-Overs and Mergers, 1998 and such offer being declared unconditional, the following provisions shall apply:-
 - (a) A Grantee shall be entitled to exercise all or any of the Options held by him as at the date of such offer being declared unconditional, within a period of six (6) months after such date and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months; and
 - (b) If during the said period of six (6) months, the offeror becomes entitled or bound to exercise rights of compulsory acquisition in respect of the Focus Lumber Shares under the provisions of the Securities Commission Act, 1993 and gives notice to the Grantee that he intends to exercise such rights on a specific date ("**Specified Date**"), the Grantee shall be entitled to exercise all or any of the Options held by him until the expiry of the said period of six (6) months or the Market Day immediately preceding the Specified Date, whichever is the earlier, and in accordance with the provisions of By-Law 10.4. In the event that the Grantee elects not to so exercise some or all of the Options held by him, the unexercised Options shall be automatically terminated on the expiry of the said period of six (6) months or on the Specified Date, whichever is the earlier.
- 16.2 In the event the court has sanctioned a compromise or arrangement between the Company and its members for the purpose of, or in connection with, a scheme for reconstruction of the Company or amalgamation with any other company or companies under the provisions of the Act, then the Grantee shall immediately become entitled in the period up to but excluding the date upon which such compromise or arrangement becomes effective, to exercise in whole or in part his Options. All unexercised Options held by a Grantee shall be automatically terminated on the date upon which such compromise or arrangement becomes effective.

14. BY-LAWS OF THE ESOS (Cont'd)

- 16.3 For the avoidance of doubt, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply in respect of By-Laws 16.1(a), 16.1(b) and 16.2 above.

17. DIVESTMENT FROM GROUP

- 17.1 In the event that a company within the Group shall be divested from the Group, a Grantee who is employed by such company:-
- (a) Shall be entitled to continue to hold and to exercise all the Options held by him on the date of completion of such divestment within a period of one (1) year from the date of completion of such divestment or the Option Period, whichever expires first, and in accordance with the provisions of By-Law 10.4. In this instance, the limits on the exercise of Options stipulated in By-Law 10.1 shall not apply. In the event that the Grantee does not so exercise some or all of such Options, the unexercised Options shall be automatically terminated upon the expiry of the relevant period; and
 - (b) Shall no longer be eligible to participate for further Options under the Scheme as from the date of completion of such divestment.
- 17.2 For the purposes of By-Law 17.1, a company shall be deemed to be divested from the Group in the event that such company would no longer be a subsidiary of the Company pursuant to Section 5 of the Act.

18. WINDING UP

All outstanding Options shall be automatically terminated in the event that a resolution is passed or a court order is made for the winding up of the Company.

19. DURATION, TERMINATION AND EXTENSION OF SCHEME

- 19.1 The Scheme shall come into force on the Effective Date. The Scheme shall be in force for a duration of five (5) years from the Effective Date subject however to any extension of the Scheme as provided under By-Law 19.3 below. The date of expiry of the Scheme shall be at the end of the five (5) years from the Effective Date or, if the Scheme shall be extended, shall be the date of expiry as so extended ("**Date of Expiry**").
- 19.2 Offers can only be made during the duration of the Scheme before the Date of Expiry.
- 19.3 The Scheme may be extended for a further period of up to five (5) years at the discretion of the Board upon the recommendation of the Option Committee. Any extended Scheme under this provision shall be implemented in accordance with the terms of these By-Laws, subject however to any revisions and/or changes to the relevant laws and/or regulations currently in force. Unless otherwise required by the relevant authorities, no further approvals shall be required for the extension of the Scheme PROVIDED THAT the Company shall serve appropriate notices on each Grantee and make any announcements to Bursa Securities (if required) within thirty (30) days prior to the expiry of the original Scheme.
- 19.4 Notwithstanding anything to the contrary, all unexercised Options shall lapse on the Date of Expiry.
- 19.5 Subject to the approval of the relevant authorities including Bursa Securities and compliance with the requirements of the relevant authorities and the written consent of the Grantees who have yet to exercise their Options, either in part or in whole, the Company in general

14. BY-LAWS OF THE ESOS (Cont'd)

meeting may, at any time, subject to the shareholders' approval, by ordinary resolution terminate the Scheme. In this event, the following provisions shall apply:-

- (a) No further Offers shall be made by the Option Committee from the date of such resolution;
- (b) All Offers which have yet to be accepted by Eligible Directors and Employees shall automatically lapse on the date of such resolution; and
- (c) All outstanding Options which have yet to be exercised by Grantees shall be automatically terminated on the date of such resolution.

19.6 In seeking to obtain the approval of Bursa Securities and the consent of the shareholders of the Company for the termination of the Schemes as set out in By-Law 19.5, the Company must provide sufficient information on the following:-

- (a) reasons for the termination (whether or not the reasons are specified herein);
- (b) whether or not the termination of the Scheme would be in the best interest of the Company; and
- (c) any other information that would justify termination of the Scheme.

20. SUBSEQUENT EMPLOYEE SHARE OPTION SCHEME

Subject to the approval of the relevant authorities and compliance with the requirements of the relevant authorities, the Company may establish a new employee share option scheme after the Date of Expiry or after the termination of the Scheme pursuant to By-Law 19.5 herein.

21. ADMINISTRATION

- 21.1 The Scheme shall be administered by the Option Committee. The Option Committee shall, subject to these By-Laws, administer the Scheme in such manner as it shall think fit.
- 21.2 Without limiting the generality of By-Law 21.1, the Option Committee may, for the purpose of administering the Scheme, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the Scheme as it may in its discretion consider to be necessary or desirable for giving effect to the Scheme.
- 21.3 The Board shall have power at any time and from time to time to rescind the appointment of any person appointed to the Option Committee as it shall deem fit.

22. AMENDMENT

The Option Committee may at any time and from time to time recommend to the Board any addition or amendments to or deletions of these By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of these By-Laws upon such recommendation PROVIDED THAT no additions or amendments to or deletions of these By-Laws shall be made which will:-

- (a) Prejudice any rights then accrued to any Grantee without the prior consent or sanction of that Grantee; or

14. BY-LAWS OF THE ESOS (Cont'd)

- (b) Alter to the advantage of any Eligible Director or Employee to whom the Option Committee has made an Offer, the provisions of the By-Laws 4.2, 4.3, 5.1, 5.6, 6.1, 8.1, 11, 12, 15 and 19.1 of the Scheme without the prior approval of the Company's shareholders in general meeting; or
- (c) Increase the number of Focus Lumber Shares available under the Scheme beyond the maximum imposed by By-Law 4.2.

23. INSPECTION OF ACCOUNTS

All Grantees are entitled to inspect the latest annual report of the Company at the registered office of the Company during normal business hours.

24. SCHEME NOT A TERM OF EMPLOYMENT

This Scheme shall not confer or be construed to confer on an Eligible Director and Employee any special rights or privileges over the Eligible Director and Employee's terms and conditions of employment in the Group under which the Eligible Employee is employed nor any rights additional to any compensation or damages that the Eligible Employee may be normally entitled to arising from the cessation of such employment. The Scheme shall not form part of or constitute or be in any way construed as a term or condition of employment of any Employee.

25. NO COMPENSATION FOR TERMINATION

No Employee shall be entitled to any compensation for damages arising from the termination of any Options or this Scheme pursuant to the provisions of these By-Laws.

26. DISPUTES

Any disputes arising hereunder shall be referred to the decision of the Board, whose decision shall be final and binding in all respects, provided that any Directors of the Company who are also in the Option Committee shall abstain from voting and no person shall be entitled to dispute any decision or certification which is stated to be final and binding under these By-Laws.

27. COSTS AND EXPENSES

All fees, costs and expenses incurred in relation to the Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of Focus Lumber Shares pursuant to the exercise of Options, shall be borne by the Company.

28. ARTICLES OF ASSOCIATION

In the event of a conflict between any of the provisions of these By-Laws and the Articles of Association of the Company, the Articles of Association shall prevail.

15 ADDITIONAL INFORMATION**15.1 SHARE CAPITAL**

- (i) No shares will be allotted on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM 0.50 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) Save as disclosed in Section 5.3(vi) of this Prospectus, no person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the pink form allocation pursuant to the Public Issue and ESOS.
- (vi) Save as disclosed in Sections 3.5, 5.1.3 and 5.3 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities.

15.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Company's Articles of Association which comply with the Listing Requirements of Bursa Securities, the Act and Rules of Bursa Depository.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association or the context otherwise require:-

(i) Transfer of securities***Article 23 - Transfer of Listed Securities***

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

Article 24(1) and (2) – No Liability

- (1) *Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of Securities apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Securities proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the*

15. ADDITIONAL INFORMATION (Cont'd)

holder of such Securities and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

- (2) *The Depository may in its absolute discretion refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.*

Article 25 – Closing of Register

The registration of transfers may be suspended at such time and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year. At least ten (10) Market Days' notice or such other period of notice as may be permitted by the Exchange of such closure shall be given to the Exchange stating the period and the purpose or purposes of such closure. In relation to such closure, the Company shall give notice in accordance with the Rules to the Depository to prepare appropriate Record of Depositors.

Article 28 – Transmission of Securities

Where :-

- (a) *the securities of a company are listed on another stock exchange; and*
 (b) *such company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998 as the case may be, under the Rules of the Depository in respect of such securities;*

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(ii) Directors' Remuneration**Article 75(1), (2), (3), (4) and (5) – Directors' Remuneration**

- (1) *The remuneration of the Directors shall from time to time be determined by the Company in general meeting. That remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel, and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.*
- (2) *Fees payable to non-executive directors shall be by fixed sum, and not by commission on or percentage of profits or turnover.*
- (3) *Salaries payable to executive directors may not include a commission on or percentage of turnover.*
- (4) *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.*
- (5) *Any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

15. ADDITIONAL INFORMATION (Cont'd)**(iii) Voting and Borrowing Powers of Directors****Article 79 – Directors Borrowing Powers**

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue corporate guarantees or any guarantees, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its related corporations (as defined in Section 6 of the Act) or of any third party.

Article 85 – Voting at Directors' Meeting

Subject to these Articles questions arising at any meeting of Directors shall be decided by a majority of votes and a determination by majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote provided always that the Chairman of a meeting at which only two (2) Directors are present or at which only two (2) Directors are competent to vote on the questions at issue shall not have a second or casting vote.

Article 87 – Director may not vote if interested in contract

A Director shall not participate and vote in respect of any contract or proposed contract with the Company in which he has, directly or indirectly, an interest and if he does so vote his vote shall not be counted.

(iv) Changes in Capital or Variation of Class Rights

The provision in our Company's Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follow:-

Article 3 – Issue of Shares

The shares taken by the subscribers to the Memorandum of Association shall be issued by the Directors. Subject as aforesaid and subject always to the provisions of the Act, the shares shall be under the control of the Directors, who may allot and issue the same to such persons on such terms and conditions and at such times as the Directors think fit but so that no shares shall be issued at a discount except in accordance with section 59 of the Act. Subject to the Act, any Preference Shares may, with the sanction of any Ordinary Resolution, be issued on the terms that they are, or at the option of the Company are liable to be redeemed or to issue further preference capital ranking equally with or in priority to, preference shares already issued and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit. The Directors in making any issue of shares shall comply with the following conditions:-

- (a) In the case of shares offered to the public for subscription, the amount payable on application on each share shall not be less than five per centum (5%) of the nominal value of the share;*
- (b) In the case of shares other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles and in the resolution creating the same;and*
- (c) No issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members of the Company in a general meeting.*

15. ADDITIONAL INFORMATION (Cont'd)

Article 5(1) and (2) – Rights of Preference Shareholders

(1) A holder of a preference share must be entitled to a right to vote in each of the following circumstances and in no others:-

- (a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;
- (b) on a proposal to reduce the Company's share capital;
- (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
- (d) on a proposal that affects rights attached to the share;
- (e) on a proposal to wind up the Company; and
- (f) during the winding up of the Company.

(2) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited financial statements and attending meetings.

Article 6 – Pre-emption

Subject to any direction to the contrary that may be given by the meeting sanctioning any increase of capital, all new shares of whatever kind and all unissued shares shall be offered to members in proportion to the nominal value of the existing shares held by them. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new shares or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this Article.

Article 7 – Commission on Subscription

The Company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, or procuring, agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company.

Provided that the rate percent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act, that such commission shall not exceed 10 percent of the price at which such shares are issued, or an amount equivalent to such percentage, and that the requirements of section 58 of the Act shall be observed.

Subject to the provisions of section 58 of the Act, such commission may be satisfied by the payment of cash or of fully paid shares or partly in one way and partly in the other.

Article 8 – No trust recognized

No person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by or be required in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other rights in respect of any share other than an absolute right to the

15. ADDITIONAL INFORMATION (Cont'd)

entirety thereof in the registered holder, except only as by these Articles otherwise provided for or as by the Act required or pursuant to any order of court.

Article 38 – Share buy back

Subject to the provisions of the Act, requirements of the Exchange and/ or any law, regulation or policy, the Company may from time to time, by resolution of a general meeting, purchase its own shares. Any shares in the Company so purchased by the Company shall be dealt with as provided for by the Act and the requirements of the Exchange and/ or any other law, regulation or policy.

Article 39 – Conversion of shares into stock

- (a) The Company may by Ordinary Resolution passed at a general meeting convert any paid up shares into stock or reconvert any stock into paid up shares of denomination.
- (b) The holders of stock may transfer the same or any part thereof in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit, but the Directors may from time to time fix the minimum amount of stock transferable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (c) The holders of stock shall according to the amount of the stock held by them have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such rights, privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by any such aliquot part of stock which would not, if existing in shares have conferred that rights, privileges or advantages.
- (d) Such of the regulations of the Company as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

Article 40 – Company may increase its capital

The Company may from time to time by Ordinary Resolution increase share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

Article 41 – Company may alter its capital in certain ways

The Company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares: or
- (b) Sub-divide its existing shares, or any of them into shares of smaller amounts than is fixed by the Memorandum of Association of the Company subject nevertheless, to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may by the resolution by which such subdivision is effected be given any preference or advantage as regards dividends, capital, voting or otherwise over the others or any other of such shares; and
- (c) Cancel any shares not taken or agreed to be taken by any person or / and diminish the amount of its share capital by the amount of the shares so cancelled.

15. ADDITIONAL INFORMATION (Cont'd)**Article 42 – Company may reduce its capital**

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any authorization and consent as required by law and the Act.

Article 43 – Modification of Class Rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), the repayment of preference capital other than redeemable preference or any other alteration of preference shareholders' rights may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated only with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class or, as the case may be, the preference shareholders concerned and to every such Special Resolution the provisions of Section 152 of the Act shall with adaptations as are necessary apply. 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 (2) persons at least holding or representing by proxy or by attorney, one-third 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. 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 issued shares of the class concerned or, as the case may be, the preference shareholders concerned, within two (2) months of the Meeting shall be as valid and effectual as a Special Resolution, carried at the Meeting.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

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

15.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fixed it as a requirement in the general meeting.
- (iii) Save as disclosed in Sections 7.2.6 and 11.5 of this Prospectus, there has been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) There are no existing or proposed services agreement contract between our Company or subsidiary company, and our Directors or key management.
- (v) The details of our Directors' and substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Sections 7.1.1 and 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.

15. ADDITIONAL INFORMATION (Cont'd)

- (vii) Save for the risk factors highlighted in Section 4 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

15.5 GENERAL INFORMATION

- (i) Save as disclosed in Section 9 of this Prospectus, neither we nor our subsidiary have acquired or proposed to acquire any property.
- (ii) Save as disclosed in Sections 3.9 and 3.10 of this Prospectus, no preliminary expenses are to be repaid by us in contemplation of the Public Issue.
- (iii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 5 of this Prospectus.
- (iv) The time of the opening of the IPO is set out in Sections 3.2 and 16 of this Prospectus.
- (v) The amount payable in full on application is RM0.60 per IPO Share.
- (vi) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vii) We have not established any place of business outside Malaysia.
- (viii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 16 of this Prospectus.

15.6 EXPENSES

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities amounting to RM2.80 million as set out in Section 3.9 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 6,000,000 Issue Shares at the rate of one percent (1%) of the Issue Price.

15.7 MATERIAL LITIGATIONS

As at the LPD, save as disclosed below, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

15. ADDITIONAL INFORMATION (Cont'd)

15.8 MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary have entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- (i) On 1 October 2009, we have entered into a timber sale agreement with GSSB ("GSSB Agreement") to purchase approximately 300,000m³ of extracted logs for a period of 36 months, at the rate per m³ as determined by the prevailing market price of the timber trade in the State of Sabah for commercial logs and timber. The said consideration will be satisfied by payment of cash. The said agreement is an on-going agreement.

The salient terms of the timber supply agreement between Focus Lumber and GSSB dated 1 October 2009 are as follows:-

- GSSB has obtained the right to extract timber pursuant to the Log Extraction and Timber Sale Agreement dated 3 October 2006 between GSSB and RBSB.
- Consideration for purchase of extracted logs is not determined – to be mutually agreed upon in writing per cubic meter according to prevailing market conditions in the timber trade. If no mutual agreement, GSSB to fix price and Focus Lumber may terminate agreement if price fixed is unacceptable.
- Focus Lumber to take delivery of the extracted logs ex-stumping and at its own costs.
- In consideration of GSSB agreeing to enter into an exclusive supply agreement with Focus Lumber, Focus Lumber agrees to provide upon written request by GSSB:-
 - a) Advance payments for the extracted logs provided always that such payments shall not exceed the aggregate estimated price of two (2) months' supply of the extracted logs; and/or
 - b) Guarantees to RBSB, SBSB and/or financial institutions to assist in the performance by GSSB of its obligations hereunder provided always that the maximum limit of such guarantees shall not exceed the aggregate estimated price of two (2) months' supply of the extracted logs.
- The obligation of Focus Lumber to provide advance payments and guarantees shall be subject to GSSB procuring the execution of personal guarantees by Wong Shy Yoong (NRIC No 750807-05-5057) and Chen Po Hsu (Taiwan ID No E 123679339/Passport No. 214485312) in favour of Focus Lumber to secure the repayment of any aforesaid advance payment and indemnifying Focus Lumber for any claims, suits or actions arising out of or in connection with the issuance of any guarantees by Focus Lumber.
- GSSB is to assist Focus Lumber to obtain any approvals required and to fulfill any quotas imposed by SBSB or RBSB. Costs of fulfilling quotas to be borne by Focus Lumber.
- If an event of Force Majeure occurs, the performance of contractual obligations of the parties under this Agreement affected by such event shall be suspended during the period of delay caused by the Force Majeure and shall be automatically extended without penalty, for a period equal to the suspension period.
- Extracted Logs shall be commercial logs and timber with volume of 300,000 cubic meters +/- 10% to be extracted within period of 36 months from date of GSSB Agreement.

15. ADDITIONAL INFORMATION (Cont'd)

- Jurisdiction – GSSB Agreement is governed by the laws of Malaysia.
- (ii) On 17 January 2011, our Company had entered into a Placement Agreement with the Placement Agent for the placement of 5,300,000 Issue Shares for placement management and agent fees at the rates set out in Section 3.10.3 of this Prospectus; and
- (iii) On 17 March 2011, our Company had entered into an Underwriting Agreement with the Underwriters for the underwriting of 6,900,000 Issue Shares under the Public Issue, for managing fees and underwriting commission at the rates set out in Section 3.10.2 of this Prospectus.

15.9 MATERIAL CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at the LPD, and save as disclosed in Section 11.4.5 of this Prospectus, our Directors are not aware of any material capital commitment contracted or known to be contracted by us which, upon becoming enforceable, may have a material impact on our financial position.

Further, our Directors are not aware of any contingent liabilities incurred by us that, upon becoming enforceable, may have a material impact on our financial position, save as disclosed under Section 11.4.7 of this Prospectus.

15.10 PUBLIC TAKE-OVERS

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

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

15.11 CONSENTS

- (i) The written consents of the Principal Adviser, Managing Underwriter, Underwriters and Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Letter on the Unaudited Proforma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

15. ADDITIONAL INFORMATION (Cont'd)

15.12 DOCUMENTS FOR INSPECTION

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

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in Section 12 and Section 13 of this Prospectus, respectively;
- (iii) The Reporting Accountants' letters relating to the Unaudited Proforma Consolidated Statements of Financial Position of our Group as at 31 December 2010 referred to in Section 11.2 of this Prospectus;
- (iv) The letters of consent referred to in Section 15.11 of this Prospectus;
- (v) The audited financial statements of Focus Lumber and Untung Ria for the last four (4) FYE 31 December 2010;
- (vi) The material contracts referred to in Section 15.8 of this Prospectus; and
- (vii) The Independent Market Research Report referred to in Section 6 of this Prospectus.

15.13 RESPONSIBILITY STATEMENTS

- (i) Bank Islam 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 relating to the IPO.
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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16 PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 6 April 2011 and will remain open until 5.00 p.m. on 18 April 2011 or for such further period or periods as our Directors and the Offerors, together with Managing Underwriter in their absolute discretion may mutually decide.

Any extension of the closing date of the applications will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

16.2 METHODS OF APPLICATIONS

Applications for the Issue Shares may be made using any of the following ways:-

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

16.3 PROCEDURES FOR APPLICATIONS

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

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed and issued together with this Prospectus and form an integral part of this Prospectus:-

16.3.1 Applications by the Malaysian Public

Applications for the 6,000,000 Issue Shares made available for application by the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 50% is to be set aside strictly for Bumiputera investors. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

16.3.2 Applications by Eligible Employees and Persons who have Contributed to the Success of our Group

Applications for the 900,000 Issue Shares made available for eligible employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application.

16.3.3 Application by placees under the Private Placement

Selected investors being allocated the IPO Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent should they wish to accept the Focus Lumber Shares offered to them. Applications for the allocated IPO Shares reserved for the identified placees under the private placement must be made **ONLY** on the **Blue Application Forms** and **not on any other Application Forms** and **not by way of Electronic Share Application or Internet Share Application.**

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.4 APPLICATIONS USING APPLICATION FORMS**

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus:-

- (a) **White** Application Forms for application by the Malaysian Public;
- (b) **Pink** Application Forms for applications by our eligible employees and persons who have contributed to the success of our Group; and
- (c) **Blue** Application Forms for applications by placees identified under the private placement.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from Bank Islam (branches in Klang Valley only), participating organisations 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 Issue Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 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 ten (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 on application is RM0.60 per Share. Persons submitting applications by way of Application 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:-

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

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

IN THE CASE OF A CORPORATE OR 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.

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

16.4.1 Terms and Conditions

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

- (a) 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 CDS account and a correspondence address in Malaysia (Pink and Blue Application Forms only).

- (b) Applicant that is a corporation / institution incorporated in Malaysia, must have a CDS account and be subject to the following:-

- 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
- there is a majority of Malaysian citizens on the board of Directors / trustee.

Applicant that is a corporation / institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Forms only).

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

- (d) 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 **Section 16.4.1(b) and (c)** above or the trustees thereof.

- (e) Applications for the Issue 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(2) of the CMSA, 2007, 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.

- (f) 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

16. 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. 511" 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.

- (g) AN APPLICANT SHOULD 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.
- (h) 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 MALAYSIA BERHAD.
- (i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Directors 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.
- (k) MIH, acting on the authority of our Directors reserves the right not to accept any Application or accept any Application in part 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 a liquid and adequate market for the shares.

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

- (l) 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 ten (10) market days from the date of the final ballot of the Applications lists by registered post or 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 Pengenaln Sementara ("JPN KP 09")" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The Applicant shall ensure that his 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.
- (n) MIH, acting on the authority of our Directors 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 or ordinary post.
- (o) 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 (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 P.O.Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 18 April 2011, or such other later date or dates as our Directors and Bank Islam in their absolute discretion may mutually decide.

We will not accept late applications.

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

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**16.5.1 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 16.5.2(o)** of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant **must** have a CDS account; and

16. 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 16.5.2 of this Prospectus 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. 511;
- 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.

(d) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad;
- AmBank (M) Bhd;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only)

a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

16.5.2 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 ATMs" in **Section 16.5.1** of this Prospectus. 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 (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the 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

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

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 Issue Shares, on 18 April 2011 at **5.00 p.m. ("Closing Date and Time")**, the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than **12.00 p.m.** of the second (2nd) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the 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 (1) 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 (1) Application.

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.

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 pre-designated 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 of the closing date of the share application;
 - 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 said 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

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

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 body.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A 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 (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (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.
- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue 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 the Issue Shares or not to allot or allocate any Issue 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 Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue 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 the Directors of our Company, 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 a liquid and adequate market for our 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 Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIH. MIH shall inform the Participating Financial Institution of the non-successful or partially successful applicants within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) 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 two (2) market days after the receipt of confirmation from MIH. A number of Applicants 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 ten (10) market days from the day of the final ballot of the Application list.

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

Should Applicants encounter any problems in their Applications, they may refer to the Participating Financial Institution.

- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
 - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (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 our 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:-
- 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;
 - 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 any cause beyond their control;
 - 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 the Issue Shares for which the Applicant's

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

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;

- 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 Issue Shares allotted or allocated to the Applicant; and
 - 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 submit to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require any successful applicant to appear in person at the registered office of MIH at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) MIH, acting on the authority of our Board reserves the right to reject applications that do not conform to these instructions.
- (o) 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
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

16.6 APPLICATIONS USING INTERNET SHARE APPLICATION**16.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the Issue 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 Issue 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.

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

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Log in 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 Issue 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 Issue 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:-
 - the applicant has attained 18 years of age as at the closing date of the application for the Issue Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;
 - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - 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 Issue Shares;
 - the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
 - the applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Authorised Financial Institution;
 - 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

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

- / 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 the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
- the applicant is not applying for the Issue 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
 - 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, Bursa Securities or other relevant parties in connection with the Public Issue, 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 Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
 - (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.

16.6.2 Terms and Conditions for Internet Share Application

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

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

- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or

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

- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Affin Bank Berhad at www.affinOnline.com; or
- RHB Bank Berhad at www.rhbbank.com.my. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Public Bank Berhad at www.pbebank.com. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out herein:-

(a) An applicant making an Internet Share Application shall:-

- be an individual with a CDS account and in the case of joint account an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name;
- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("User ID") and Personal Identification Numbers ("PIN") / password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN / password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.
- (c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-

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

- the applicant has attained 18 years of age as at the date of the application for the Issue Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;
 - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - 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 Issue Shares;
 - the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
 - the applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - 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 the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - the applicant is not applying for the Issue 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
 - the applicant authorises the Internet Participating Financial Institution to disclose transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, 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 Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

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

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 Issue 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 16.6.2(c)** of this Prospectus.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue 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 Issue Shares or not to allot any Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Issue 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:-

- acceptance by the applicant of the number of Issue 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
 - the applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or in balance of it (as the case may be) 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

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

Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

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

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

A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by the MIH by way of cheques issued by the MIH by registered post. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into the applicant's account within two (2) Market Days after receiving confirmation from MIH.

Except where the 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 Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 18 April 2011 or such other date(s) as our Directors may in their absolute discretion 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.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our

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

Company, the MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, the MIH and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- 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;
 - the applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the applicant for deposit into the applicant's CDS account;
 - 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 the 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 4** of this Prospectus or to any cause beyond their control;
 - 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 the MIH, us 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;
 - the acceptance of the offer made by the applicant to subscribe for the Issue 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;
 - 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;

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

- 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 Issue 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; and
 - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Issue shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;
 - CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - RHB Bank Berhad (www.rhbbank.com.my) – RM2.50;
 - Public Bank Berhad (www.pbebank.com) – RM2.00; and
 - Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders.

16.7 APPLICATIONS AND ACCEPTANCES

MIH, acting on the authority of our 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 shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the IPO Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements, to establish a liquid and adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 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, the 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 our Directors.

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

In the event of an under-subscription by the eligible employees and persons who have contributed to the success of our Group, such shares will be made available for Application by the Malaysian Public. Likewise, any Issue Shares undersubscribed by the Malaysian Public will be offered to our eligible employees and persons who have contributed to the success of our Group. In addition, any Issue Shares not subscribed for under section 3.5.1(i) and Section 3.5.1(ii) will be made available to selected investors via private placement. Thereafter, any remaining re-offered Issue Shares that are not subscribed for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for our 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 REGISTERED POST OR ORDINARY POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

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 TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST OR ORDINARY POST RESPECTIVELY AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

16.8 CDS ACCOUNTS

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

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act 1991, all dealings in our 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 or us. 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 IPO Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his / her CDS account number, MIH under the instruction of our Company, will reject the application.

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

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. Failure to comply with these specific instruction as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

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.

MIH, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial 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.

16.9 NOTICE OF ALLOTMENT

Our 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 our Listing. For Electronic Share Applications or Internet Share Applications, 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 our Listing. 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 16.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 7841 8000 or (03) 7841 8289, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.10 List of ADAs**

The list of 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 : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	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 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	32 nd Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECMLibra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	052-001

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

Name	Address and Telephone Number	Broker Code
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	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 : 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd , 23 rd & 23A Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	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 : 03-79847796	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 : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	8th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001

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

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD	5 – 13 Floor, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	061-001
OSK INVESTMENT BANK BERHAD	4th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	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 : 03-42804798	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 : 03-90587222	056-058

16. 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 : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	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 : 03-20721277	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 : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009

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

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	052-015
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 : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	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 : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	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 : 03-80241682	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 : 03-30057550	073-007

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

Name	Address and Telephone Number	Broker Code
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 : 03-77259095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	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 : 03-33439180	056-048
OSK INVESTMENT BANK BERHAD	3 rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007

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

Name	Address and Telephone Number	Broker Code
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
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 : 03-5190202	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 : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 nd Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03-77295713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No : 06-3371533	012-001

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

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	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 : 05-62322328	078-009
CIMB INVESTMENT BANK BERHAD	Ground Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	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 : 05-6222828	052-006
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No.25 & 25A, Jalan Jaya 2 Medan J 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939282	052-014

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

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
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 : 05-2453400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya Light 10200 Penang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	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 : 04-2281868	052-003

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

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	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 : 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangsar Perlis Indra Kayangan Tel No : 04- 9793388	056-061
KEDAH DARUL AMAN		
A.A.ANTHONY SECURITIES SDN BHD	Lot 4,5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004

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

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	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 : 04-7209888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1 First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	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 : 06-6461234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	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 : 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6636658	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 : 07-3513218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006

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

Name	Address and Telephone Number	Broker Code
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009

16. 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 : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106 – 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	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 : 07-5577628	056-029

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	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 : 07-4333608	064-008

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

Name	Address and Telephone Number	Broker Code
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 : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	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 : 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004

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

Name	Address and Telephone Number	Broker Code
<u>TERENGGANU DARUL IMAN</u>		
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 : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
<u>SARAWAK</u>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005

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

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	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 : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006
<u>SABAH</u>		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	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, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	056-057

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