

## 10. FINANCIAL INFORMATION

## 10.1 HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the proforma consolidated statements of comprehensive income of our Group for the past five (5) FYE 31 December 2012. The proforma consolidated statements of comprehensive income have been prepared on the assumption that our Group has been in existence throughout the periods under review. The proforma consolidated statements of comprehensive income are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 10.2 of this Prospectus.

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	145,313	126,329	127,237	127,885	134,262
Cost of sales	(124,320)	(108,418)	(105,013)	(108,440)	(116,911)
Gross profit	20,993	17,911	22,224	19,445	17,351
Other operating income	1,649	1,171	1,504	645	2,217
Administrative expenses	(4,620)	(5,034)	(6,037)	(5,960)	(6,129)
Distribution expenses	(1,690)	(1,496)	(1,460)	(1,700)	(2,305)
Results from operating activities	16,332	12,552	16,231	12,430	11,134
Finance costs, net	(3,710)	(2,705)	(2,008)	(2,288)	(2,624)
PBT	12,622	9,847	14,223	10,142	8,510
Income tax expense	(1,578)	(1,348)	(1,406)	(2,052)	(1,801)
<b>Profit / Total comprehensive income attributable to owners of the Company (PAT)</b>	<b>11,044</b>	<b>8,499</b>	<b>12,817</b>	<b>8,090</b>	<b>6,709</b>
Attributable to:					
- Equity holders of the Company	11,044	8,499	12,817	8,090	6,709
- MI	-	-	-	-	-
<b>Profit for the year</b>	<b>11,044</b>	<b>8,499</b>	<b>12,817</b>	<b>8,090</b>	<b>6,709</b>
Number of Shares assumed in issue ('000) <sup>(1)</sup>	157,000	157,000	157,000	157,000	157,000
Gross EPS (sen) <sup>(1)</sup>	8.04	6.27	9.06	6.46	5.42
Basic EPS (sen) <sup>(2)</sup>	7.03	5.41	8.16	5.15	4.27
Diluted EPS (sen) <sup>(3)</sup>	6.14	4.72	7.12	4.49	3.73
EBITDA	22,258	19,738	24,991	21,701	20,734
Gross profit margin (%)	14.4	14.2	17.5	15.2	12.9
PBT margin (%)	8.7	7.8	11.2	7.9	6.3
PAT margin (%)	7.6	6.7	10.1	6.3	5.0
Effective tax rate (%)	12.5	13.7	9.9	20.2	21.2

**10. FINANCIAL INFORMATION (Cont'd)**

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*Notes:-*

- (1) Based on the issued and paid-up share capital of 157,000,000 Shares immediately prior to the Public Issue.*
- (2) Basic net EPS is calculated based on profit attributable to our equity holders for the financial year divided by the assumed number of Shares in issue.*
- (3) Diluted net EPS is calculated based on profit attributable to our equity holders for the financial year divided by the enlarged number of Shares after the IPO of 180,000,000 Shares.*

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10. FINANCIAL INFORMATION (*Cont'd*)

10.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION



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The Board of Directors  
ABM Fujiya Berhad  
Lot 2224, Section 66  
Lorong Pangkalan, Off Jalan Pangkalan  
Pending Industrial Estate  
93450, Kuching, Sarawak

Attention: Datuk Tay Ah Ching @ Tay Chin Kin

Date: 29 May 2013

Dear Sirs,

**ABM Fujiya Berhad**

**Reporting Accountants' Letter on the Unaudited Proforma Consolidated Financial Information**

We report on the unaudited proforma consolidated financial information of ABM Fujiya Berhad ("ABM Fujiya" or "the Company") and its subsidiaries (collectively "ABM Fujiya Group") as set out in the attachment to this Letter (which we have stamped for the purpose of identification), for inclusion in the prospectus in connection with the listing and quotation of the entire issued and paid-up share capital of ABM Fujiya on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

The consolidated statement of profit or loss and other comprehensive income of ABM Fujiya Group for the years ended 2010, 2011 and 2012 as set out in Section 2 of the proforma consolidated financial information has been audited while those for the years ended 2008 and 2009 were not audited.

The unaudited proforma consolidated financial information has been prepared for illustrative purposes only on the basis of the assumptions as set out in the attachment (which we have stamped for the purpose of identification) and after making certain adjustments to show:

- i) the proforma consolidated statement of profit or loss and other comprehensive income for the two financial years ended 31 December 2008 and 2009, and audited consolidated statement of profit or loss and other comprehensive income for the three financial years ended 31 December 2010, 2011 and 2012;
- ii) the proforma consolidated statement of financial position as at 31 December 2012; and
- iii) the proforma consolidated statement of cash flows for the financial year ended 31 December 2012.

The unaudited proforma consolidated financial information, because of its nature, may not give a true picture of ABM Fujiya Group's actual financial results, financial position and cash flows.

**Directors' Responsibilities**

It is the sole responsibility of the Board of Directors of ABM Fujiya Berhad to prepare the unaudited proforma consolidated financial information in accordance with the requirement of the Securities Commission's *Prospectus Guidelines* in respect of an initial public offering ("Guidelines").

**10. FINANCIAL INFORMATION (Cont'd)****Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion as required by the Guidelines, as to the proper compilation of the proforma financial information. In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the proforma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue. We have not performed an audit or review of the financial information used in compiling the proforma financial information.

**Basis of Opinion**

We conducted our work in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, including the adjustments to the Company's accounting policies, nor of the proforma assumptions stated in the notes to the proforma financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the proforma adjustments and discussing the proforma financial information with the Company's management. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company and consolidated subsidiaries.

**Opinion**

In our opinion,

- (a) the proforma financial information has been properly compiled in accordance with the basis stated in Note 1.2 of the attachment using financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company and, where appropriate, of its subsidiaries and the basis of preparation as described in Note 1.2 of the attachment; and
- (b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial information is appropriate for the purpose of preparing the unaudited proforma consolidated financial information.

**Other Matters**

The proforma financial information has been prepared for inclusion in the prospectus in connection with the Initial Public Offering of the Company, including the listing of its shares on the Main Market of Bursa Securities and should not be relied upon for any other purposes.

Yours faithfully

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/15 (J)  
Chartered Accountant

**10. FINANCIAL INFORMATION (Cont'd)****ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information****1 Proforma Group and Basis of Preparation****1.1 Proforma Group**

The unaudited proforma consolidated financial information of ABM Fujiya Berhad (“ABM Fujiya”) and its subsidiaries (collectively “ABM Fujiya Group” or “the Group”), comprising the financial information of ABM Fujiya, Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd. (“AB Manufacturing”), Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd. (“AB Marketing”), Amalgamated Batteries Corporation Sdn. Bhd. (“AB Corporation”), Anpei Corporation Sdn. Bhd. (“Anpei”) and Auto Industries Batteries (East Malaysia) Sdn. Bhd. (“Auto Industries”) are presented for the purpose of illustration only.

The financial information of ABM Fujiya Group presented in this report relates to the financial years ended 31 December 2008 to 2012.

The proforma consolidated financial information of ABM Fujiya Group is prepared on the assumption that ABM Fujiya Group had been in existence throughout the financial years ended 31 December 2008 to 2012. The proforma consolidated financial information comprises the following:-

- Section 2 - Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income for the two financial years ended 31 December 2008 and 2009, and audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the three financial years ended 31 December 2010, 2011 and 2012;
- Section 3 - Proforma Consolidated Statement of Financial Position as at 31 December 2012; and
- Section 4 - Proforma Consolidated Statement of Cash Flows for the financial year ended 31 December 2012.

**1.2 Basis of Preparation**

The proforma consolidated financial information for the years ended 31 December 2008 and 2009 is prepared using the audited individual financial statements of ABM Fujiya, AB Manufacturing, AB Marketing, Anpei, AB Corporation and Auto Industries while the consolidated financial information for the years ended 31 December 2010 to 2012 is prepared using the audited consolidated financial statements of ABM Fujiya Group.

The proforma consolidated financial information has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) in Malaysia and International Financial Reporting Standards (“IFRS”) after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.



**10. FINANCIAL INFORMATION (Cont'd)****ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****1 Proforma Group and Basis of Preparation (continued)****1.2 Basis of Preparation (continued)**

The audited financial statements of ABM Fujiya and of its subsidiaries for the financial years ended 31 December 2008 to 2012, which were not subject to any audit qualification, have been prepared in accordance with the applicable approved accounting standards in Malaysia.

The proforma consolidated financial information have been prepared using the merger method. Under the merger method,

- (i) if the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise which is treated as merger reserve; and
- (ii) if the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise which is treated as merger deficit (debited to retained earnings) under the proforma consolidated statement of financial position.

The proforma consolidated statements of financial position together with the accompanying notes thereto, have been prepared solely for illustrative purposes, to show the effects of the listing scheme as described in Note 3.1 and Note 3.2 had it been implemented and completed on 31 December 2012.

**Listing scheme**

ABM Fujiya has obtained approval from the Securities Commission vide its letters on 26 November 2010 and 30 November 2010 to list on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The listing scheme entails the following:-

**Acquisition of AB Manufacturing**

ABM Fujiya has on 28 December 2010 completed the acquisition of the entire issued and paid-up share capital of AB Manufacturing, satisfied by the issuance of 156,999,996 ordinary shares of RM0.50 each. The issued and paid up share capital of ABM Fujiya has accordingly increased from RM2 to RM78,500,000 on that date.

**Acquisitions of AB Corporation and Anpei**

Upon the completion of the acquisition of AB Manufacturing, the shares held by AB Manufacturing in AB Corporation and Anpei have been transferred to ABM Fujiya on 28 December 2010 for a total consideration of RM1.00 each, satisfied in cash.



**10. FINANCIAL INFORMATION (Cont'd)****ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****1 Proforma Group and Basis of Preparation (continued)****1.2 Basis of Preparation (continued)****Public issue**

Public issue ("Public Issue") of 23,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.60 per share, allocated in the following manner, is to be effected:-

- (i) 4,500,000 ordinary shares will be made available for application by eligible employees and directors of ABM Fujiya and its subsidiaries;
- (ii) 8,000,000 ordinary shares will be made available for private placement to selected investors; and
- (iii) 10,500,000 ordinary shares will be made available for application by the Malaysian public.

**Offer for sale**

9,000,000 ordinary shares of RM0.50 each, representing 5% of ABM Fujiya's enlarged issued and paid-up share capital to be offered for sale at RM0.60 per share in the following manner, is to be effected:-

- (i) 2,000,000 ordinary shares to selected investors via private placement; and
- (ii) 7,000,000 ordinary shares to Bumiputra investors approved by the Ministry of International Trade and Industry.

**Listing and quotation**

Listing of and quotation for ABM Fujiya's enlarged issued and paid-up share capital of up to 180,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities is to be effected upon the completion of the above-mentioned proposals.



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 2 Consolidated and Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income of ABM Fujiya Group

	Financial year ended 31 December				
	2012 RM (Audited)	2011 RM (Audited)	2010 RM (Audited)	2009 RM (Proforma)	2008 RM (Proforma)
<b>Revenue</b>	134,261,511	127,885,156	127,236,984	126,329,025	145,313,174
Cost of sales	(116,910,704)	(108,440,396)	(105,012,670)	(108,418,425)	(124,319,720)
<b>Gross profit</b>	<u>17,350,807</u>	<u>19,444,760</u>	<u>22,224,314</u>	<u>17,910,600</u>	<u>20,993,454</u>
Other operating income	2,216,860	645,443	1,503,849	1,171,097	1,648,857
Distribution costs	( 2,305,368)	( 1,700,541)	(1,459,876)	( 1,496,346)	( 1,689,429)
Administrative expenses	( 6,128,482)	( 5,959,603)	(6,037,370)	( 5,033,399)	( 4,620,220)
Results from operating activities	<u>11,133,817</u>	<u>12,430,059</u>	<u>16,230,917</u>	<u>12,551,952</u>	<u>16,332,665</u>
Finance costs, net	( 2,624,183)	( 2,288,415)	( 2,008,217)	( 2,704,759)	( 3,710,350)
<b>Profit before tax</b>	<u>8,509,634</u>	<u>10,141,644</u>	<u>14,222,700</u>	<u>9,847,193</u>	<u>12,622,312</u>
Income tax expense	( 1,801,315)	( 2,051,720)	( 1,405,711)	( 1,347,597)	( 1,578,113)
Profit/Total comprehensive income attributable to owners of the Company (PAT)	<u><u>6,708,319</u></u>	<u><u>8,089,924</u></u>	<u><u>12,816,989</u></u>	<u><u>8,499,596</u></u>	<u><u>11,044,199</u></u>
Number of shares assumed in issue*	157,000,000	157,000,000	157,000,000	157,000,000	157,000,000
Earnings per share:					
Basic (sen)^	4.27	5.15	8.16	5.41	7.03
Diluted (sen)#	3.73	4.49	7.12	4.72	6.14
Gross profit margin (%)	12.9%	15.2%	17.5%	14.2%	14.4%
Net profit margin (%)	5.0%	6.3%	10.1%	6.7%	7.6%
Earnings before interest, taxation, depreciation and amortisation ("EBITDA") (RM)	20,734,243	21,701,322	24,990,992	19,738,469	22,258,272
Effective tax rate (%)^^	21.2%	20.2%	9.9%	13.7%	12.5%





10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries**

**Proforma Consolidated Financial Information (continued)**

**2 Consolidated Statements of Profit or Loss and Other Comprehensive Income of ABM Fujiya Group (continued)**

Notes:-

- \* *The number of ordinary shares in issue is arrived at based on the issued and paid-up capital of ABM Fujiya before the Public Issue.*
- ^ *The basic earnings per share is computed by dividing the PAT by the number of shares in issue during the relevant financial year.*
- # *The diluted earnings per share is computed by dividing the PAT by the enlarged number of shares, after the Public Issue, of 180,000,000 shares.*
- ^^ *The effective tax rates for the years under review were lower than the statutory tax rates mainly due to the utilisation of reinvestment allowances available to AB Manufacturing.*



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012

	Note	Audited as at 31.12.2012 RM	Proforma I (Public Issue) RM	Proforma II (after Proforma I and utilisation of proceeds of Public Issue) RM
<b>Assets</b>				
Property, plant and equipment	3.3a	96,405,260	96,405,260	96,405,260
Prepaid lease payments	3.3b	5,227,322	5,227,322	5,227,322
<b>Total non-current assets</b>		<u>101,632,582</u>	<u>101,632,582</u>	<u>101,632,582</u>
Inventories	3.4	64,929,329	64,929,329	64,929,329
Trade and other receivables	3.5	40,556,788	40,556,788	40,556,788
Deposits and prepayments		371,011	371,011	371,011
Current tax recoverable		280,816	280,816	280,816
Cash and bank balances	3.6	3,573,681	17,373,681	3,573,681
<b>Total current assets</b>		<u>109,711,625</u>	<u>123,511,625</u>	<u>109,711,625</u>
<b>Total assets</b>		<u>211,344,207</u>	<u>225,144,207</u>	<u>211,344,207</u>
<b>Equity</b>				
Share capital	3.7	78,500,000	90,000,000	90,000,000
Share premium	3.7	-	2,300,000	500,000
Merger reserve		3,643,000	3,643,000	3,643,000
Retained earnings		33,234,304	33,234,304	33,234,304
<b>Total equity attributable to owners of the Company</b>		<u>115,377,304</u>	<u>129,177,304</u>	<u>127,377,304</u>



## 10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)**

	Note	Audited as at 31.12.2012 RM	Proforma I (Public Issue) RM	Proforma II (after Proforma I and utilisation of proceeds of Public Issue) RM
<b>Liabilities</b>				
Loans and borrowings	3.8	6,534,043	6,534,043	6,534,043
Deferred tax liabilities	3.9	9,091,911	9,091,911	9,091,911
Other payable	3.10	5,464,358	5,464,358	5,464,358
<b>Total non-current liabilities</b>		<u>21,090,312</u>	<u>21,090,312</u>	<u>21,090,312</u>
Trade and other payables	3.10	17,658,712	17,658,712	17,658,712
Amount due to Directors	3.11	130,815	130,815	130,815
Current tax payable		277,243	277,243	277,243
Loans and borrowings	3.8	56,809,821	56,809,821	44,809,821
<b>Total current liabilities</b>		<u>74,876,591</u>	<u>74,876,591</u>	<u>62,876,591</u>
<b>Total liabilities</b>		<u>95,966,903</u>	<u>95,966,903</u>	<u>83,966,903</u>
<b>Total equity and liabilities</b>		<u>211,344,207</u>	<u>225,144,207</u>	<u>211,344,207</u>
Number of shares in issue		157,000,000	180,000,000	180,000,000
Net tangible assets (RM)		115,377,304	129,177,304	127,377,304
Net tangible assets per share (RM)		0.73	0.72	0.71



**10. FINANCIAL INFORMATION (Cont'd)****ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)****3.1 Proforma I**

Proforma I incorporates the effects of the Public Issue of 23,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.60 per share, allocated in the following manner:-

- (i) 4,500,000 ordinary shares will be made available for application by eligible employees and directors of ABM Fujiya and its subsidiaries;
- (ii) 8,000,000 ordinary shares will be made available for private placement to selected investors; and
- (iii) 10,500,000 ordinary shares will be made available for application by the Malaysian public.

**3.2 Proforma II**

Proforma II incorporates the effects of Proforma I (the Public Issue) and the utilisation of proceeds. The proceeds from the Public Issue will be utilised as follows:

	<b>RM'000</b>
Repayment of borrowings	6,000
Working capital	6,000
Estimated listing expenses	1,800
	13,800
	13,800

The estimated listing expenses of RM1,800,000 are, for the purpose of this illustration, deducted against the share premium account.

For presentation purposes:

- (a) the proceeds from the Public Issue of RM13,800,000 are presented as part of the cash and cash equivalents as at 31 December 2012; and
- (b) the estimated listing expenses have been deducted against the share premium account as at that date.



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)

## 3.3a Property, plant and equipment

Group Cost	Long-term leasehold land		Short-term leasehold land		Buildings RM	Plant and machinery RM	Tools and equipment RM	Furniture and fittings RM	Motor vehicles		Renovation RM	Subtotal RM
	RM	RM	RM	RM					Outright purchase RM	Finance lease RM		
At 1 January 2012	20,323,483	4,419,863	4,419,863	29,248,665	58,972,318	454,051	518,306	287,748	343,400	463,503	115,031,337	
Additions	-	-	-	4,611,887	10,144	344,126	89,000	80,000	2,300	5,137,457		
Write-offs	-	-	-	(16,865)	(8,360)	(88,463)	-	-	-	(113,688)		
At 31 December 2012	20,323,483	4,419,863	4,419,863	29,248,665	63,567,340	455,835	773,969	376,748	423,400	465,803	120,055,106	

## Depreciation

At 1 January 2012	607,151	221,306	1,242,547	14,257,003	180,897	147,541	241,705	8,945	97,882	17,004,977
Depreciation for the year	303,575	110,653	665,000	7,925,277	83,707	82,061	64,685	84,800	51,714	9,371,472
Write-offs	-	-	-	(9,912)	(4,823)	(80,081)	-	-	-	(94,816)
At 31 December 2012	910,726	331,959	1,907,547	22,172,368	259,781	149,521	306,390	93,745	149,596	26,281,633



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)

## 3.3a Property, plant and equipment (continued)

<u>Group</u> (continued) Cost	Assets		Total RM
	Subtotal RM	under construction RM	
At 1 January 2012	115,031,337	2,610,937	117,642,274
Additions	5,137,457	20,850	5,158,307
Write-offs	( 113,688)	-	( 113,688)
At 31 December 2012	<u>120,055,106</u>	<u>2,631,787</u>	<u>122,686,893</u>

**Depreciation**

At 1 January 2012	17,004,977	-	17,004,977
Depreciation for the year	9,371,472	-	9,371,472
Write-offs	( 94,816)	-	( 94,816)
At 31 December 2012	<u>26,281,633</u>	<u>-</u>	<u>26,281,633</u>



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)

## 3.3a Property, plant and equipment (continued)

<u>Group</u>	Long-term leasehold land RM	Short-term leasehold land RM	Buildings RM	Plant and machinery RM	Tools and equipment RM	Furniture and fittings RM	Outright purchase RM	Motor vehicles Finance lease RM	Renovation RM	Subtotal RM
At 31 December 2012	19,412,757	4,087,904	27,341,118	41,394,972	196,054	624,448	70,358	329,655	316,207	93,773,473

*Carrying amounts*

<u>Group</u> (continued)	Subtotal RM	Assets under construction RM	Total RM
At 31 December 2012	93,773,473	2,631,787	96,405,260

*Carrying amounts*

At 31 December 2012	93,773,473	2,631,787	96,405,260
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## 10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)****3.3a Property, plant and equipment (continued)**

Assets under finance lease are charged to secure the finance lease liabilities of the Group.

The land and buildings of the Group are charged to secure banking facilities granted to certain group entities. In addition, a debenture incorporating fixed and floating charges has been created over all assets (including property, plant and equipment and prepaid lease payments) of certain group entities to secure banking facilities granted thereto.

The Group has 31 parcels of leasehold land. The lease terms of 21 parcels of leasehold land (classified as long-term) expire in the years 2070, 2795 and 2817 while the lease terms of the other 10 parcels of leasehold land (classified as short-term) expire in the years 2027, 2035, 2038, 2053 and 2054.

Included in the long term leasehold land are two parcels of leasehold land for which only provisional land titles have been received.

**3.3b Prepaid lease payments**

<u>Group</u>	<b>Leasehold land (unexpired period less than 50 years)</b>
	<b>RM</b>
<i>Cost</i>	
At 1 January 2012 and 31 December 2012	5,914,184
	=====
<i>Amortisation</i>	
At 1 January 2012	457,908
Amortisation for the year	228,954
At 31 December 2012	686,862
	=====
<i>Carrying amounts</i>	
At 31 December 2012	5,227,322
	=====



The land has been charged to secure banking facilities granted to the Group.



## 10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)****3.4 Inventories**

	<b>RM</b>
<b>At cost:</b>	
- Raw materials (including goods in transit)	27,959,623
- Work-in-progress	15,120,830
- Manufactured inventories	21,438,497
- Trading goods (including goods in transit)	410,379
	<u>64,929,329</u>

**3.5 Trade and other receivables**

	<b>RM</b>
Trade receivables	41,210,511
Allowance for impairment losses on doubtful receivables	( 719,582)
	<u>40,490,929</u>
Other receivables	65,859
	<u>40,556,788</u>

Trade receivables of the Group comprise the following balances denominated in foreign currencies:

	<b>RM</b>
USD	6,396,363
EUR	( 14,385)*
SGD	202,926
	<u>6,584,904</u>

\* being deposit received from a customer

**3.6 Cash and bank balances**

	<b>RM</b>
As at 31 December 2012	3,573,681
Proceeds from Public Issue	13,800,000
	<u>17,373,681</u>
As per Proforma I	17,373,681
Utilisation of proceeds	(13,800,000)
	<u>3,573,681</u>
As per Proforma II	<u>3,573,681</u>



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)

## 3.7 Share capital and share premium

The issued and paid-up share capital of ABM Fujiya as at 31 December 2012 is RM78,500,000 comprising 157,000,000 ordinary shares of RM0.50 each.

The movements in the issued and paid-up share capital and share premium of ABM Fujiya since its incorporation are as follows:-

	Par value RM	Share capital		Share premium RM
		Number of ordinary shares	Amount RM	
As at 16 September 2003 (date of incorporation)		1	2	-
Share split on 6 May 2004	-	2	-	-
	0.50	4	2	-
Shares issued for the acquisition of AB Manufacturing on 28 December 2010	-	156,999,996	78,499,998	-
As at 31 December 2012	0.50	157,000,000	78,500,000	-
Public Issue	0.50	23,000,000	11,500,000	2,300,000
As per Proforma I	0.50	180,000,000	90,000,000	2,300,000
Utilisation of proceeds for payment of listing expenses	-	-	-	( 1,800,000)
As per Proforma II	0.50	180,000,000	90,000,000	500,000



## 10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries****Proforma Consolidated Financial Information (continued)****3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)****3.8 Loans and borrowings**

	RM
<b>Current</b>	
Bank overdrafts	
- secured	15,609,078
- unsecured	922,411
	16,531,489
Bankers' acceptances	
- secured	36,325,860
- unsecured	926,000
	37,251,860
Term loans - secured	2,939,379
Finance lease liabilities - secured	87,093
	56,809,821
Utilisation of proceeds	
- Repayment of borrowings	( 12,000,000)
As per Proforma II	44,809,821
	-----
<b>Non-current</b>	
Term loans - secured	6,378,515
Finance lease liabilities - secured	155,528
	6,534,043
	-----
Total	51,343,864
	=====

**Security**

Banking facilities comprising term loans, bankers' acceptances and overdrafts are secured by way of legal charges over the landed properties belonging to certain group entities and companies in which certain Directors have substantial interests and by a debenture incorporating fixed and floating charges over all assets of the group entities. They are also jointly and severally guaranteed by certain Directors of the Company and the group entities.

**Bank overdrafts**

It is estimated that there will be an interest savings amounting to about RM882,000 (before tax) arising from earlier repayment of bank overdrafts. The interest savings is calculated at the overdraft interest rate at 7.35% (BLR + 0.75%) per annum.



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)

## 3.8 Loans and borrowings (continued)

*Finance lease liabilities*

Finance lease liabilities as at 31 December 2012 are payable as follows:

Group

	Payments RM	Interest RM	Principal RM
Less than one year	98,616	11,523	87,093
Between one and two years	71,399	9,664	61,735
Between two and five years	98,396	4,603	93,793
	<u>268,411</u>	<u>25,790</u>	<u>242,621</u>

## 3.9 Deferred tax liabilities

Movements in deferred tax liabilities during the year are as follows:

	At 1.1.2012 RM	Recognised in profit or loss RM	At 31.12.2012 RM
Property, plant and equipment	8,703,000	( 319,000)	8,384,000
Fair value adjustments on business combination	835,020	( 12,109)	822,911
Allowance for impairment losses on doubtful receivables	( 115,000)	-	( 115,000)
	<u>9,423,020</u>	<u>( 331,109)</u>	<u>9,091,911</u>

## 3.10 Trade and other payables

	RM
<b>Current</b>	
Trade payables	10,142,695
Other payables and accruals	7,516,017
	<u>17,658,712</u>
<b>Non-current</b>	
Other payable	5,464,358
	<u>23,123,070</u>



10. FINANCIAL INFORMATION (Cont'd)

**ABM Fujiya Berhad and its Subsidiaries**

**Proforma Consolidated Financial Information (continued)**

**3 Proforma Consolidated Statements of Financial Position of ABM Fujiya Group as at 31 December 2012 (continued)**

**3.10 Trade and other payables (continued)**

Other payables include an amount of RM9,107,269, being land premium payable for two parcels of land alienated by the State Government of Sarawak to a subsidiary in an earlier year. The premium is payable by five annual installments and is subject to interest at 8% per annum.

**3.11 Amount due to Directors**

Amount due to Directors is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 4 Proforma Consolidated Statement of Cash Flows of ABM Fujiya Group for the Financial Year Ended 31 December 2012

	2012 (Audited) RM	2012 (Proforma I) RM	2012 (Proforma II) RM
<b>Cash flows from operating activities</b>			
Profit before tax	8,509,634	8,509,634	8,509,634
Adjustments for:			
Amortisation of prepaid lease payments	228,954	228,954	228,954
Depreciation of property, plant and equipment	9,371,472	9,371,472	9,371,472
Finance costs	2,624,347	2,624,347	2,624,347
Finance income	( 164)	( 164)	( 164)
Property, plant and equipment written off	18,872	18,872	18,872
Unrealised foreign exchange gain	( 422,359)	( 422,359)	( 422,359)
Operating profit before changes in working capital	20,330,756	20,330,756	20,330,756
Changes in working capital:			
Inventories	( 1,855,184)	( 1,855,184)	( 1,855,184)
Trade and other receivables, deposits and prepayments	( 4,368,175)	( 4,368,175)	( 4,368,175)
Trade and other payables	55,967	55,967	55,967
Amount due to Directors	( 143,578)	( 143,578)	( 143,578)
Cash generated from operations	14,019,786	14,019,786	14,019,786
Income tax paid, net of refund	( 2,000,585)	( 2,000,585)	( 2,000,585)
Interest received	164	164	164
Interest paid	( 1,087,807)	( 1,087,807)	( 1,087,807)
<b>Net cash from operating activities</b>	<u>10,931,558</u>	<u>10,931,558</u>	<u>10,931,558</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	( 5,078,307)	( 5,078,307)	( 5,078,307)
Land premium payable	( 3,200,152)	( 3,200,152)	( 3,200,152)
Interest paid on land premium payable	( 442,753)	( 442,753)	( 442,753)
<b>Net cash used in investing activities</b>	<u>( 8,721,212)</u>	<u>( 8,721,212)</u>	<u>( 8,721,212)</u>



## 10. FINANCIAL INFORMATION (Cont'd)

## ABM Fujiya Berhad and its Subsidiaries

## Proforma Consolidated Financial Information (continued)

## 4 Proforma Consolidated Statement of Cash Flows of ABM Fujiya Group for the Financial Year Ended 31 December 2012 (continued)

	2012 (Audited) RM	2012 (Proforma I) RM	2012 (Proforma II) RM
<b>Cash flows from financing activities</b>			
Proceeds from public issue	-	13,800,000	13,800,000
Proceeds of borrowings	110,670,100	110,670,100	110,670,100
Payment of estimated listing expenses	-	-	( 1,800,000)
Repayment of borrowings	(117,826,301)	(117,826,301)	(117,826,301)
Repayment of finance leases	( 100,975)	( 100,975)	( 100,975)
Interest paid	( 1,093,787)	( 1,093,787)	( 1,093,787)
<b>Net cash (used in)/from financing activities</b>	<u>( 8,350,963)</u>	<u>5,449,037</u>	<u>3,649,037</u>
Net (decrease)/increase in cash and cash equivalents	( 6,140,617)	7,659,383	5,859,383
Effects of exchange rate fluctuations on cash held and bankers' acceptances	381,512	381,512	381,512
Cash and cash equivalents at beginning of year	( 7,198,703)	( 7,198,703)	( 7,198,703)
<b>Cash and cash equivalents at end of year (Note)</b>	<u>(12,957,808)</u>	<u>842,192</u>	<u>( 957,808)</u>

## Note

## Cash and cash equivalents

	2012 (Audited) RM	2012 (Proforma I) RM	2012 (Proforma II) RM
Cash in hand and at banks	3,573,681	17,373,681	3,573,681
Bank overdrafts	(16,531,489)	(16,531,489)	( 4,531,489)
	<u>(12,957,808)</u>	<u>842,192</u>	<u>( 957,808)</u>



10. FINANCIAL INFORMATION (Cont'd)


**ABM Fujiya Berhad and its Subsidiaries**

**Proforma Consolidated Financial Information (continued)**

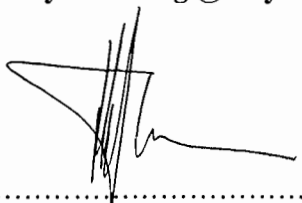
**Approval by the Board of Directors**

Approved and adopted by the Board of Directors in accordance with a resolution dated 29 May 2013.

On behalf of the Board of Directors,



.....  
**Datuk Tay Ah Ching @ Tay Chin Kin**



.....  
**Dato' Tay Tze How**



**10. FINANCIAL INFORMATION (Cont'd)****10.3 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our cash and cash equivalents, capitalisation and indebtedness:-

- (i) as at 31 December 2012 based on our audited consolidated financial statements; and
- (ii) as adjusted for the net proceeds arising from the issuance of the 23,000,000 Public Issue Shares pursuant to our IPO and the utilisation of proceeds as set out in Section 2.7 of this Prospectus.

	Audited as at 31 December 2012	After the IPO and utilisation of proceeds
	RM'000	RM'000
<b>Cash and cash equivalents</b>	<b>(12,958)</b>	<b>(958)</b>
<b>Indebtedness</b>		
Short-term indebtedness:		
- Term loans and hire purchase (secured and guaranteed)	2,939	2,939
- Revolving credits, bankers' acceptances and bank overdrafts (secured and guaranteed)		
	53,871	41,871
Long-term indebtedness:		
- Term loans and hire purchase (secured and guaranteed)	6,534	6,534
<b>Total indebtedness</b>	<b>63,344</b>	<b>51,344</b>
<b>Capitalisation</b>		
Total shareholders' equity	115,377	127,961
<b>Total capitalisation</b>	<b>115,377</b>	<b>127,961</b>
<b>Total capitalisation and indebtedness</b>	<b>178,721</b>	<b>179,305</b>

There is no indirect and contingent liabilities of our Group as set out in Section 10.5.7(b) of this Prospectus.

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**10. FINANCIAL INFORMATION (Cont'd)****10.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following management's discussion and analysis of our Group's past financial performances and results of operations should be read in conjunction with the proforma consolidated financial information and the related notes included in Section 10.2 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

**10.4.1 Results of Operations****Group Revenue**

ABM Fujiya was incorporated in Malaysia on 16 September 2003 under the Act as a public limited company under the name of ABM Fujiya Berhad. ABM Fujiya is an investment holding company, whilst its subsidiary companies, AB Manufacturing, Anpei, AB Corporation, AB Marketing and Auto Industries, are involved in the manufacturing of automotive and Other Batteries, as well as dealing, sale and retailing of automotive batteries and Other Batteries and lubricants.

Our Group operates four (4) plants in Kuching with a total production capacity of approximately 1.6 million units of batteries per annum. The newest plant commenced operation in December 2010 for the manufacturing of battery containers and covers. The plant has the total production capacity of producing approximately 2.9 million units of battery containers and covers per annum. Presently, the battery containers and covers produced from our plant are only for our Group's own usage. In future, we intend to sell the battery containers and covers to third parties.

Our Group's revenue is principally derived from the sale of automotive and Other Batteries which we manufacture. These batteries can be categorised into conventional lead acid battery, low maintenance battery, MF battery, deep cycle battery and marine application batteries.

As mentioned in Section 4.2.1 of this Prospectus, our sales team comprises eight (8) sales personnel together with senior management and Directors who travel extensively to market our products and to develop new businesses. Our distribution channels principally comprise marketing intermediaries such as Importers, Exporters, Wholesalers and Distributors who have the capacity to procure large quantity orders.

Over the past twelve (12) years, we have built a healthy relationship with overseas customers in promoting our products. Our Group has exported our products to overseas markets since 2000. These overseas markets include Afghanistan, Australia, Bangladesh, Brunei, Cambodia, Chile, Egypt, Ethiopia, Fiji Island, France, Ghana, Greece, Hong Kong, India, Indonesia, Iran, Iraq, Italy, Jamaica, Japan, Jordan, Kenya, Korea, Kuwait, Laos, Lebanon, Madagascar, Mauritius, Myanmar, New Zealand, Nigeria, Sultanate of Oman, Pakistan, Papua New Guinea, Philippines, Qatar, Rwanda, Saudi Arabia, Singapore, Solomon Islands, Somaliland, South Africa, Spain, Sudan, Sweden, Taiwan, Thailand, Togo, Turkey, UAE, UK, Vietnam and Yemen.

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**10. FINANCIAL INFORMATION (Cont'd)**

We sell our products within Malaysia as well as overseas, which contributed 51.5%, 52.5%, 62.9%, 53.3% and 51.6% for the Malaysian market and 48.5%, 47.5%, 37.1%, 46.7% and 48.4% for the overseas market in the past five (5) FYE 31 December 2012. The overseas market revenue contributed nearly 50% of our Group's revenue over the past five (5) FYE 31 December 2012 save for FYE 31 December 2010.

Our Group's proforma consolidated revenue increased by 27.1% or approximately RM30.9 million from RM114.4 million in 2007 to RM145.3 million in 2008. The significant increase in our Group's proforma consolidated revenue in 2008 was mainly due to our growth in the overseas market and also the increase in our average selling prices as a result of the increase in lead prices.

The proforma consolidated revenue for our Group was RM126.3 million in 2009 compared to RM145.3 million in 2008, representing a decrease of about 13.1%. The decrease in revenue for FYE 31 December 2009 was mainly due to the impact of the global economic downturn and the decrease in lead price which resulted in a reduction of our average selling price to remain competitive in the market

Comparing FYE 31 December 2010 to 31 December 2009, there is no significant increase in our revenue (less than 1%) for the two financial years. However, the average selling price of our products in 2010 has increased. Although the average selling prices of our products increased in 2010, this increase was offset by a decrease in our overseas sales.

The decrease in overseas revenue for FYE 31 December 2010 was mainly due to the decrease in sales to customers from countries in the Europe, India, Africa and Middle East regions namely Greece, Nigeria, South Africa, Sultanate of Oman and Lebanon which was affected by the economic crisis in the regions and the sovereign debt crisis in Europe. The impact of the decrease in overseas revenue from these regions was cushioned by the increase in sales from countries in the Asia region as a result of the economic recovery in this region.

The increase in local revenue for FYE 31 December 2010 was mainly due to the increase in sales quantity and selling price of batteries as a result of stronger domestic demand. In 2010, the Malaysian economy experienced a strong resumption of growth, recording an expansion of 7.2% following the downturn in 2009. Growth was driven mainly by robust domestic demand and primarily by private sector investment which expanded firmly during 2010.

There is also no significant increase (less than 0.5%) in our audited consolidated revenue for FYE 31 December 2011 compared to FYE 31 December 2010 although there was a decrease in sales volume of approximately 4% in 2011. Nonetheless, the impact was offset by the increase in average selling price for FYE 31 December 2011. Our audited consolidated revenue increased by 5% from RM127.8 million in FYE 31 December 2011 to RM134.2 million for FYE 31 December 2012 as a result of an increase in our overseas sales mainly due to our products being given more recognition by our Wholesalers and Distributors in the respective countries. There was an increase in sales volume of approximately 6% which contributed to the increase in our Group's revenue for FYE 2012 although the average selling price had decreased as compared to FYE 2011.

Comparing FYE 31 December 2011 to FYE 31 December 2010, although there was a slight decrease in sales to countries in Europe such as France, Greece and Italy, our sales team continued to develop and penetrate export markets in other regions such as the Middle East, Indochina, Australia, India and Pakistan.

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**10. FINANCIAL INFORMATION (Cont'd)**

Our Group's overseas sales continued to increase in FYE 2012, this was mainly due to increase in revenue generated from sales to countries in the Middle East, Singapore and India. Sales to other regions remained fairly constant.

Our Group had expanded our presence to countries in Indochina such as Cambodia and Myanmar. Furthermore, we have also increased our market presence in India. Over the next few years, we plan to expand our market presence in South America and countries in Europe and Indochina which we currently have no presence in.

**Group revenue breakdown by goods types**

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufactured Goods	146,490	97.5	127,807	97.4	147,304	97.8	146,018	97.1	153,018	97.4
Trading Goods	3,752	2.5	3,460	2.6	3,287	2.2	4,334	2.9	4,121	2.6
<b>Subtotal</b>	<b>150,242</b>	<b>100.0</b>	<b>131,267</b>	<b>100.0</b>	<b>150,591</b>	<b>100.0</b>	<b>150,352</b>	<b>100.0</b>	<b>157,139</b>	<b>100.0</b>
Consolidated Adjustments	(4,929)		(4,938)		(23,354)		(22,467)		(22,877)	
<b>Proforma / Audited Consolidated Revenue</b>	<b>145,313</b>		<b>126,329</b>		<b>127,237</b>		<b>127,885</b>		<b>134,262</b>	

Our Group's revenue was mainly derived from manufactured goods which represented about 97.5%, 97.4%, 97.8%, 97.1% and 97.4% for the past five (5) FYE 31 December 2012 respectively, and were quite consistent over the financial years under review.

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## 10. FINANCIAL INFORMATION (Cont'd)

## Group revenue breakdown by product categories

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Conventional lead acid battery	136,520	90.9	111,891	85.2	129,795	86.2	127,723	84.9	132,901	84.6
Low maintenance battery and MF battery*	9,665	6.4	14,715	11.2	14,989	10.0	17,981	12.0	19,889	12.6
Other Batteries#	359	0.2	1,526	1.2	3,338	2.2	2,205	1.5	1,504	1.0
Others**	3,698	2.5	3,135	2.4	2,469	1.6	2,443	1.6	2,845	1.8
<b>Subtotal</b>	<b>150,242</b>	<b>100.0</b>	<b>131,267</b>	<b>100.0</b>	<b>150,591</b>	<b>100.0</b>	<b>150,352</b>	<b>100.0</b>	<b>157,139</b>	<b>100.0</b>
Consolidated Adjustments	(4,929)		(4,938)		(23,354)		(22,467)		(22,877)	
<b>Proforma / Audited Consolidated Revenue</b>	<b>145,313</b>		<b>126,329</b>		<b>127,237</b>		<b>127,885</b>		<b>134,262</b>	

## Notes:-

- \* Low maintenance battery and MF battery are recorded as one category as they are non-conventional automotive batteries
- \*\* Others refer to lubricants, spark plugs, battery water and freight charges (as disbursements from customers for freight charges incurred)
- # As defined in the Definition page of this Prospectus, "Other Batteries" refers to deep cycle batteries and marine application batteries

Our Group's revenue mainly consist of sales of a wide range of automotive batteries including conventional lead acid batteries, low maintenance lead acid batteries and MF batteries as well as Other Batteries.

For FYE 31 December 2008, the revenue derived from both conventional batteries, low maintenance batteries and MF batteries increased substantially by approximately RM18.8 million and RM5.4 million respectively from the overseas market (compared with FYE 31 December 2007). Sales of conventional batteries for local market also increased by about RM5 million (compared with FYE 31 December 2007).

Our Group's revenue had dropped in 2009. Global economic downturn affected the overall decrease in revenue for FYE 31 December 2009 despite an increase in sales of MF batteries, low maintenance batteries and Other Batteries as a result of the growing demand of MF batteries and Other Batteries such as golf buggy batteries. In view of this, the sales of MF batteries, low maintenance batteries and Other Batteries increased by approximately RM3.4 million and RM2.6 million respectively for the overseas and local markets in 2009.

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**10. FINANCIAL INFORMATION (Cont'd)**

Our Group's revenue for FYE 31 December 2010 of RM127.2 million was approximately 1% higher as compared to FYE 2009. This was mainly due to the increase in the overseas' sales of Other Batteries during the year as our Group increased our product range for Other Batteries to cater for customers' demands as well as our broad range of different products that have been made available.

Our Group's revenue for FYE 31 December 2011 was maintained at RM127 million as compared to FYE 31 December 2010. The revenue from conventional lead acid battery decreased by approximately RM2.0 million but had been softened by the increase in revenue of MF batteries. The increasing revenue from MF batteries is mainly due to the growing demand for MF batteries.

Revenue has increased by RM6.3 million for FYE 31 December 2012 as compared to FYE 31 December 2011 due to an increase in sales from all our products save for the decrease in revenue from Other Batteries.

**Group revenue breakdown by companies**

Revenue derived from AB Manufacturing, AB Marketing and Auto Industries for the respective financial years is detailed below:-

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
AB Manufacturing	131,679	87.6	111,798	85.2	118,833	78.9	120,552	80.2	126,795	80.7
AB Marketing	4,310	2.9	5,496	4.2	14,595	9.7	10,458	6.9	10,527	6.7
Auto Industries	14,253	9.5	13,973	10.6	17,163	11.4	19,342	12.9	19,817	12.6
<b>Subtotal</b>	<b>150,242</b>	<b>100.0</b>	<b>131,267</b>	<b>100.0</b>	<b>150,591</b>	<b>100.0</b>	<b>150,352</b>	<b>100.0</b>	<b>157,139</b>	<b>100.0</b>
Consolidated Adjustments	(4,929)		(4,938)		(23,354)		(22,467)		(22,877)	
<b>Proforma / Audited Consolidated Revenue</b>	<b>145,313</b>		<b>126,329</b>		<b>127,237</b>		<b>127,885</b>		<b>134,262</b>	

**AB Manufacturing**

AB Manufacturing's overseas market expanded to more than 50 countries as at FYE 31 December 2012 from less than 20 countries as at FYE 31 December 2006.

AB Manufacturing's revenue for FYE 31 December 2008 had increased by approximately 30% as compared to the revenue for FYE 31 December 2007 mainly due to the expansion of its overseas market. Its overseas market's revenue grew from RM46.4 million in 2007 to RM70.5 million in 2008, an increase of approximately 51.8%.

For FYE 31 December 2009, our revenue has dropped by 13% mainly due to the global economic downturn which resulted in the drop in sales volume and average selling price per unit. The decrease in the price of lead also forced us to reduce our average selling price to remain competitive in the market.

In order to remain competitive in the global market, AB Manufacturing practises competitive pricing strategies to cope with global economic slowdown and fluctuations of lead price. Overall, the decrease in revenue for FYE 31 December 2009 was attributed to a decrease in average selling price and the global economic downturn.

**10. FINANCIAL INFORMATION (Cont'd)**

Revenue from AB Manufacturing during FYE 31 December 2010 was approximately RM7 million or 6% higher compared to FYE 31 December 2009 mainly due to the increased sales to AB Marketing, Auto Industries and local customers. The overall overseas revenue had declined mainly due to the decrease in sales to countries in Europe, Africa, India and the Middle East regions. Nonetheless, the improved sales to the countries in Asia region had softened the overall decline in its overseas revenue.

There was a slight increase in AB Manufacturing's revenue for FYE 31 December 2011 of approximately RM1.7 million compared to FYE 31 December 2010 due to the increase in overseas sales as mentioned in the "Group revenue breakdown by geographical segments" below.

Comparing AB Manufacturing's revenue for FYE 31 December 2012 to FYE 31 December 2011, the revenue for FYE 31 December 2012 has increased by approximately RM6.2 million or 5.2% mainly due to its increased in export markets due to the reasons mentioned in the "Group revenue breakdown by geographical segments" below.

**AB Marketing**

AB Marketing's revenue had grown from RM5.2 million in 2007 to RM14.6 million in 2010. Although AB Marketing's revenue decreased slightly in 2008, it rebounded in 2009. In 2008, AB Marketing achieved revenue of approximately RM4.3 million of which RM1.8 million was attributed to sales to Auto Industries as AB Marketing's focus was more in Sabah then. Auto Industries was subsequently acquired by AB Manufacturing at the end of 2008. In view of this, AB Marketing focused its marketing activities more on Peninsular Malaysia and hence, there was a substantial increase in revenue of about 27.5% for FYE 31 December 2009.

Comparing AB Marketing's revenue for FYE 31 December 2010 to FYE 31 December 2009, the revenue for FYE 31 December 2010 has increased by RM9.1 million mainly due to its increased in intercompany sale of approximately RM7.5 million to Auto Industries and the increased sales in Peninsular Malaysia of approximately RM1.6 million. As previously mentioned, AB Marketing refocused its marketing activities in Peninsular Malaysia since the middle of 2009 and this had resulted in a further increase in revenue by 43% in 2010.

The revenue of AB marketing decreased by approximately RM4.1 million or 28.3% for FYE 31 December 2011 as compared to FYE 31 December 2010 mainly due to the decrease in sales to Auto Industries as the batteries of Auto Industries were supplied directly through AB Manufacturing. The impact on the decrease had been minimised by the overall increase in sales to Peninsular Malaysia by approximately RM2.2 million.

AB Marketing's revenue for FYE 31 December 2012 was quite consistent compared to FYE 31 December 2011.

**Auto Industries**

Auto Industries is the Distributor responsible for the market in Sabah, Labuan as well as the northern part of Sarawak. For FYE 31 December 2008, Auto Industries revenue improved in tandem with the substantial supply of batteries by AB Marketing to Auto Industries to facilitate our Group's penetration to Sabah.

Subsequently, towards the end of FYE 31 December 2008 our Group acquired Auto Industries with the purpose of strengthening our marketing distribution channel in Sabah. Despite the global economy downturn, there was only a slight decrease in its revenue for FYE 31 December 2009.

**10. FINANCIAL INFORMATION (Cont'd)**

The revenue of Auto Industries increased by approximately RM3.2 million or 23% for FYE 31 December 2010 as compared to FYE 31 December 2009 mainly due to the increase in sale of Conventional Batteries attributed by the increase in both quantity and average selling price.

The revenue for FYE 31 December 2011 has increased by approximately RM2.17 million as compared to FYE 31 December 2010 mainly due to the increase in sales in Sabah.

Auto Industries' revenue for FYE 31 December 2012 was quite consistent as compared to FYE 31 December 2011 as it increased its sales by approximately RM0.5 million.

**Group revenue breakdown by geographical segments**

The table below sets forth the breakdown of our Group's revenue by geographical locations, for the respective financial years:-

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Peninsular Malaysia	767	0.5	3,627	2.9	5,205	4.1	7,446	5.8	6,140	4.6
Sabah & Sarawak	74,090	51.0	62,652	49.6	74,808	58.8	60,699	47.5	63,098	47.0
Overseas	70,456	48.5	60,050	47.5	47,224	37.1	59,740	46.7	65,024	48.4
<b>Proforma / Audited Consolidated Revenue</b>	<b>145,313</b>	<b>100.0</b>	<b>126,329</b>	<b>100.0</b>	<b>127,237</b>	<b>100.0</b>	<b>127,885</b>	<b>100.0</b>	<b>134,262</b>	<b>100.0</b>

In 2007, our Group's revenue derived from Peninsular Malaysia was only approximately RM1.9 million and it decreased to RM767,000 in 2008. The decrease was mainly attributed to our Group's focus on Sabah and Sarawak markets in year 2008. Subsequently in 2008, with the acquisition of Auto Industries as our marketing arm to cater for Sabah region, our Group can focus on increasing our market share in Peninsular Malaysia. Thus, the revenue in Peninsular Malaysia increased to RM3.6 million for FYE 31 December 2009.

Our group was able to penetrate into new markets especially for its overseas market in 2008 while expanding its existing market due to its ability to provide a wide range of product types for its customers, improvement in its battery design, providing flexibility in branding for its customers and having competitive pricing policy.

Both of our Overseas and Sabah & Sarawak revenue decreased by approximately RM10.4 million and RM8.6 million respectively for FYE 31 December 2009, mainly due to the global economic downturn, which resulted in the drop in sales in volume and average selling price of battery per unit.

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**10. FINANCIAL INFORMATION (Cont'd)**

The Peninsular Malaysia and Sabah & Sarawak's revenue had increased by approximately RM1.6 million and RM12.1 million from the year 2009 to year 2010 respectively, while the Overseas revenue decreased by approximately RM12.8 million. The decrease in Overseas revenue was mainly due to the decrease in sales to customers from countries in the Europe, Africa, India and Middle East regions namely Greece, Nigeria, South Africa, India, Sultanate of Oman and Lebanon which was affected by the economic crisis in these regions and the sovereign debt crisis in Europe. In view of this decrease in sales Overseas, we had shifted our focus and concentrated our marketing resources to both the Peninsular Malaysia and Sabah & Sarawak market which had led to the increase in sales in these markets.

In FYE 31 December 2011, we shifted our focus and marketing resources back to the Overseas market due to improved sentiment in the market. Our group is only able to produce a finite amount of batteries at any one time. Due to this, we face an opportunity cost when we decide to sell to a particular market. The Peninsular Malaysia and Overseas revenue for FYE 31 December 2011 increased by approximately RM2.2 million and RM12.5 million respectively, whilst the Sabah & Sarawak revenue decreased by approximately RM14.1 million. Lower sales of our products in Sabah & Sarawak was mainly due to the reduction in sales to parties previously related to our Group, but the impact of this decrease was offset by an increase in sales to Peninsular Malaysia and Overseas. The overall increase in Overseas revenue was mainly due to the increase in sales to new markets, such as Cambodia and Myanmar in the Indochina region and increase in sales to existing customers from Australia, India, Pakistan and Middle East.

In 2012, the revenue from Sabah & Sarawak and Overseas increased by approximately RM2.4 million and RM5.3 million respectively, whilst there was a slight decrease in revenue of approximately RM1.3 million from Peninsular Malaysia due to stiffer competition. The increase in Overseas revenue was mainly due to the increase in sales to customers from Middle East region such as Sultanate of Oman and Iran; South East Asia region such as Singapore and Myanmar; West Africa region such as Nigeria and Togo; and India.

Based on the latest publicly available audited financial statements and assuming that all the exports of GPA Holdings Berhad and Yokohama Industries Berhad are automotive batteries, the export revenues contributed by each automotive battery manufacturers in Malaysia, including ABM Fujiya Group are as follows:

Company	FYE	Export Revenue (RM'000)
ABM Fujiya Group	31/12/12	65,024
GPA Holdings Berhad	31/03/12	49,273
Yokohama Industries Berhad	31/12/12	57,121

*Note:-*

*Yuasa Battery (Malaysia) Sdn Bhd is excluded from the comparison as the export revenue (if any) is not available publicly.*

*(Source: Annual Report of the respective companies)*

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**10. FINANCIAL INFORMATION (Cont'd)**

The ensuing table sets out the percentage of overseas sales contribution to our Group's total sales from FYE 2008 to 2012:-

	Overseas Sales Contribution									
	FYE 31 December									
	2012		2011		2010		2009		2008	
	RM'000	% of total sales to the Group	RM'000	% of total sales to the Group	RM'000	% of total sales to the Group	RM'000	% of total sales to the Group	RM'000	% of total sales to the Group
Sultanate of Oman *	27,909	20.8%	25,709	20.1%	17,415	13.7%	21,812	17.2%	12,506	8.6%
UAE *	2,571	1.9%	2,584	2.0%	3,083	2.4%	3,824	3.0%	11,232	7.7%
<b>Subtotal</b>	<b>30,480</b>	<b>22.7%</b>	<b>28,293</b>	<b>22.1%</b>	<b>20,498</b>	<b>16.1%</b>	<b>25,636</b>	<b>20.2%</b>	<b>23,738</b>	<b>16.3%</b>
Singapore	7,300	5.4%	5,111	4.0%	5,121	4.0%	3,579	2.8%	5,877	4.1%
Australia	4,991	3.7%	5,327	4.2%	4,171	3.3%	4,515	3.5%	2,782	1.9%
Lebanon	3,472	2.6%	3,063	2.4%	3,029	2.4%	5,176	4.0%	4,707	3.2%
Brunei	2,545	1.9%	2,335	1.8%	2,806	2.2%	1,469	1.2%	1,791	1.2%
France	-	-	-	-	1,152	0.9%	451	0.4%	1,292	0.9%
Iran	759	0.6%	230	0.2%	1,063	0.8%	362	0.3%	1,671	1.1%
New Zealand	130	0.1%	338	0.3%	1,035	0.8%	114	0.1%	147	0.1%
UK	754	0.6%	1,447	1.1%	1,016	0.8%	1,086	0.9%	2,013	1.4%
Hong Kong	-	-	696	0.6%	976	0.8%	543	0.4%	1,165	0.8%
Jordan	189	0.1%	606	0.5%	826	0.6%	917	0.7%	5,846	4.0%
Nigeria	5,309	4.0%	1,825	1.4%	782	0.6%	3,879	3.1%	5,211	3.6%
Italy	201	0.1%	-	-	646	0.5%	572	0.5%	1,024	0.7%
Ethiopia	-	-	191	0.1%	639	0.5%	933	0.7%	1,191	0.8%
Taiwan	690	0.5%	362	0.3%	497	0.4%	1,828	1.5%	990	0.7%
India	3,317	2.5%	1,349	1.1%	449	0.4%	2,232	1.8%	689	0.5%
Qatar	1,483	1.1%	2,085	1.6%	383	0.3%	698	0.6%	811	0.6%
South Africa	158	0.1%	411	0.3%	254	0.2%	1,879	1.5%	1,568	1.1%
Greece	-	-	-	-	127	0.1%	2,283	1.8%	3,454	2.4%
Cambodia	1,882	1.4%	3,029	2.3%	-	-	-	-	-	-
Afghanistan	163	0.1%	617	0.5%	450	0.4%	156	0.1%	257	0.2%
Myanmar	397	0.3%	-	-	-	-	-	-	-	-
Pakistan	-	-	1,250	1.0%	-	-	-	-	-	-
Togo	222	0.2%	-	-	-	-	-	-	-	-
Others	582	0.4%	1,175	0.9%	1,304	1.0%	1,742	1.4%	4,232	2.9%
<b>Total</b>	<b>65,024</b>	<b>48.4%</b>	<b>59,740</b>	<b>46.7%</b>	<b>47,224</b>	<b>37.1%</b>	<b>60,050</b>	<b>47.5%</b>	<b>70,456</b>	<b>48.5%</b>

Note:-

\* The customers of the Sultanate of Oman and UAE belong to the same group of companies and our batteries could be shipped to either the Sultanate of Oman or UAE depending on the instruction of our customers.

**10. FINANCIAL INFORMATION (Cont'd)**

For the five (5) FYE 31 December 2012, it is noted that there were fluctuations in sales contributions from certain countries, such as the Sultanate of Oman, Nigeria, Singapore, Cambodia, India, Pakistan and UK, whilst new markets, such as Cambodia, Myanmar, India, Pakistan and Togo, were developed.

The fluctuation in the percentages of sales to different countries is mainly due to, amongst others, the following factors:-

- (i) political and regulatory conditions in the purchasing country;
- (ii) economic situation of the country; and
- (iii) whether the country is a new market to our Group.

Development of new markets is mainly driven by, amongst others, the following factors:-

- (i) the market size of the country;
- (ii) our batteries' life span is approximately two (2) years, as such, it takes time for our customers to try out our batteries to gain confidence and acceptance before making recurrent purchases; and
- (iii) to mitigate our reliance on a few countries and also allow us to expand our overseas market into new regions.

**Group revenue breakdown by related parties / former related parties and third parties**

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Related parties	49,685	34.2%	39,686	31.4%	42,047	33.0%	10,634	8.3%	-	-
Former Related Parties *	-	-	-	-	-	-	16,513	12.9%	31,058	23.1%
Third parties	95,628	65.8%	86,643	68.6%	85,190	67.0%	100,738	78.8%	103,204	76.9%
<b>Consolidated Revenue</b>	<b>145,313</b>	<b>100.0%</b>	<b>126,329</b>	<b>100.0%</b>	<b>127,237</b>	<b>100.0%</b>	<b>127,885</b>	<b>100.0%</b>	<b>134,262</b>	<b>100.0%</b>

Note:-

\* The related parties/former related parties are Autotrop Sdn Bhd, Empire Star Sdn Bhd, Syarikat South Asia (Ong Kee) Trading Sdn Bhd and Syn Asia Battery Enterprise Sdn Bhd and Asia Batteries Company. During FYE 31 December 2011, interests in Autotrop Sdn Bhd, Empire Star Sdn Bhd, Syarikat South Asia (Ong Kee) Trading Sdn Bhd and Syn Asia Battery Enterprise Sdn Bhd were disposed off and therefore in FYE 31 December 2012, they were no longer treated as related parties. Asia Batteries Company ceased trading with ABM Fujiya Group since 1 March 2010 and the company has ceased operations in 2012. Datuk Tay Ah Ching @ Tay Chin Kin is in the midst of selling off the business and he will use his best endeavour to complete the sale by the end of 2013.

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**10. FINANCIAL INFORMATION (Cont'd)**

We have a total of 142 Distributors, of which 4 were previously related to us. These related parties had established relationship and track records with our Group and had their own established network of customers and facilities to promote and distribute our batteries. From FYE 31 December 2008 to FYE 31 December 2011, our group sold batteries, through AB manufacturing, to the related parties Distributors on the same terms, i.e. in terms of selling prices and credit terms, we offered to our local third party Distributors.

During FYE 31 December 2011, save for Asia Batteries Company, interests in these related party Distributors were disposed off and therefore in FYE 31 December 2012, they were no longer treated as related parties. Sales to these parties are still continuing because of their established networks.

For information purposes, during FYE 31 December 2011 and 2012, sales to the former related parties had contributed to 21.2% and 23.1% respectively of our Group's revenue.

The substantial drop in the sales to the former related parties by approximately 12% for FYE 31 December 2011 as compared to FYE 31 December 2010 of approximately 33% was mainly due to the disposal of the interests belonging to the family members of Directors in the former related parties. Nonetheless, the decrease in sales to the former related parties was offset by an increase in sales to other third party customers based locally and overseas.

For FYE 31 December 2012, sales to the former related parties had improved slightly as compared to FYE 31 December 2011, as the former related parties have not been able to find any suitable replacements to our products.

**Cost of Sales, Gross Profit and Gross Profit Margin**

Our cost of sales mainly comprises cost of raw materials and depreciation of plant and machinery which accounted for approximately 64.0%, 65.0%, 73.0%, 81.5% and 75.7% of our total revenue for the five (5) FYE 2008 to 2012 respectively. The increase in year 2010 was mainly due to increase in price of lead. As disclosed in Section 3.1 (b) of the Prospectus, the lead price increased significantly from an average price of USD1,290 per MT in 2006 to an average price of USD2,580 per MT in 2007. However, it decreased to an average price of USD2,090 per MT in 2008. In 2009, it further decreased to an average price of USD1,719 per MT. In 2010, the lead price increased to an average price of US2,148 per MT and further increased to an average price of USD2,402 in 2011. In 2012, the lead price decreased to an average price of USD2,062 per MT. The other major components of cost of sales are labour cost, stock and others as set out in the ensuing table:-

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Purchase of raw materials	87,382	75,454	84,610	95,183	92,234
Depreciation	5,651	6,704	8,274	9,042	9,371
Labour cost	2,131	2,201	2,293	2,555	3,251
Changes in opening and closing inventories	8,826	4,754	(3,865)	(11,160)	(1,855)
Others*	20,330	19,305	13,701	12,820	13,910
<b>Total</b>	<b>124,320</b>	<b>108,418</b>	<b>105,013</b>	<b>108,440</b>	<b>116,911</b>

Note:-

\* Others refer to production overheads and trading expenses.

**10. FINANCIAL INFORMATION (Cont'd)**

For FYE 31 December 2008, total cost of sales surged by RM30.4 million (32.3%) which was in line with increase in sales, and was further attributed to the high lead cost (which was based on stocks purchased in 2007 and 2008). In addition, depreciation, labour cost and production overheads increased mainly due to the commencement and operation of our new plant towards the end of FYE 31 December 2007.

For FYE 31 December 2009, the decrease of cost of sales by RM15.9 million was mainly due to the decrease in sales and lower lead price. A substantial increase in depreciation for FYE 31 December 2009 was mainly due to the investment of additional plant and machinery for our Group to increase production capacity, improve efficiency and move towards a more automated manufacturing environment. There was no material movement in labour cost for FYE 31 December 2009 as compared to FYE 31 December 2008.

For FYE 31 December 2010, the decrease in cost of sales as compared to FYE 31 December 2009 was mainly attributed to the brought forward raw materials i.e. lead which were purchased at a lower lead price in 2009, hence reducing the overall cost of sales for FYE 31 December 2010. The purchase of raw materials for FYE 31 December 2010 has increased as compared to FYE 31 December 2009 mainly due to the increase in lead price.

For FYE 31 December 2011, the increase in cost of sales as compared to FYE 31 December 2010 was mainly attributed to the brought forward raw materials i.e. lead which were purchased at a higher lead price towards the end of year 2010 and throughout the year of 2011, hence an increase in overall cost of sales for FYE 31 December 2011.

Prior to the commencement of the battery container and cover plant, we had not anticipated that there would be any production issues. However upon commencement of production at the end of 2010, we had encountered production bottle-necks which had prevented us from enjoying the anticipated cost savings. We had initially tried several possible solutions such as the increasing of manpower in 2012, however this had not significantly addressed the issue. We are now in the process of acquiring additional machineries to address this production bottle-neck issue. The cost of acquisition of these machineries are approximately RM1.3 million, as mentioned in Section 4.2.17, and it will be funded through internally generated funds and bank borrowings.

With the acquisition of additional machineries, we expect to be able to reduce the frequency of the need to change moulds on the injection machine to produce different models of battery containers and covers. This will reduce the downtime resulting from the process of mould changing and tuning after each change as well as reduce the wastage from rejects through initial trial run after each mould change.

Although the commencement of operation of our plant for production of battery containers and covers for our Group's usage has resulted in better product quality, the expected cost savings has not yet materialised. There was an increase in depreciation of approximately RM0.8 million. This was mainly attributed to additional full year depreciation charged for our new battery containers and covers plant. Nonetheless, our management envisages that in the long run, there will be cost savings to the overall cost of sales for the Group as the plant's efficiency will improve over time as our R&D team will continuously find ways to reduce wastage and improves productivity. We expect the additional machineries to be acquired within twelve (12) months and the Group expects to begin to enjoy cost savings thereafter. With the additional machineries, we expect to have cost savings of approximately 20% to 30% per unit of battery container and cover (depending on the size).

**10. FINANCIAL INFORMATION (Cont'd)**

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For FYE 31 December 2012, the increase in cost of sales as compared to FYE 31 December 2011 was mainly attributed to higher production costs such as the brought forward raw materials i.e. lead which were purchased at a higher lead price in 2011, higher fuel price, depreciation expenses due to investments in machineries and equipment over the years and costs from recruiting new labourers from Myanmar during FYE 31 December 2012 to work for our battery and battery containers and covers plants.

As mentioned above, the largest cost component of our cost of sales is the raw material cost. As lead, which constitutes approximately 70% of the cost of a battery, is a major component, any major fluctuation in the price of lead will affect our cost of sales. As lead price fluctuates in tandem with the global supply and demand condition, any increase in demand over supply will drive up the lead price and vice versa, which is beyond our control. Nevertheless, our Group has always endeavoured to pass down part of the increase in lead price to its customers. To achieve this, we adopt marketing strategies in line with market practice such as, pricing validity for certain periods and revision of product price in accordance with the price of lead. However, prevailing market conditions such as supply, demand, economic conditions and competition would restrict the extent to which we can pass on the increase in lead price.

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**10. FINANCIAL INFORMATION (Cont'd)**

The table below sets forth the breakdown of our gross profit, by our subsidiaries, and gross profit margin for the respective financial years:-

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	18,688	15,603	19,067	16,312	14,313
AB Marketing	1,119	705	1,530	960	703
Auto Industries	1,133	1,595	1,989	2,143	2,283
<b>Subtotal</b>	<b>20,940</b>	<b>17,903</b>	<b>22,586</b>	<b>19,415</b>	<b>17,299</b>
Consolidated Adjustment	53	8	(362)	30	52
<b>Proforma/Audited Consolidated Gross Profit</b>	<b>20,993</b>	<b>17,911</b>	<b>22,224</b>	<b>19,445</b>	<b>17,351</b>
<b>Proforma/Audited Consolidated Gross Profit Margin</b>	<b>14.4%</b>	<b>14.2%</b>	<b>17.5%</b>	<b>15.2%</b>	<b>12.9%</b>

For FYE 31 December 2008, gross profit margin of our Group decreased from 17.8% for FYE 31 December 2007 to 14.4% mainly due to the following reasons:-

- (i) revenue for FYE 31 December 2008 had increased by 27.1% whilst the corresponding cost of sales had increased by 32.3% mainly due to the high lead cost and change in pricing strategy due to increasing competition; and
- (ii) investment in new plant and machinery which resulted in higher depreciation, labour cost and production overheads.

For FYE 31 December 2009, gross profit margin of our Group decreased marginally by 0.2% to 14.2% mainly attributed to the higher depreciation arising from the investment of additional plant and machinery.

The gross profit margin for FYE 31 December 2010 of 17.5% was 3.3% higher as compared to FYE 31 December 2009. The increase was mainly contributed by lower cost of sales and higher average selling price as explained earlier.

Decrease in gross profit margin for FYE 31 December 2011 by 2.3% was mainly derived from the impact of fluctuation in lead price in upward trend and the full year depreciation of our new plant for the manufacturing of plastic containers and covers. Although our Group had taken steps to gradually pass down the increase in lead price to customers, other factors in the market such as supply, demand and economic conditions had restricted us to increase our selling price to be in tandem with the increase in lead price.

For FYE 31 December 2012, the gross profit margin was 2.3% lower compared to FYE 31 December 2011 as a result of the brought forward raw materials i.e. lead which were purchased at a higher lead price in 2011, higher labour costs, higher depreciation and competitive selling price in the market.

Gross profit margins for manufactured goods were approximately 14.0%, 13.8%, 17.1%, 14.8% and 12.6% for FYE 31 December 2008, 2009, 2010, 2011 and 2012 respectively, which were close to our Group's overall gross profit margin. The gross profit derived from the trading goods was insignificant as its overall revenue only maintained at approximately 2.0% for the respective five (5) financial years under review. The trading goods were mainly served as value added services to our customers.

## 10. FINANCIAL INFORMATION (Cont'd)

## Group gross profit breakdown by related parties / former related parties and third parties (overseas and local)

	FYE 31 December									
	2008		2009		2010		2011		2012	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Overseas:-										
- Third Parties	16,662	79.4	8,973	50.1	9,128	41.1	10,494	54.0	9,118	52.6
Local:-										
- Related Parties	1,617	7.7	5,057	28.2	6,105	27.5	589	3.1	-	-
- Former Related Parties *	-	-	-	-	-	-	2,179	13.1	2,911	16.8
- Third Parties	2,714	12.9	3,881	21.7	6,991	31.4	6,183	31.8	5,322	30.6
<b>Proforma / Audited Consolidated Revenue</b>	<b>20,993</b>	<b>100.0</b>	<b>17,911</b>	<b>100.0</b>	<b>22,224</b>	<b>100.0</b>	<b>19,445</b>	<b>100.0</b>	<b>17,351</b>	<b>100.0</b>

Note:

\*

The related parties / former related parties are Autotrop Sdn Bhd, Empire Star Sdn Bhd, Sharikat South Asia (Ong Kee) Trading Sdn Bhd, Syn Asia Battery Enterprise Sdn Bhd and Asia Batteries Company. During FYE 31 December 2011, interests in Autotrop Sdn Bhd, Empire Star Sdn Bhd, Sharikat South Asia (Ong Kee) Trading Sdn Bhd and Syn Asia Battery Enterprise Sdn Bhd were disposed off and therefore in FYE 31 December 2012, they were no longer treated as related parties. Asia Batteries Company ceased trading with ABM Fujiya Group since 1 March 2010 and the company has ceased operations in 2012. Datuk Tay Ah Ching @ Tay Chin Kin is in the midst of selling off the business and he will use his best endeavour to complete the sale by the end of 2013.

For information purposes, the Gross profit contribution from related parties / former related parties are 7.7%, 28.2%, 27.5%, 14.2% and 16.8% for the five (5) FYE 2008 to 2012. The lower gross profit contribution from the related parties for FYE 2008 is mainly due to significantly higher overseas sales during the year.

These related parties/former related parties have established relationship and track records with our group and have their own established network of customers and facilities to promote and distribute our batteries. Interests in these related parties Distributors, save for Asia Batteries Company where Datuk Tay Ah Ching @ Tay Chin Kin is in the midst of selling off the business, were disposed off during FYE 31 December 2011.

The substantial drop in the gross profit contribution of the former related parties by 13.3% for FYE 31 December 2011 as compared to FYE 31 December 2010 was mainly due to the disposal of the interests belonging to the family members of Directors in the former related parties. Nonetheless, the decrease in gross profit contribution of former related parties was offset by an increase in gross profit contribution to other third party customers based overseas.

For FYE 31 December 2012, the gross profit contribution of the former related parties had improved slightly as compared to FYE 31 December 2011, as the former related parties have not been able to find any suitable replacements to our products.

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**10. FINANCIAL INFORMATION (Cont'd)**

The overseas gross profit contributed to about 50% of our Group's gross profit for the past five (5) FYE 31 December 2012. The substantial drop in our gross profit for FYE 31 December 2010 was mainly due to the decrease in sales to customers from countries in the European, African, Middle East regions, namely Greece, Nigeria, South Africa, Sultanate of Oman and Lebanon, and India which were affected by the economic crisis in the regions and the sovereign debt crisis in Europe.

In addition, the higher selling prices of our batteries sold overseas was also one of the main contributors of the higher overseas gross profit, particularly for FYE 31 December 2008, there was an exceptionally higher overseas gross profit due to higher selling prices overseas.

**Group gross profit margin breakdown by related parties / former related parties and third parties (overseas and local)**

	FYE 31 December				
	2008	2009	2010	2011	2012
Overseas:-	%	%	%	%	%
- Third Parties	23.6	14.9	19.3	17.6	14.0
Local:-					
- Related Parties / Former Related Parties *	3.3	12.7	14.5	10.2	9.4
- Third Parties	10.8	14.6	18.4	15.1	13.9

Note:-

\* *The related parties / former related parties are Autotrop Sdn Bhd, Empire Star Sdn Bhd, Sharikat South Asia (Ong Kee) Trading Sdn Bhd, Syn Asia Battery Enterprise Sdn Bhd and Asia Batteries Company. During FYE 31 December 2011, interests in Autotrop Sdn Bhd, Empire Star Sdn Bhd, Sharikat South Asia (Ong Kee) Trading Sdn Bhd and Syn Asia Battery Enterprise Sdn Bhd were disposed off and therefore in FYE 31 December 2012, they were no longer treated as related parties. Asia Batteries Company ceased trading with ABM Fujiya Group since 1 March 2010 and the company has ceased operations in 2012. Datuk Tay Ah Ching @ Tay Chin Kin is in the midst of selling off the business and he will use his best endeavour to complete the sale by the end of 2013.*

For information purpose, The gross profit margin from related / former related parties are 3.3%, 12.7%, 14.5%, 10.2% and 9.4% for the five (5) FYE 31 December 2008 to 2012. Throughout the 5 years, the average selling prices to our overseas customers were higher. As a result, the overall revenue from third parties (both local and overseas) was higher. Hence, in comparison, the gross profit margin of our third party customers was higher as compared to the related / former related parties.

From FYE 31 December 2008 to FYE 31 December 2012, our Group sold batteries to the related / former related parties on the same terms, i.e. in terms of selling prices and credit terms, we offered to our local third party customers through AB Manufacturing.

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**10. FINANCIAL INFORMATION (Cont'd)**

The difference in margin between related / former related parties and the local third parties is mainly due to the higher profit margin to our local third party retailers and end users. The margin between related / former related parties and the third party local Wholesalers and Distributors are generally similar.

However there was a significant difference in gross profit margin noted in 2008 between related / former related parties and the local third parties of 3.3% and 10.8% respectively. This was due to the increase in lead prices in 2008. While we had originally intended to pass on the increase in cost to all customers, these related / former related parties and local wholesalers had approached us to stagger and delay the sudden increase in price.

Subsequently in 2009, there was a decrease in lead prices and due to the abovementioned mutual understanding in 2008 with the related / former related parties, we were able to retain the selling prices to these parties at similar levels and hence the better gross profit margins in 2009 as compared to 2008.

Throughout the past five (5) FYE 31 December 2012, the average selling price of our batteries sold overseas was higher than the average selling price of our batteries sold locally through AB Manufacturing hence contributed to a better gross profit margin to our Group.

**Administrative Expenses and Distribution Costs**

Our Group's administrative and distribution costs are as follows:-

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Administrative expenses	4,620	4,934	5,938	5,860	5,911
Distribution costs	1,690	1,496	1,460	1,700	2,305
<b>Subtotal</b>	<b>6,310</b>	<b>6,430</b>	<b>7,398</b>	<b>7,560</b>	<b>8,216</b>
Consolidated Adjustment	-	100	99	100	218
<b>Proforma / Audited Consolidated Administrative and Distribution costs</b>	<b>6,310</b>	<b>6,530</b>	<b>7,497</b>	<b>7,660</b>	<b>8,434</b>

Our administrative expenses and distribution costs increased by approximately RM854,000 from RM5.5 million in 2007 to RM6.3 million in 2008. For FYE 31 December 2009, our administrative expenses and distribution costs increased slightly by approximately RM220,000 to RM6.5 million. Comparing FYE 31 December 2010 to FYE 31 December 2009, our administrative expenses and distribution cost increased by approximately RM1 million mainly due to listing expenses and impairment of trade receivables. There were no significant changes noted in administrative expenses and distribution costs in FYE 31 December 2011. The increase in our administrative expenses and distribution cost in FYE 31 December 2012 was mainly due to higher distribution cost arising from higher export sales during the year.

Administrative expenses mainly comprise directors' fees and other emoluments, salaries, allowances and related expenses. Directors' fees and other emoluments range from 30% to 38% of our group's administrative expenses for FYE 31 December 2008 to 2012. Meanwhile, salaries, allowances and related expenses represent 23% to 29% of our group's administrative expenses for FYE 31 December 2008 to 2012.

**10. FINANCIAL INFORMATION (Cont'd)**

The table below depicts the comparison of administrative and distribution cost as a proportion to revenue between ABM Fujiya and its major competitors.

% to Revenue	2012		2011		2010		2009		2008	
	ABM Fujiya	Major competitors* (average)	ABM Fujiya	Major competitors* (average)	ABM Fujiya	Major competitors* (average)	ABM Fujiya	Major competitors* (average)	ABM Fujiya	Major competitors* (average)
Administrative expenses	4.7%	5.8%	4.7%	5.7%	4.7%	5.4%	4.0%	5.0%	3.2%	5.2%
Distribution expenses	1.6%	3.6%	1.3%	3.6%	1.1%	4.3%	1.2%	4.2%	1.1%	5.8%

Note:-

\* Based on major competitors' mean distribution and administrative expenses

The above demonstrates that ABM Fujiya incurred lower distribution and administrative expenses in proportion to revenue compared to its major competitors.

Our Executive Directors and key management are personally involved in the manufacturing operations. This allows for faster decision making which is crucial in order to reduce down-time by expeditiously resolving any problems which may arise in the manufacturing processes.

In addition, our Group's strategy of focusing mainly on Importers, Exporters, Wholesalers and Distributors, instead of retailers has resulted in minimising the Group's distribution costs. These customers have their own warehouses, display centres, delivery vehicles and sales personnel that can assist in promoting our products.

Notwithstanding the active involvement of our senior management/Directors, as our Group is expanding, the middle management is provided with on-the-job training and is delegated with certain authority with the view to planning for succession.

**Other Income**

Other income for our Group is as follows:

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	1,584	1,170	1,502	609	2,176
Auto Industries	65	1	2	36	41
<b>Proforma/Audited Consolidated Other Income</b>	<b>1,649</b>	<b>1,171</b>	<b>1,504</b>	<b>645</b>	<b>2,217</b>

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**10. FINANCIAL INFORMATION (Cont'd)**

Our Group's other income consists of gain on foreign exchange, interest income, rental income and sundry income. There was no significant variance comparing the three (3) FYE 31 December 2008 to 2010. Comparing FYE 31 December 2011 to the preceding year, the other income was lower mainly attributable to lower USD exchange rate. The increase in our Group's other income by approximately RM1.6 million in FYE 31 December 2012 compared to FYE 31 December 2011 mainly due to a gain in foreign exchange from the favourable increase in the foreign exchange rate. Please refer to the ensuing table for further breakdown of other income:-

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
Gain from foreign exchange	1,267	932	1,352	445	2,049
Rental income	19	174	148	164	79
Gain on disposal of property, plant and equipment	-	-	-	18	-
Miscellaneous	363	65	4	18	89
<b>Proforma/Audited Consolidated Other Income</b>	<b>1,649</b>	<b>1,171</b>	<b>1,504</b>	<b>645</b>	<b>2,217</b>

**Finance Cost**

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	3,669	2,663	1,969	2,229	2,550
AB Marketing	-	1	-	23	48
Auto Industries	41	41	39	36	26
<b>Proforma / Audited Consolidated Finance Cost</b>	<b>3,710</b>	<b>2,705</b>	<b>2,008</b>	<b>2,288</b>	<b>2,624</b>

Finance costs comprise mainly interest charges related to bank borrowings. Bank borrowings include bank overdrafts, term loans, bills payable and hire purchase facilities. The increase in finance cost over the years from FYE 31 December 2007 to 2008 was mainly due to the interest expenses on outstanding balance of borrowings to finance our Group's working capital, purchase of plant and machineries, construction and extension of new and existing plants. Details of the bank borrowings are set out in Section 10.5.3 of this Prospectus.

The significant decrease in finance costs of 27% in 2009 was mainly due to settlement of part of our Group's term loans during the financial year. The significant decrease in 2010 was mainly due to the interest income derived from the adoption of Financial Reporting Standards 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010.

**10. FINANCIAL INFORMATION (Cont'd)**

The slight increase in finance cost for FYE 31 December 2011 was mainly due to interests incurred on additional bank borrowings for the finance of our Group's new battery containers and covers plant. Further increase in finance cost for FYE 31 December 2012 was mainly due to the full year effect of interest expenses incurred on the bank borrowings which were drawn down in June 2011.

**PBT**

Based on the above revenue performance, PBT of our Group is as follows:-

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
ABM Fujiya	(4)*	(6)*	(198)**	(187)**	(62)
AB Manufacturing	11,785	9,149	13,315	9,233	7,796
AB Marketing	473	274	654	296	65
Auto Industries	319	528	920	875	883
AB Corporation	(3)*	(5)*	(4)*	(3)*	(3)*
Anpei	(1)*	(2)*	(2)*	(2)*	(3)*
<b>Subtotal</b>	<b>12,569</b>	<b>9,938</b>	<b>14,685</b>	<b>10,212</b>	<b>8,676</b>
Consolidated Adjustment	53	(91)	(462)	(70)	(166)
<b>Proforma / Audited Consolidated PBT</b>	<b>12,622</b>	<b>9,847</b>	<b>14,223</b>	<b>10,142</b>	<b>8,510</b>
<b>PBT Margin (%)</b>	<b>8.7%</b>	<b>7.8%</b>	<b>11.2%</b>	<b>7.9%</b>	<b>6.3%</b>

**Notes:-**

\* The losses incurred for ABM Fujiya, AB Corporation and Anpei were the pre-operating costs as these companies were dormant.

\*\* The losses incurred for ABM Fujiya for FYE 31 December 2010 and 2011 include RM168,500 and RM122,870 of listing expenses respectively.

Despite the increase in PBT by approximately RM1.0 million, our PBT margin for FYE 31 December 2008 has decreased in tandem with the decrease in the gross profit margin (as explained earlier) and the increase in administrative and distribution expenses.

For FYE 31 December 2009, the slight decrease in our Group's PBT margin was mainly due to the slight decrease in gross profit margin (as explained earlier) and a minor increase in our administrative expenses.

The PBT margin for FYE 31 December 2010 was higher by 3.4% as compared to FYE 31 December 2009, mainly due to the increase in gross profit margin (as explained earlier).

Our Group's PBT margin for FYE 31 December 2011 has decreased by 3.3% as compared to FYE 31 December 2010 as a result of a decrease in gross profit margin of the Group (as explained earlier)

For FYE 31 December 2012, our Group's PBT margin has decreased slightly due to a decrease in gross profit margin of the Group (as explained earlier).

**10. FINANCIAL INFORMATION (Cont'd)**

Going forward, we expect our Group's PBT margin to improve further through expected growth in our sales revenue, production efficiency and economies of scale. Furthermore, with the completion of the battery containers and covers plant, our Group expects to achieve cost savings in the long run when the plant achieves production efficiency and economies of scale through the increase of production volume. Nevertheless, the PBT may be subject to other factors such as raw materials and components availability, fluctuations in prices of raw materials, dependence on supply of foreign labour and foreign currency exchange fluctuations.

**Income Tax Expense**

	FYE 31 December				
	2008	2009	2010	2011	2012
	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	1,372	1,153	1,050	1,754	1,535
AB Marketing	95	70	231	81	22
Auto Industries	98	147	240	234	256
<b>Subtotal</b>	<b>1,565</b>	<b>1,370</b>	<b>1,521</b>	<b>2,069</b>	<b>1,813</b>
Consolidated Adjustment	13	(22)	(115)	(17)	(12)
<b>Proforma/Audited Consolidated Income Tax Expense</b>	<b>1,578</b>	<b>1,348</b>	<b>1,406</b>	<b>2,052</b>	<b>1,801</b>
<b>Effective Tax Rate</b>	<b>12.5%</b>	<b>13.7%</b>	<b>9.9%</b>	<b>20.2%</b>	<b>21.2%</b>

The Malaysian corporate tax rate in year of assessment 2008 was 26% and for years of assessment from 2009 to 2012 was 25%. Except for AB Manufacturing, the other subsidiaries in the Group, being small medium enterprises with paid-up capital not exceeding RM2.5 million are individually subject to corporate tax rate at 20% for the year of assessment 2008 on the first RM500,000 and 26% on the remaining chargeable income. All components of the Group are subject to income tax at 25% from years of assessment 2009 to 2012.

Our effective tax rates over the past five (5) financial years were generally lower than the statutory tax rates due to the utilisation of the reinvestment allowance, offset by certain expenses not deductible for tax purposes.

For FYE 31 December 2010, the significantly lower effective tax rate was mainly attributed to the higher allowances arising from the investment in plant and machinery over the years.

For FYE 31 December 2011 and 2012, the significantly higher effective tax rates were mainly attributed to the decrease in reinvestment allowances due to lower capital expenditure during the two years.

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**10. FINANCIAL INFORMATION (Cont'd)****10.4.2 Significant Factors Affecting Our Group's operating results and financial condition**

Our Group is subject to certain risks inherent in the battery industry. These include macro effects of a general downturn in the global and national economies, the entry of new players, introduction of new technologies, methodologies and/or products which may place our Group at a competitive disadvantage position. Business risks also include inherent risks such as labour and raw material shortages, increase in the cost of labour and raw materials and changes in business and credit conditions and fluctuations in foreign exchange rates.

Our competitive strengths and advantages as set out in Section 1.2 and Section 4.8(a) of this Prospectus provide the foundation for the sustainability of our business and financial growth. Our future plans and strategies as set out in Section 4.7 of this Prospectus, aim to further reduce our production costs, enhance our product range to cater for broader market segment and explore new markets both locally and overseas, which will further contribute to the sustainable growth of our business.

The main factors that may affect profits from time-to-time include but are not limited to the following:-

**(i) Raw Material and Components Availability**

In our line of business, we may be subjected to raw material shortages as set out in Section 3.1(c) of this Prospectus. To reduce concerns about the raw material shortages, our Group intends to build a lead recycling plant which is stated in Section 4.7(a) of this Prospectus.

**(ii) Fluctuations in Prices of Raw Materials**

Fluctuations in prices of metals such as lead prices always have a significant impact on the battery manufacturing industry, as this metal makes up approximately 70% of the cost of components in a battery. Further details are set out in Section 3.1(b) of this Prospectus.

**(iii) Dependence on Supply of Foreign Labour**

The risk of dependence on foreign labour are set out in Section 3.2(d) of this Prospectus. Our Group has also moved towards a more automated production environment to reduce our dependency on labour as jobs to be done manually can be minimized.

**(iv) Foreign Currency Exchange Fluctuations**

A portion of our Group's revenue is derived from exports and is denominated in USD. The risk and our mitigating factors of our foreign currency exposure are set out in Section 3.2 (e) of this Prospectus.

**10.4.3 Government / Economic / Fiscal / Monetary Policies**

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, are as set out in Section 3.1(f) of this Prospectus.

Save for the risks disclosed above and factors as disclosed in Section 10.4.1, there is no material impact of government, economic, fiscal or monetary policies or factors on our historical profits for the past five (5) FYE 31 December 2012.

**10. FINANCIAL INFORMATION (Cont'd)****10.4.4 Impact of Inflation**

Our financial performance for the past five (5) FYE 31 December 2012 was not materially affected by inflation.

**10.5 LIQUIDITY AND CAPITAL RESOURCES****10.5.1 Working Capital**

Our principal sources of liquidity for the past five (5) financial years were principally cash from operations, short-term and long-term borrowings. As at 31 December 2012, our Group had cash and bank balances of RM3.6 million and total borrowings of RM63.3 million.

Our gearing ratios for the five (5) FYE 31 December 2012 are as follows:

	FYE 31 December				
	2008	2009	2010	2011	2012
Gearing ratio (times)	1.0	0.7	0.7	0.6	0.5
Interest coverage ratio (times)	4.4	4.6	8.3	5.4	4.2

Based on the audited proforma consolidated statements of financial position as at 31 December 2012, which has been set out in Section 10.2 of this Prospectus, our Group has total current assets of RM109.7 million and current liabilities of RM62.9 million, which amounts to an excess of current assets over current liabilities of RM46.8 million. This translates into a current ratio of 1.74 times which reflects the ability of our Group to meet its short-term obligations.

As at 31 December 2012, we had banking facilities amounting to RM88.2 million of which RM63.1 million had been utilized. Our Board is of the opinion that, after taking into consideration our current cash flow position, credit facilities currently available and the proceeds from the public issue, our Group will have sufficient working capital for a period of at least twelve (12) months from the date of this Prospectus to meet our needs and foreseeable requirements.

The interest coverage ratio of our group was at least 4 times for the past five (5) FYE 31 December 2012. This indicates that our Group is well positioned to meet its interest obligations.

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**10. FINANCIAL INFORMATION (Cont'd)****10.5.2 Cash Flow**

A summary of the our Group's proforma cash flow for FYE 31 December 2012 based on the proforma consolidated cash flow statement as disclosed in Section 10.2 of this Prospectus is set out below:-

	<b>Proforma for FYE 31.12.2012 after IPO and Utilisation of Proceeds</b>
	<b>RM'000</b>
Net cash from operating activities	10,932
Net cash used in investing activities	(8,721)
Net cash from financing activities	3,649
<b>Net increase in cash and cash equivalents</b>	<b>5,860</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>(7,199)</b>
<b>Effect of foreign exchange rate</b>	<b>382</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>(957)</b>
Comprising:-	
▪ Cash on hand and at bank	3,574
▪ Bank overdrafts	(4,531)

**Net cash used in operating activities**

For FYE 31 December 2012, our Group's net cash generated from operating activities before the adjustments for working capital changes was approximately RM20.3 million. After adjusting for the decrease in changes in working capital of approximately RM6.3 million, the income taxes payment of approximately RM2.1 million, interest paid of approximately RM1.6 million and interest income received of approximately RM1.1 million, our Group's net cash generated from operating activities was approximately RM10.9 million.

**Net cash used in investing activities**

For FYE 31 December 2012, our Group's net cash used in investing activities of RM8.7 million mainly due to the payment of the second annual instalment of land premium in relation to the two long-term leasehold land for future expansion purposes of RM3.6 million and payment for machineries of RM5.1 million.

**Net cash from financing activities**

For FYE 31 December 2012, our Group's cash generated from financing activities of RM3.6 million represented gross proceeds raised via Public Issue of RM13.80 million and net financing from term loan and bankers' acceptances of about RM7.3 million. The net cash generated from financing activities were derived after payment of interest expense of about RM1.1 million and an estimated listing expense of RM1.8 million.

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**10. FINANCIAL INFORMATION (Cont'd)**

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends. A few of our lenders do require us to seek their prior consent for the dividend payments in accordance with the terms of the relevant facility agreements. However, we do not foresee our lenders to unreasonably withhold such consent and thus we are confident we can meet our cash obligations.

**10.5.3 Borrowings**

As at 31 December 2012, our Group had total outstanding borrowings of RM63.3 million, details of which are set out below:

	RM'000
Short-term borrowings	56,810*
Long-term borrowings	6,534
<b>Total borrowings</b>	<b>63,344</b>
<b>Proforma Consolidated Shareholders' Funds</b>	<b>127,377</b>
<b>Gearing ratio (times)</b>	<b>0.50</b>

Note:-

\* Included in the short-term borrowings are amounts of RM27.7 million denominated in USD9.1 million at the exchange rate of 3.0583 as at 31 December 2012

Our short-term bank borrowings are mainly overdrafts and bankers' acceptances, which are generally used for our working capital requirements. The interest rates for the bankers' acceptances are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings mainly comprise term loans, which are mainly obtained for purposes of acquiring plant and machinery. The interest rates for the term loans are generally based on the prevailing base lending rate plus a margin agreed upon between our Company and our respective bankers when the loans were granted.

We have not defaulted on any payments of either interest and/or principal sum in relation to any borrowings for the past one (1) financial year and the subsequent period up to LPD.

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**10. FINANCIAL INFORMATION (Cont'd)**

Our borrowings can be analysed further as follows:-

<b>Outstanding Borrowings</b>	<b>RM'000</b>
<b><u>Short Term (Due within 12 months)</u></b>	
Bank overdrafts	16,531
Term loans	2,939
Bankers' acceptances	37,252
Hire purchase	87
<b><u>Long Term (Due after 12 months)</u></b>	
Term loans	6,379
Hire purchase	156
<b>Total interest-bearing borrowings</b>	<b>63,344</b>
Non-interest bearing borrowings	-
Gearing Ratio as at 31 December 2012 <sup>(1)</sup>	0.55
Gearing Ratio after IPO <sup>(2)</sup>	0.50

Notes:-

(1) Based on audited shareholders' funds as at 31 December 2012 of RM115.4 million.

(2) Based on proforma shareholders' funds as at 31 December 2012 of RM127.4 million upon completion of the IPO and after the utilisation of proceeds as set out in Section 2.7 of this Prospectus.

In the situation where our Group anticipates that additional working capital is required to meet its payment obligations, our Group will obtain bankers' acceptances for its trade receipts and payables. The bankers' acceptances have differing maturities ranging from 90 to 180 days. The maturities are determined to match our Group's payment obligations.

#### **10.5.4 Breach of Terms and Conditions / Covenants Associated with Credit Arrangement / Bank Loan**

To the best of our Directors' knowledge, as at LPD, we have not breached any terms and conditions or covenants associated with our 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.

#### **10.5.5 Type of Financial Instruments Used**

As at LPD, save for the credit facilities disclosed in Section 10.5.3 and Section 10.5.6 of this Prospectus, we do not use any other financial instruments.

#### **10.5.6 Treasury Policies and Objectives**

We have been financing our operations through cash generated from our operations and external source of funds. Our external source of funds consists of credit term provided by our suppliers as well as bank borrowings. The normal credit terms granted by our suppliers ranges from 30 days to 90 days. Details of our borrowings are provided in Section 10.5.3 of this Prospectus.

We maintain foreign currency (namely SGD and USD) bank accounts to manage foreign currency transactions. Our foreign currency bank balances as at 31 December 2012 were as follows:

**10. FINANCIAL INFORMATION (Cont'd)**

Foreign Currency Bank Accounts	RM'000
Denominated in USD	852
Denominated in SGD	491
<b>Total</b>	<b>1,343</b>

As a large proportion of our export revenue and raw materials imports are denominated in USD, we are able to pay for USD denominated purchases with the revenue received in USD. This serves as a natural hedge to foreign currency fluctuations.

In addition to the above, we also manage our foreign currency exposure through short-term forward contracts to partially lock in RM-USD exchange rates.

There is no material impact of foreign exchange on our historical profits for the past five (5) FYE 31 December 2012.

**10.5.7 Material litigations, contingent liabilities and material commitments****(a) Material Litigations**

As at LPD, we are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or our business, and our Board is not aware of any proceeding pending or threatened against us, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of our Group.

**(b) Contingent Liabilities**

As at LPD, our Directors are not aware of any material contingent liabilities incurred by us or our Group, which upon becoming enforceable, may have a material effect on the financial position of our Group.

**(c) Material Commitments**

Save as disclosed below, as at LPD, our Directors are not aware of any other material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group:-

Material Commitments	RM'000
<b>Approved But Not Contracted For:</b>	
Machineries for batteries containers and covers such as Plastic Injection Machines and Moulds	1,283
<b>Total Capital Expenditure</b>	<b>1,283</b>

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**10. FINANCIAL INFORMATION (Cont'd)****10.6 KEY FINANCIAL RATIOS**

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

	FYE 31 December				
	2008	2009	2010	2011	2012
Trade receivables turnover (days)	101	115	110	103	110
Trade payables turnover (days)	14	35	33	33	32
Inventory turnover (days)	171	162	180	212	203

Our Group's primary exposure to credit risk arises from our trade receivables. Our Group's sales to its local customers are mainly on credit term. For most of the overseas customers, payments are made through letter of credit upon delivery of our goods and an upfront deposit is normally required upon order. Only some of our sales to our overseas customers are on credit term. Our credit period generally ranges from 30 days to 180 days. In exceptional cases, the credit terms will be assessed and approved discretely. Credit risk is managed by our strict credit approval and close monitoring procedures. Our Group granted long credit terms to our local Wholesalers and Distributors mainly due to its established relationship with them. Notwithstanding the long credit period, our Group did not experience any default in payment from these Wholesalers and Distributors. For future sale transactions, our Group will negotiate with its local Wholesalers and Distributors to shorten the credit period.

The credit terms granted by our suppliers generally range from 30 to 90 days. Our Group purchased raw material from overseas suppliers, which grant credit terms of 30 days. Purchase of raw material from overseas made up of approximately 70% of total purchases. In view of this, our trade payables turnover period was maintained at approximately 30 days for the past five (5) FYE 31 December 2012, save for 2008 which was mainly due to lower purchases for the month of December resulting in lower payables as at 31 December 2008.

Our Group managed its payment obligations through close monitoring of its daily cashflow position. Our Group was able to maintain sufficient funds to meet its payment obligations by adopting the following strategies:-

- (i) Keep track of our Group's account receivables to ensure that its customers adhered to the credit terms granted by our Group. Prior to making its monthly payments, our Group usually had sufficient cash surplus arising from the payments from its customers.
- (ii) In the situation where our Group anticipated that additional working capital is required to meet its payment obligations, our Group will obtain bankers' acceptances for its trade receipts and payables. These trade facilities have differing credit terms ranging from 120 to 180 days. The credit terms were determined to match our Group's payment obligations.

Using the above strategies, our Group had not failed to meet its payment obligations in the past. This is evidenced by having no legal suits taken against our Group by its suppliers in the past.

Notwithstanding the above, our Group will use its best endeavour to narrow the gap between receivables and payables. For future sale transactions, our Group will negotiate with its customers to shorten the credit period.

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**10. FINANCIAL INFORMATION (Cont'd)**

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Our inventories mainly comprised raw materials (such as lead), work-in-progress products (such as grid and plates) and finished goods (batteries). Our inventory turnover period decreased from 264 days to 171 in 2008 and further decreased to 162 days in 2009. The inventory turnover period then increased to 180 days in 2010. The significant decrease for FYE 31 December 2008 was mainly due to higher level of inventories kept during FYE 31 December 2007 in anticipation of the fluctuation in the price of lead in the second half of 2007. There was no significant variance between FYE 31 December 2009 and 2008. The increase in 2010 compared to 2009 was mainly due to the higher inventory value as a result of higher lead price towards the end of 2010. The inventory turnover periods were 180 days and 212 days in FYE 31 December 2010 and 2011 respectively. The increase was mainly due to the higher inventory value resulted from higher lead price and higher volume of lead in 2010 and 2011. In FYE 31 December 2012, the inventory turnover period had decreased to 203 days which was mainly due to lower lead price as compared to FYE 31 December 2011.

To be prudent, our Group keeps sufficient level of stocks in order to overcome problems associated with unexpected delay in the shipment of raw material by our suppliers to ensure smooth operation of our production processes and our delivery to our customers. As our inventories are not easily perishable (as when the battery is in dry condition, it has a shelf life of more than 5 years), we have not written off any of our inventories.

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

Aging Analysis of Trade Receivables as at 31 December 2012 is as follows:-

Trade receivables	Within credit period					Exceeding credit period	Total
	0-30 days	31-60 days	61-90 days	91-120 days	121 - 180 days	>90 days*	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	10,258	6,483	4,001	6,798	6,802	78	34,420
AB Marketing	470	470	310	602	-	791	2,643
Auto Industries	1,311	1,307	560	-	-	250	3,428
<b>Net trade receivables</b>	<b>12,039</b>	<b>8,260</b>	<b>4,871</b>	<b>7,400</b>	<b>6,802</b>	<b>1,119</b>	<b>40,491</b>
<b>Percentages of total trade receivables</b>	<b>29.7%</b>	<b>20.4%</b>	<b>12.0%</b>	<b>18.3%</b>	<b>16.8%</b>	<b>2.8%</b>	<b>100.0%</b>

Note:-

\* The credit periods granted by the Group are 90 days and 180 days, depending on the credit assessment of the customers. The receivables exceeding credit period as set out above relates to customers given 90-day credit period.

Trade receivables are monitored on an ongoing basis via the Group's reporting procedures. Trade receivables are non-interest bearing.

As at 31 December 2012, trade receivables stood at RM40.5 million. As at LPD, approximately 97.7% of trade receivables exceeding credit period have been collected and all receivables did not exceed the credit period of 180 days.

**Trade payables**

Aging analysis for trade payables as at 31 December 2012:-

Trade Payables	Within credit period			Exceeding credit period			Total
	0-30 days	31-60 days	61-90 days	91-120 days	121 - 180 days	>180 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
AB Manufacturing	8,413	1,161	92	332	10	77	10,085
AB Marketing	1	-	-	-	-	-	1
Auto Industries	33	24	-	-	-	-	57
<b>Net trade payables</b>	<b>8,447</b>	<b>1,185</b>	<b>92</b>	<b>332</b>	<b>10</b>	<b>77</b>	<b>10,143</b>
<b>Percentages of total trade payables</b>	<b>83.3%</b>	<b>11.7%</b>	<b>0.8%</b>	<b>3.3%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>100.0%</b>

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one (1) to three (3) months.

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**10. FINANCIAL INFORMATION (Cont'd)**

As at 31 December 2012, trade payables stood at RM10.11 million out of which RM0.4 million had exceeded 90 days. As at LPD, approximately 81% of payables exceeding 90 days as at 31 December 2012, have been paid.

**10.7 TREND INFORMATION**

Despite the recent downturn in the global economy, the automotive battery market is likely to experience an expansion owing to the product's reliability, rugged construction and low maintenance cost. As a consumable item, automobile batteries are necessities to automobile owners on a recurring basis, so as to permit an automobile to perform its core functions in the realms of starting, lighting and ignition. Without a battery replacement once it reached the end of its lifespan, an automobile will be rendered immobile.

From the past few financial years under review and up to LPD, our Directors have observed the following trends based on the industry outlook and business performance of our Group:-

**(i) Trends in automotive batteries demand in local market**

Growth in the automotive battery aftermarket is expanding, due to a persistent need for replacement batteries as they are consumable items and the increasing number of motor vehicles on the roads. Basically, aftermarket demand for batteries is a function of automotive sales of the previous years. Among registered automotives in Malaysia, motor cars expanded the fastest at a compounded annual compounded growth rate ("CAGR") of 6.8% between 2008 and 2012.

Malaysia assembled and produced approximately 570,000 automotive (passenger cars and commercial vehicles) in 2012, and hence, the OEM market (automotive assemblers and manufacturers) is an important market for automotive battery manufacturers in the country. With rising income level, the motorisation rate is expected to further increase in the country. In line with rising disposable incomes, introduction of new passenger car models and the growing necessity of automotives for transportation purposes, the OEM market is anticipated to further increase throughout the next few years.

*(Source: Independent Market Research Report of the Automotive Battery Manufacturing Industry in Malaysia prepared by Infobusiness).*

**Trends in export of batteries**

For the export market, we have built a healthy relationship with overseas customers in promoting our products over the past twelve (12) years. Our Group has exported our products to the overseas markets since 2000. Our Group's products have been exported to various countries.

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**10. FINANCIAL INFORMATION (Cont'd)**

Based on the latest publicly available audited financial statements and assuming that all the exports of GPA Holdings Berhad and Yokohama Industries Berhad are automotive batteries, the export revenues contributed by each automotive battery manufacturers in Malaysia, including ABM Fujiya Group are as follows:-

Company	FYE	Export Revenue (RM'000)
ABM Fujiya Group	31/12/12	65,024
GPA Holdings Berhad	31/03/12	49,273
Yokohama Industries Berhad	31/12/12	57,121

Note:-

*Yuasa Battery (Malaysia) Sdn Bhd is excluded from the comparison as the export revenue (if any) is not available publicly.*

*(Source: Annual Report of the respective companies)*

Over the next few years, we plan to expand our market presence in South America and countries in Europe and Indochina which we currently have no presence in.

**(iii) Trends in Technology**

Major technological trends in the automotive battery manufacturing industry are primarily driven by the applications that utilise the batteries, including shorter product development cycles due to new designs and product innovations on the application side. In addition, applications have not only become smaller but also more powerful, thus creating demand for more compact yet better performing batteries. Automotive battery manufacturers are constantly seeking ways of eking more capacity out of batteries as well as making them smaller, more reliable and quicker to recharge.

*(Source: Independent Market Research Report of the Automotive Battery Manufacturing Industry in Malaysia prepared by Infobusiness).*

In future, our R&D division is planning to carry out research on the manufacturing lithium-ion batteries and VRLA. VRLA is commonly used as industrial storage and standby batteries whilst Lithium-ion battery can be used for electric appliance such as mobile phone and laptop.

**(iv) Trends in Selling Prices and Demand for Our Products**

The selling prices of our products are generally dependent on the prices of our raw materials such as lead. Lead is a major cost component in the manufacturing of our products and constitutes approximately 70% of the total cost of our product. Any fluctuation in the prices of lead, which is traded on the LME, will influence the prices of raw material purchased and our cost of production. Any increase in the price of lead will, to a certain extent, drive the selling price of our products upwards as we seek to pass the higher cost to our customers. The fluctuation in the price of lead is subject to mechanism of supply and demand in the market, whereby any shortages in supply coupled with increased demand will drive up the prices of lead.

Since 2004, the prices of lead have been fluctuating and are expected to remain volatile in view of the global economic conditions. Nevertheless, as lead is a widely traded commodity in the overseas market, any fluctuation in the prices of lead will affect all the players in the battery manufacturing industry.

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**10. FINANCIAL INFORMATION (Cont'd)**

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Notwithstanding the above, the demand for our products is mainly attributable to the level of demand for batteries in the markets by end users of vehicles, marine transport, recreation park vehicles (such as golf buggies) and light industrial equipments (scissor lifts). The continuing increase in the total number of vehicle registration in both the local and overseas market will ultimately drive demand for our products.

Save as disclosed above and under Section 10.4.2 of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any other known recent trends in demand for batteries, technology and selling prices of our battery and other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material and adverse effects on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

**10.8 ORDER BOOK**

We do not have long term contracts for our battery business as most of our sales are from established customers who have long term relationships with us. We are also continually attracting new customers in our expansion of our business.

We have earned the confidence and recognition of our customers, both locally and overseas, due to our track record of delivering products on time that are of high-quality which satisfies the stringent demands imposed by them at a competitive price.

Despite the absence of long-term agreements with our customers, we do not foresee any termination of orders by any of our major customers, as we work closely with them in various aspects.

**10.9 DIVIDEND POLICY**

The Company presently has no dividend policy.

The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board and any final dividend for the year is subject to our shareholders' approval.

It is our intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including our Group's financial performance, cash flow requirements for operations, financing commitments and capital expenditure, availability of adequate distributable reserves and any other factors considered relevant by our Board.

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

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11. ACCOUNTANTS' REPORT



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ABM Fujiya Berhad  
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Lorong Pangkalan  
Off Jalan Pangkalan  
Pending Industrial Estate  
93450, Kuching, Sarawak

29 May 2013

Dear Sirs

**ABM FUJIYA BERHAD  
ACCOUNTANTS' REPORT**

**1. Introduction**

This report has been prepared by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of ABM Fujiya Berhad ("ABM Fujiya" or "the Company") to be dated 28 June 2013 in connection with the listing of and quotation for the entire enlarged issued and paid-up capital of ABM Fujiya on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied on for any other purposes.

**2. General Information**

**2.1 The Company's Background**

ABM Fujiya was incorporated in Malaysia on 16 September 2003 as a public limited company under the Companies Act, 1965.

The Company, which was previously dormant, became an investment holding company following its acquisition on 28 December 2010 of the companies as stated in Notes 2.2.1 and 2.2.2. The principal activities of the subsidiaries acquired are disclosed in Note 2.5. Save as disclosed, there have been no significant changes in the nature of the principal activities of the Group and of the Company for the years covered by this report.

**2.2 Flotation Exercise**

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of ABM Fujiya on the Main Market of Bursa Securities ("Listing"), the Company has effected the acquisitions as stated in Notes 2.2.1 and 2.2.2 and will undertake the listing exercises as stated in Notes 2.2.3 to 2.2.5.

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**2.2.1 Acquisition of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd. ("AB Manufacturing")**

ABM Fujiya has on 28 December 2010 acquired the entire issued and paid-up share capital of AB Manufacturing, satisfied by the issuance of 156,999,996 ordinary shares of RM0.50 each. The issued and paid up share capital of ABM Fujiya has accordingly increased from RM2 to RM78,500,000 on that date.

**2.2.2 Acquisitions of Amalgamated Batteries Corporation Sdn. Bhd. ("AB Corporation") and Anpei Corporation Sdn. Bhd. ("Anpei")**

Upon the completion of the acquisition of AB Manufacturing above, the shares held by AB Manufacturing in AB Corporation and Anpei have been transferred to ABM Fujiya on 28 December 2010 for a total consideration of RM1.00 each, satisfied in cash.

**2.2.3 Public Issue**

Public issue of 23,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.60 per share, allocated in the following manner, is to be effected:-

- (i) 4,500,000 ordinary shares will be made available for application by eligible employees and directors of ABM Fujiya and its subsidiaries;
- (ii) 8,000,000 ordinary shares will be made available for private placement to selected investors; and
- (iii) 10,500,000 ordinary shares will be made available for application by the Malaysian public.

**2.2.4 Offer for Sale**

9,000,000 ordinary shares of RM0.50 each, representing 5% of ABM Fujiya's enlarged issued and paid-up share capital, to be offered for sale at RM0.60 per share in the following manner, is to be effected:-

- (i) 2,000,000 ordinary shares to selected investors via private placement; and
- (ii) 7,000,000 ordinary shares to Bumiputra investors approved by the Ministry of International Trade and Industry.

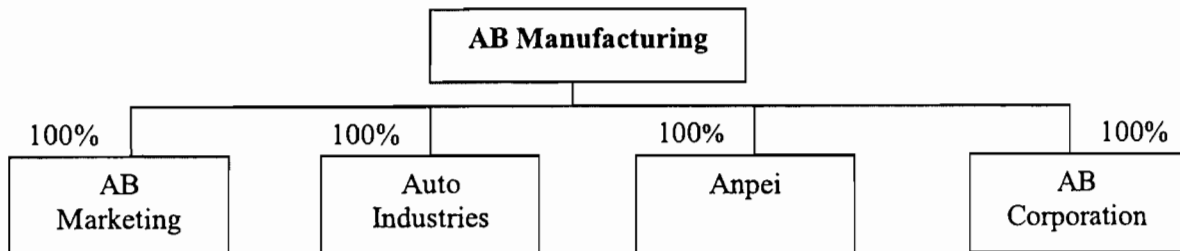
**2.2.5 Listing and Quotation**

Listing of and quotation for ABM Fujiya's enlarged issued and paid-up share capital of up to 180,000,000 ordinary shares of RM0.50 each on the Main Market of Bursa Securities is to be effected upon the completion of the above-mentioned proposals.



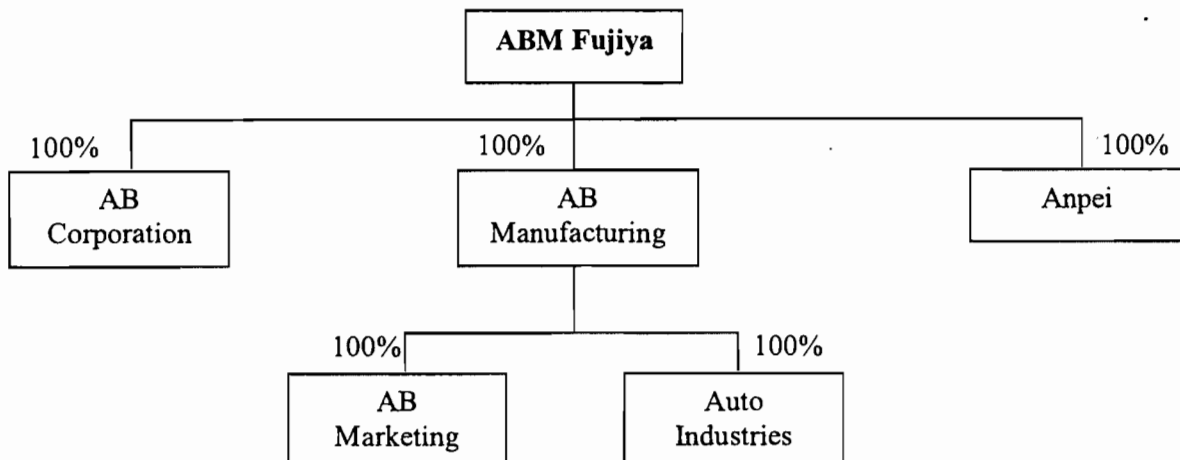
## 2.3 Group Structure

### 2.3.1 Structure of AB Manufacturing Group prior to Restructuring



### 2.3.2 Structure after Restructuring – ABM Fujiya Group

Upon the implementation of the restructuring scheme as set out in Note 2.2 above, the structure of ABM Fujiya Group is as follows:



#### Notes:

<b>ABM Fujiya</b>	:	<b>ABM Fujiya Berhad</b>
<b>AB Manufacturing</b>	:	<b>Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.</b>
<b>AB Marketing</b>	:	<b>Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.</b>
<b>Auto Industries</b>	:	<b>Auto Industries Batteries (East Malaysia) Sdn. Bhd.</b>
<b>Anpei</b>	:	<b>Anpei Corporation Sdn. Bhd.</b>
<b>AB Corporation</b>	:	<b>Amalgamated Batteries Corporation Sdn. Bhd.</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 2.4 Share Capital

At the date of incorporation, ABM Fujiya's authorised share capital was RM100,000 comprising 100,000 ordinary shares of RM1.00 each. Its issued and paid-up share capital upon incorporation was RM2.00 comprising 2 ordinary shares of RM1.00 each.

On 6 May 2004, ABM Fujiya undertook a share split exercise to reduce the par value of its ordinary shares from RM1.00 to RM0.50 per share. The two subscriber shares were then sub-divided into 4 ordinary shares of RM0.50 each while the authorised share capital of RM100,000 was altered from 100,000 ordinary shares of RM1.00 each to 200,000 ordinary shares of RM0.50 each.

On 8 January 2010, ABM Fujiya increased its authorised share capital from RM100,000 to RM500,000,000 by the creation of additional 999,800,000 ordinary shares of RM0.50 each, ranking *pari passu* in all respects with its existing ordinary shares.

On 28 December 2010, the Company issued 156,999,996 new ordinary shares of RM0.50 each as consideration for the acquisition of the entire equity interest in AB Manufacturing, which thereafter became a wholly-owned subsidiary of the Company.

The changes in the issued and paid-up share capital of ABM Fujiya since its incorporation to the date of this report are as follows:

Date of allotment	Number of ordinary shares	Par value RM	Consideration	Cumulative issued and fully paid-up share capital RM
Upon incorporation	2	1.00	Subscriber shares	2
6 May 2004	4	0.50	Sub-division of shares	2
28 December 2010	156,999,996	0.50	Shares in AB Manufacturing	78,500,000

The issued and paid-up share capital of ABM Fujiya will subsequently be increased up to RM90,000,000 by way of a public issue of 23,000,000 new ordinary shares of RM0.50 each at an issue price of RM0.60 per share.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 2.5 Information on Subsidiaries

Details of the subsidiaries of the Company, which are all incorporated in Malaysia, are as follows:

Name of company	Date of incorporation	Share capital		Principal activities
		Authorised RM	Issued and fully paid-up RM	
AB Manufacturing	26.06.1971	100,000,000	82,123,000	Manufacture and sale of automotive batteries
AB Corporation	08.03.2004	100,000	10,000	Dormant
Anpei	27.01.1994	500,000	10,000	Dormant
<u>Indirect through AB Manufacturing</u>				
AB Marketing	13.03.2004	100,000	2	Retailing of automotive batteries
Auto Industries	23.09.1978	1,000,000	574,568	Dealer in batteries and lubricants.

## 3. Financial Statements and Auditors

The financial year end of ABM Fujiya and its subsidiaries is 31 December.

KPMG have been the auditors of ABM Fujiya Group for the relevant years covered in this report, except for Anpei, the financial statements of which were audited by another firm of Chartered Accountants for the years ended 31 December 2008 to 2011. KPMG have been appointed the auditors of Anpei for the year ended 31 December 2012 onwards.

### 3.1 Auditors' Report

The auditors' reports for all the companies in the ABM Fujiya Group for the financial years under review were not subject to any qualification under Section 174(3) of the Companies Act, 1965.

### 3.2 Accounting Policies and Standards

The financial statements of ABM Fujiya, AB Manufacturing and its subsidiaries for the year ended 31 December 2008 were prepared in accordance with Private Entity Reporting Standards issued by Malaysian Accounting Standard Board (MASB). Their financial statements for the years ended 31 December 2009 to 2011 were prepared in accordance with Financial Reporting Standards (FRSs) in Malaysia issued by MASB. Their financial statements for the year ended 31 December 2012 were prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) issued by MASB and International Financial Reporting Standards.

This report is prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Note 6 of this report.

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**3.3 Material Changes in the Accounting Policies Adopted**

There are no material changes in the accounting policies adopted during the years under review except for those changes as noted in Note 6.2.

**3.4 Restatements to the Audited Financial Statements**

There are no restatements to the audited financial statements for the years under review except for the reclassification of the carrying amount of certain leasehold land at 1 January 2008/2009 and 31 December 2008/2009 from prepaid lease payments to property, plant and equipment following the adoption of the amendments to FRS 117, *Leases*, with effect from 1 January 2010.

**4. Dividends**

No dividend was declared or paid by any of the companies in ABM Fujiya Group for the financial years under review, except for the first interim tax-exempt dividend amounting to RM3,000,000 in respect of the year ended 31 December 2009 declared by AB Manufacturing on 15 December 2009. The dividend was paid on 31 March 2010.

The Directors did not recommend any dividend to be paid for the year ended 31 December 2012.

**5. Audited Financial Statements**

ABM Fujiya Group has only come into existence on 28 December 2010 upon the completion of the acquisitions as mentioned in Note 2.2.1 and Note 2.2.2. Hence, there are no audited consolidated financial statements for ABM Fujiya Group for the financial years ended 31 December 2008 and 2009. Audited consolidated financial statements are only available for ABM Fujiya Group for the years ended 31 December 2010 to 2012.

The structure of AB Manufacturing and its subsidiaries (collectively "AB Manufacturing Group") prior to restructuring as illustrated in Note 2.3.1 above only came into effect on 31 December 2008, upon AB Manufacturing acquiring the entire equity interest in Auto Industries. The other subsidiaries of AB Manufacturing, namely AB Marketing, Anpei and AB Corporation were either incorporated or acquired by AB Manufacturing earlier than 1 January 2008.

In preparing its consolidated financial statements for the years ended 31 December 2010 to 2012, ABM Fujiya has accounted for the acquisitions of AB Manufacturing and its subsidiaries using the merger method of accounting, treating the business combinations as a common control transaction as if the acquisitions had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this reason and for the purpose of this report, we have presented the consolidated information of the ABM Fujiya Group as follows:

- (a) years ended 31 December 2010 to 2012 – using the audited financial statements of ABM Fujiya Group; and
- (b) years ended 31 December 2008 and 2009 – using the audited financial statements of AB Manufacturing Group.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.1 ABM Fujiya - Company

## 5.1.1 Statement of profit or loss and other comprehensive income

	Note	31 December				
		2008 RM	2009 RM	2010 RM	2011 RM	2012 RM
Administrative expenses		( 3,517)	( 6,158)	(198,349)	(186,694)	( 61,791)
Loss/Total comprehensive loss for the year attributable to the owners of the Company	5.1.6	( 3,517)	( 6,158)	(198,349)	(186,694)	( 61,791)
Gross profit ("GP") margin (%)		N/A	N/A	N/A	N/A	N/A
PBT margin (%)		N/A	N/A	N/A	N/A	N/A
PAT margin (%)		N/A	N/A	N/A	N/A	N/A
Effective tax rate (%)		N/A	N/A	N/A	N/A	N/A
Weighted average number of ordinary shares of RM0.50 in issue		4	4	157,000,000	157,000,000	157,000,000
Loss per share (RM)						
- Gross		( 879.25)	(1,539.50)	*	*	*
- Net		( 879.25)	(1,539.50)	*	*	*
Interest coverage ratio (times)		N/A	N/A	N/A	N/A	N/A
Gross dividend rate (%)		N/A	N/A	N/A	N/A	N/A

**Notes:**

N/A Not applicable

\* Represents loss per share of less than RM1.00

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.1.2 Statement of financial position

	Note	31 December				
		2008 RM	2009 RM	2010 RM	2011 RM	2012 RM
<b>Non-current asset</b>						
Investment in subsidiaries	5.1.7	-	-	78,500,000	78,500,000	78,500,000
<b>Current asset</b>						
Cash and bank balances		2	2	-	958	888
<b>Total assets</b>		<u>2</u>	<u>2</u>	<u>78,500,000</u>	<u>78,500,958</u>	<u>78,500,888</u>
<b>Equity</b>						
Share capital	5.1.5	2	2	78,500,000	78,500,000	78,500,000
Accumulated losses		( 16,299)	( 22,457)	( 220,806)	( 407,500)	( 469,291)
<b>Total equity/(deficit in equity)</b>		<u>( 16,297)</u>	<u>( 22,455)</u>	<u>78,279,194</u>	<u>78,092,500</u>	<u>78,030,709</u>
Trade and other payables		16,299	5,260	15,207	123,063	115,838
Amount due to Directors	5.1.8	-	17,197	80,849	81,849	84,616
Amount due to a subsidiary		-	-	124,750	203,546	269,725
<b>Total current liabilities</b>		<u>16,299</u>	<u>22,457</u>	<u>220,806</u>	<u>408,458</u>	<u>470,179</u>
<b>Total equity and liabilities</b>		<u>2</u>	<u>2</u>	<u>78,500,000</u>	<u>78,500,958</u>	<u>78,500,888</u>
Weighted average number of ordinary shares in issue		4	4	157,000,000	157,000,000	157,000,000
Net assets/(liabilities)		( 16,297)	( 22,455)	78,279,194	78,092,500	78,030,709
Net assets/(liabilities) per share		( 4,074)	( 5,614)	#	#	#
Gearing ratio (times)		N/A	N/A	N/A	N/A	N/A
Current ratio (times)		*	*	*	*	*
Trade receivables turnover period (days)		N/A	N/A	N/A	N/A	N/A
Trade payables turnover period (days)		N/A	N/A	N/A	N/A	N/A
Inventories turnover period (days)		N/A	N/A	N/A	N/A	N/A

**Notes:**

N/A Not applicable

\* Represents ratio of less than one

# Represents net assets of less than RM1.00

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.1.3 Statement of changes in equity

	Share capital RM	Accumulated losses RM	Total RM
<b>At 1 January 2008</b>	2	( 12,782)	( 12,780)
Total comprehensive loss for the year	-	( 3,517)	( 3,517)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2008/ 1 January 2009</b>	2	( 16,299)	( 16,297)
Total comprehensive loss for the year	-	( 6,158)	( 6,158)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2009/ 1 January 2010</b>	2	( 22,457)	( 22,455)
Shares issued	78,499,998	-	78,499,998
Total comprehensive loss for the year	-	( 198,349)	( 198,349)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2010/ 1 January 2011</b>	78,500,000	( 220,806)	78,279,194
Total comprehensive loss for the year	-	( 186,694)	( 186,694)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2011/ 1 January 2012</b>	78,500,000	( 407,500)	78,092,500
Total comprehensive loss for the year	-	( 61,791)	( 61,791)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2012</b>	<u>78,500,000</u>	<u>( 469,291)</u>	<u>(78,030,709)</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.1.4 Statement of cash flows

	31 December				
	2008 RM	2009 RM	2010 RM	2011 RM	2012 RM
<b>Cash flows from operating activities</b>					
Loss before tax	( 3,517)	( 6,158)	( 198,349)	( 186,694)	( 61,791)
Increase in working capital:					
Trade and other payables	3,517	6,158	9,947	107,856	( 7,225)
Amount due to Directors	-	-	63,652	1,000	2,767
Amount due to a subsidiary	-	-	124,750	78,796	66,179
<b>Net cash from/(used in) operating activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>958</u>	<u>( 70)</u>
<b>Cash flows from investing activity</b>					
Investment in subsidiaries ^	-	-	( 2)	-	-
<b>Net cash used in investing activity</b>	<u>-</u>	<u>-</u>	<u>( 2)</u>	<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	-	-	( 2)	958	( 70)
Cash and cash equivalents at beginning of year	2	2	2	-	958
<b>Cash and cash equivalents at end of year</b>	<u>2</u>	<u>2</u>	<u>-</u>	<u>958</u>	<u>888</u>

^ On 28 December 2010, the Company acquired the entire issued and paid-up share capital of AB Manufacturing, satisfied by a cash consideration of RM2 and issuance of 156,999,996 ordinary shares of RM0.50 each. Consequently, the issued and paid up share capital of the Company has increased from RM2 to RM78,500,000 on the same date.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.1.5 Share capital

	31 December				
	2008 Number of shares	2009 Number of shares	2010 Number of shares	2011 Number of shares	2012 Number of shares
<u>Authorised:</u>					
Ordinary shares of RM0.50 each					
Opening balance	200,000	200,000	200,000	1,000,000,000	1,000,000,000
Addition	-	-	999,800,000	-	-
Closing balance	200,000	200,000	1,000,000,000	1,000,000,000	1,000,000,000
<u>Issued and fully paid:</u>					
Ordinary shares of RM0.50 each					
Opening balance	4	4	4	157,000,000	157,000,000
Addition	-	-	156,999,996	-	-
Closing balance	4	4	157,000,000	157,000,000	157,000,000

On 8 January 2010, ABM Fujiya increased its authorised share capital from RM100,000 to RM500,000,000 by the creation of an additional 999,800,000 ordinary shares of RM0.50 each, ranking *pari passu* in all respects with its existing ordinary shares.

On 28 December 2010, the Company issued 156,999,996 new ordinary shares of RM0.50 each as consideration for the acquisition of the entire equity interest in AB Manufacturing.

## 5.1.6 Total comprehensive loss for the year

	31 December				
	2008 RM	2009 RM	2010 RM	2011 RM	2012 RM
Total comprehensive loss is arrived at after charging:					
Audit fee					
- statutory audit	1,000	1,000	10,000	10,000	12,000
- other audit	-	-	1,000	-	25,000

## 5.1.7 Investment in subsidiaries

Unquoted shares, at cost	-	-	78,500,000	78,500,000	78,500,000
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Details of the subsidiaries are disclosed in Note 2.5.

## 5.1.8 Amount due to Directors

Amount due to Directors is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2 AB Manufacturing Group / ABM Fujiya Group

## 5.2.1 Consolidated statement of profit or loss and other comprehensive income

	Note	31 December				
		2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
<b>Revenue</b>		132,893	126,329	127,237	127,885	134,262
Cost of sales		( 113,033)	( 108,419)	( 105,013)	( 108,440)	( 116,911)
<b>Gross profit</b>		19,860	17,910	22,224	19,445	17,351
Other operating income		1,554	1,152	1,504	645	2,217
Distribution cost		( 1,320)	( 1,496)	( 1,460)	( 1,700)	( 2,305)
Administrative expenses		( 5,307)	( 5,027)	( 6,037)	( 5,960)	( 6,129)
<b>Results from operating activities</b>	5.2.5	14,787	12,539	16,231	12,430	11,134
Finance income		31	19	814	192	- <sup>^</sup>
Finance costs		( 3,669)	( 2,705)	( 2,822)	( 2,480)	( 2,624)
Net finance costs		( 3,638)	( 2,686)	( 2,008)	( 2,288)	( 2,624)
<b>Profit before tax</b>		11,149	9,853	14,223	10,142	8,510
Income tax expense	5.2.6	( 1,480)	( 1,347)	( 1,406)	( 2,052)	( 1,802)
<b>Profit / Total comprehensive income for the year attributable to owners of the company</b>		9,669	8,506	12,817	8,090	6,708

<sup>^</sup> Less than RM500

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.1 Consolidated statement of profit or loss and other comprehensive income (continued)

	31 December				
	2008	2009	2010	2011	2012
Gross profit ("GP") margin (%)	14.94	14.18	17.47	15.21	12.92
Profit before tax ("PBT") margin (%)	8.39	7.80	11.18	7.93	6.34
Net profit after tax ("PAT") margin (%)	7.28	6.73	10.07	6.33	5.00
Effective tax rate (%) <sup>#</sup>	13.27	13.67	9.89	20.23	21.18
Weighted average number of ordinary shares in issue ('000)	10,665	81,054	157,000 <sup>+</sup>	157,000	157,000
Profit per share (RM)					
- Gross	1.86	0.22	0.14	0.12	0.11
- Net	0.91	0.10	0.08	0.05	0.04
Interest coverage ratio (times)	4.03	4.64	5.75	5.01	4.24
Gross dividend rate (%)	N/A	3.70 <sup>^</sup>	N/A	N/A	N/A

**Notes:**

N/A Not applicable

<sup>^</sup> An interim exempt ordinary dividend of RM3,000,000 was declared by AB Manufacturing in respect of the year ended 31 December 2009 on 15 December 2009 and was paid on 31 March 2010. The Directors did not recommend any dividend to be paid for the year ended 31 December 2012.

<sup>#</sup> Effective tax rates include deferred tax effects and under/over provision of tax in relation to previous years. The effective tax rates for the years under review were lower than the statutory tax rates mainly due to the utilisation of reinvestment allowances available to AB Manufacturing.

<sup>+</sup> For the purpose of computing the profit per share for 2010, it is assumed that the number of ordinary shares in issue for ABM Fujiya throughout that year is 157,000,000 ordinary shares of RM0.50 each.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.2 Consolidated statement of financial position

	Note	31 December				
		2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
<b>Assets</b>						
Property, plant and equipment	5.2.7a	77,395	82,728	103,450	100,637	96,405
Prepaid lease payments	5.2.7b	6,144	5,915	5,685	5,456	5,227
<b>Total non-current assets</b>		<b>83,539</b>	<b>88,643</b>	<b>109,135</b>	<b>106,093</b>	<b>101,632</b>
Inventories	5.2.8	52,803	48,049	51,914	63,074	64,929
Trade and other receivables	5.2.9	37,293	40,226	38,353	36,175	40,557
Deposits and prepayments		-	-	612	313	371
Current tax recoverable		1,019	478	790	143	281
Cash and bank balances	5.2.10	4,451	1,346	4,206	2,130	3,574
<b>Total current assets</b>		<b>95,566</b>	<b>90,099</b>	<b>95,875</b>	<b>101,835</b>	<b>109,712</b>
<b>Total assets</b>		<b>179,105</b>	<b>178,742</b>	<b>205,010</b>	<b>207,928</b>	<b>211,344</b>
<b>Equity</b>						
Share capital	5.2.11	10,665	81,054	78,500	78,500	78,500
Merger reserve		-	-	3,643	3,643	3,643
Retained earnings		70,702	5,819	18,436	26,526	33,234
<b>Total equity attributable to owners of the Company</b>		<b>81,367</b>	<b>86,873</b>	<b>100,579</b>	<b>108,669</b>	<b>115,377</b>
<b>Liabilities</b>						
Loans and borrowings	5.2.12	10,381	6,042	9,423	10,747	6,534
Deferred tax liabilities	5.2.13	7,328	8,460	9,227	9,423	9,092
Other payable	5.2.14	-	-	12,750	9,107	5,464
<b>Total non-current liabilities</b>		<b>17,709</b>	<b>14,502</b>	<b>31,400</b>	<b>29,277</b>	<b>21,090</b>
Trade and other payables	5.2.14	8,965	17,802	16,136	17,129	17,659
Amount due to Directors	5.2.15	141	185	522	274	131
Current tax payable		30	37	109	8	277
Loans and borrowings	5.2.12	70,893	59,343	56,264	52,571	56,810
<b>Total current liabilities</b>		<b>80,029</b>	<b>77,367</b>	<b>73,031</b>	<b>69,982</b>	<b>74,877</b>



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.2 Consolidated statement of financial position (continued)

	Note	31 December				
		2008	2009	2010	2011	2012
		RM	RM	RM	RM	RM
		'000	'000	'000	'000	'000
<b>Total liabilities</b>		97,738	91,869	104,431	99,259	95,967
<b>Total equity and liabilities</b>		179,105	178,742	205,010	207,928	211,344

	31 December				
	2008	2009	2010	2011	2012
Number of ordinary shares paid up as at end of year ('000)	10,665	81,054	157,000	157,000	157,000
Net assets ("NA") ('000)	81,367	86,873	100,579	108,669	115,377
NA per share (RM)	7.63	1.07	0.64	0.69	0.73
Gearing ratio (times)	1.00	0.75	0.65	0.58	0.55
Current ratio (times)	1.19	1.16	1.31	1.46	1.47
Trade receivables turnover period (days)	102	115	110	103	110
Trade payables turnover period (days)	14	35	34	33	32
Inventories turnover period (days)	171	162	180	212	203

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.3 Consolidated statement of changes in equity

	Share capital RM '000	<i>Non-distributable</i> Merger reserve RM '000	<i>Distributable</i> Retained earnings RM '000	Total RM '000
<b>At 1 January 2008</b>	10,664	-	61,033	71,697
Shares issued	1	-	-	1
Total comprehensive income for the year	-	-	9,669	9,669
<b>At 31 December 2008/ 1 January 2009</b>	10,665	-	70,702	81,367
Bonus issued	70,389	-	( 70,389)	-
Dividend <sup>^</sup>	-	-	( 3,000)	( 3,000)
Total comprehensive income for the year	-	-	8,506	8,506
<b>At 31 December 2009</b>	<u>81,054</u>	<u>-</u>	<u>5,819</u>	<u>86,873</u>
<b>At 1 January 2010</b>	-	-	( 22)	( 22)
Shares issued	78,500	-	-	78,500
Business combinations involving common control transactions	-	3,643	5,819	9,462
Effect of adopting FRS 139	-	-	( 178)	( 178)
Total comprehensive income for the year	-	-	12,817	12,817
<b>At 31 December 2010/ 1 January 2011</b>	78,500	3,643	18,436	100,579
Total comprehensive income for the year	-	-	8,090	8,090
<b>At 31 December 2011 1 January 2012</b>	78,500	3,643	26,526	108,669
Total comprehensive income for the year	-	-	6,708	6,708
<b>At 31 December 2012</b>	<u>78,500</u>	<u>3,643</u>	<u>33,234</u>	<u>115,377</u>

Note:

- <sup>^</sup> An interim exempt ordinary dividend of RM3,000,000 was declared by AB Manufacturing in respect of the year ended 31 December 2009 on 15 December 2009 and was paid on 31 March 2010.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.4 Consolidated statement of cash flows

	31 December				
	2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
<b>Cash flows from operating activities</b>					
Profit before tax	11,149	9,853	14,223	10,142	8,510
Adjustments for:					
Amortisation of prepaid lease payments	229	229	229	229	229
Depreciation of property, plant and equipment	5,629	6,977	8,531	9,042	9,371
Goodwill written off	1,158	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	( 18)	-
Finance costs	3,669	2,705	2,822	2,480	2,624
Finance income	( 31)	( 19)	( 814)	( 192)	^
Property, plant and equipment written off	-	-	-	-	19
Unrealised foreign exchange gain	-	-	( 687)	( 115)	( 422)
Operating profit before changes in working capital	21,803	19,745	24,304	21,568	20,331
Changes in working capital:					
Inventories	9,207	4,754	( 3,865)	( 11,160)	( 1,855)
Trade and other receivables deposit and prepayments	9,078	( 2,933)	2,173	2,477	( 4,368)
Trade and other payables	( 7,407)	5,837	1,452	( 2,650)	56
Amount due to Directors	( 11)	45	336	( 247)	( 144)
Cash generated from operations	32,670	27,448	24,400	9,988	14,020
Income taxes paid, net of refund	( 601)	332	( 879)	( 1,310)	( 2,001)
Interest received	31	19	674	192	^
Interest paid	( 1,380)	( 1,514)	( 1,252)	( 1,054)	( 1,088)
<b>Net cash from operating activities</b>	<b>30,720</b>	<b>26,285</b>	<b>22,943</b>	<b>7,816</b>	<b>10,931</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.4 Consolidated statement of cash flows (continued)

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
<b>Cash flows from investing activities</b>					
Acquisition of subsidiaries					
- net cash outflow	( 5,292)	-	-	-	-
Acquisition of property, plant and equipments	( 22,229)	( 12,310)	( 16,452)	( 5,968)	( 5,078)
Movements in deposits pledged to banks	1,023	260	( 219)	219	-
Proceeds from disposal of property, plant and equipment	-	-	-	18	-
Land premium payable	-	-	-	-	( 3,200)
Interest paid on land premium payable	-	-	-	-	( 443)
<b>Net cash used in investing activities</b>	<b>( 26,498)</b>	<b>( 12,050)</b>	<b>( 16,671)</b>	<b>( 5,731)</b>	<b>( 8,721)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	41,671	-	111,574	103,731	110,670
Dividend paid	-	-	( 3,000)	-	-
Proceeds from issuance of shares	1	-	-	-	-
Repayment of borrowings	( 48,685)	( 12,657)	( 107,820)	( 97,710)	( 117,826)
Repayment of finance lease liabilities	( 118)	( 137)	( 107)	( 79)	( 101)
Interest paid	( 2,290)	( 1,191)	( 1,570)	( 1,427)	( 1,094)
<b>Net cash (used in)/from financing activities</b>	<b>( 9,421)</b>	<b>( 13,985)</b>	<b>( 923)</b>	<b>4,515</b>	<b>( 8,351)</b>
Net (decrease)/increase in cash and cash equivalents	( 5,199)	250	5,349	6,600	( 6,141)
Effect of exchange rate fluctuations on cash held and bankers' acceptances	-	-	687	115	382
Cash and cash equivalents at beginning of year	( 15,001)	( 20,200)	( 19,950)	( 13,914)	( 7,199)
<b>Cash and cash equivalents at end of year (i)</b>	<b>( 20,200)</b>	<b>( 19,950)</b>	<b>( 13,914)</b>	<b>( 7,199)</b>	<b>( 12,958)</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.4 Consolidated statement of cash flows (continued)

## Notes:

(i) *Cash and cash equivalents*

Cash and cash equivalents included in the statement of cash flows comprise the following amounts in the statements of financial position:

	31 December				
	2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
Cash in hand and at banks	4,451	1,346	4,206	2,130	3,574
Less: Deposits pledged	( 260)	-	( 219)	-	-
	<u>4,191</u>	<u>1,346</u>	<u>3,987</u>	<u>2,130</u>	<u>3,574</u>
Bank overdrafts	( 24,391)	( 21,296)	( 17,901)	( 9,329)	( 16,532)
	<u>( 20,200)</u>	<u>( 19,950)</u>	<u>( 13,914)</u>	<u>( 7,199)</u>	<u>( 12,958)</u>
	=====	=====	=====	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.5 Results from operating activities

	31 December				
	2008 RM '000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
<b>Results from operating activities is arrived at after charging:</b>					
Allowance for impairment losses on doubtful receivables	-	-	254	-	-
Amortisation of prepaid lease payments	229	229	229	229	229
Audit fee					
- statutory audit					
- current year	28	44	63	70	82
- prior year	-	-	-	2	-
- other audit	-	33	55	-	165
Depreciation of property, plant and equipment	5,629	6,977	8,531	9,042	9,371
Directors' remuneration					
- fees	466,800	626,000	627,165	682,800	634,800
- other emoluments	828,808	1,165,781	1,177,429	1,550,235	1,554,541
Goodwill written off	1,158	-	-	-	-
Personnel expenses (including management personnel)					
- contribution to state plan	195	254	250	303	328
- wages, salaries and others	3,751	4,773	4,699	5,342	5,683
Property, plant and equipment written off	-	-	-	-	19
Rental of premises					
- current year	14	45	45	46	47
- prior year	-	-	-	-	40
	=====	=====	=====	=====	=====
<b>and after crediting:</b>					
Bad debt recovered	29	-	-	-	-
Foreign exchange gain					
- realised	1,267	932	665	330	1,626
- unrealised	-	-	687	115	422
Gain on disposal of property, plant and equipment	-	-	-	18	-
Rental of premises	13	173	149	160	79
Reversal of allowance for impairment losses on doubtful receivables	-	-	-	101	-
	=====	=====	=====	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.6 Income tax expense

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
Current tax expense					
Malaysian					
- current year	97	218	598	1,868	2,155
- prior year	65 (	3)	41 (	12)	( 22)
	<u>162</u>	<u>215</u>	<u>639</u>	<u>1,856</u>	<u>2,133</u>
Deferred tax expense					
- current year	1,387	1,189	676	188 (	331)
- prior year	( 69)	( 57)	91	8	-
	<u>1,318</u>	<u>1,132</u>	<u>767</u>	<u>196</u>	<u>( 331)</u>
Total income tax expense	<u>1,480</u>	<u>1,347</u>	<u>1,406</u>	<u>2,052</u>	<u>1,802</u>
Profit before tax	<u>11,149</u>	<u>9,853</u>	<u>14,223</u>	<u>10,142</u>	<u>8,510</u>
Income tax calculated using					
Malaysian tax rate*	3,200	2,468	3,563	2,535	2,127
Effects of lower tax rate for its					
subsidiaries^^	( 28)	-	-	-	-
Non-deductible expenses	179	325 (	441)	370	383
Effect of change in tax rate*	( 55)	-	-	-	-
Utilisation of reinvestment					
allowance	( 1,812)	( 1,384)	( 1,844)	( 846)	( 686)
Effect of deferred tax asset					
previously not recognised	- (	2)	( 4)	( 3)	-
	<u>1,484</u>	<u>1,407</u>	<u>1,274</u>	<u>2,056</u>	<u>1,824</u>
Under/(Over) provision					
in prior years	( 4)	( 60)	132 (	4)	( 22)
	<u>1,480</u>	<u>1,347</u>	<u>1,406</u>	<u>2,052</u>	<u>1,802</u>

\* The Malaysian corporate tax rate was 25% for years of assessment 2009, 2010, 2011 and 2012. It was 26% for year of assessment 2008.

^^ The subsidiaries, which have ceased to be small medium enterprises, are subject to corporate tax at 25% on all their chargeable income from the year of assessment 2009. In contrast, they were each subjected to corporate tax at 20% on the first RM500,000 and 26% on the remainder of their respective chargeable income in the year of assessment 2008.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.7a Property, plant and equipment

Cost	Long-term leasehold land		Short-term leasehold land		Buildings		Plant and machinery		Tools and equipment		Furniture and fittings		Motor vehicles		Renovation		Asset under construction		Total RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
At 1 January 2008	541	959	17,421	58,438	1,152	881	844	509	-	2,766								83,511	
Acquisition via business combination	-	3,675	1,600	-	-	60	^	114	-	-	-	-	-	-	-	-	-	5,449	
Additions	1,568	-	6,375	11,944	92	10	-	69	-	2,221	-	-	-	-	-	-	-	22,279	
Transfers	-	-	1,598	-	-	-	68	( 68)	-	( 1,598)	-	-	-	-	-	-	-	-	
At 31 December 2008 / 1 January 2009	2,109	4,634	26,994	70,382	1,244	951	912	624	-	3,389								111,239	
Additions	-	-	-	11,125	54	44	-	-	-	1,087								12,310	
At 31 December 2009	2,109	4,634	26,994	81,507	1,298	995	912	624	-	4,476								123,549	
At 1 January 2010	-	-	-	-	-	-	-	-	-	-								-	
Business combinations	2,109	4,420	24,479	46,300	402	275	187	80	-	4,478								82,730	
Additions	18,214	-	-	7,520	24	55	50	81	-	2,843								29,251	
Transfers	-	-	4,770	-	-	76	-	-	-	( 4,846)								-	
At 31 December 2010 / 1 January 2011	20,323	4,420	29,249	53,820	426	406	237	161	464	2,475								111,981	
Additions	-	-	-	5,641	27	112	51	261	-	137								6,229	
Disposals	-	-	-	-	-	-	-	( 79)	-	-								( 79)	
Write-offs	-	-	-	( 489)	-	-	-	-	-	-								( 489)	
At 31 December 2011 / 1 January 2012	20,323	4,420	29,249	58,972	453	518	288	343	464	2,612								117,642	
Additions	-	-	-	4,612	10	344	89	80	2	21								5,158	
Disposals	-	-	-	( 17)	( 9)	( 88)	-	-	-	-								( 114)	
At 31 December 2012	20,323	4,420	29,249	63,567	454	774	377	423	466	2,633								122,686	



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.7a Property, plant and equipment (continued)

	Long-term leasehold land RM '000	Short-term leasehold land RM '000	Buildings RM '000	Plant and machinery RM '000	Tools and equipment RM '000	Furniture and fittings RM '000	Motor vehicles purchase RM '000	Finance lease RM '000	Renovation RM '000	Asset under construction RM '000	Total RM '000
<b>Depreciation</b>											
At 1 January 2008	-	80	1,554	24,377	678	596	772	158	-	-	28,215
Depreciation for the year	-	24	393	4,884	111	62	53	102	-	-	5,629
At 31 December 2008 / 1 January 2009	-	104	1,947	29,261	789	658	825	260	-	-	33,844
Depreciation for the year	-	111	570	5,946	105	60	47	138	-	-	6,977
At 31 December 2009 /	-	215	2,517	35,207	894	718	872	398	-	-	40,821
At 1 January 2010	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	304	111	577	7,162	94	73	138	26	46	-	8,531
At 31 December 2010 / 1 January 2011	304	111	577	7,162	94	73	138	26	46	-	8,531
Depreciation for the year	304	111	665	7,584	87	75	103	62	51	-	9,042
Disposals	-	-	-	-	-	-	-	(79)	-	-	(79)
Write-offs	-	-	-	(489)	-	-	-	-	-	-	(489)
At 31 December 2011 / 1 January 2012	608	222	1,242	14,257	181	148	241	9	97	-	17,005
Depreciation for the year	304	111	665	7,925	83	82	64	85	52	-	9,371
Write-offs	-	-	-	(10)	(5)	(80)	-	-	-	-	(95)
At 31 December 2012	912	333	1,907	22,172	259	150	305	94	149	-	26,281

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.7a Property, plant and equipment (continued)

	Carrying amounts										
At 31 December 2008	2,109	4,530	25,047	41,121	455	293	87	364	-	3,389	77,395
At 31 December 2009	2,109	4,419	24,477	46,300	404	277	40	226	-	4,476	82,728
At 31 December 2010	20,019	4,309	28,672	46,658	332	333	99	135	418	2,475	103,450
At 31 December 2011	19,715	4,198	28,007	44,715	272	370	47	334	367	2,612	100,637
At 31 December 2012	19,411	4,087	27,342	41,395	195	624	72	329	317	2,633	96,405

The land and buildings of the Group are charged to secure banking facilities granted to certain group entities. In addition, a debenture incorporating fixed and floating charges has been created over all assets (including property, plant and equipment and prepaid lease payments) of certain group entities to secure banking facilities granted.

The Group has 31 parcels of leasehold land. The lease terms of 21 parcels of leasehold land (classified as long-term) expire in the years 2070, 2795 and 2817 while the lease terms of the other 10 parcels of leasehold land (classified as short-term) expire in the years 2027, 2035, 2038, 2053 and 2054.

The land and buildings of the Group are charged to secure banking facilities granted to certain group entities. In addition, a debenture incorporating fixed and floating charges has been created over all assets (including property, plant and equipment and prepaid lease payments) of certain group entities to secure the banking facilities granted thereto.

Included in the long term leasehold land are two parcels of leasehold land for which only provisional land titles have been received.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.7b Prepaid lease payments

	<b>Leasehold land (Unexpired period less than 50 years) RM'000</b>
<b><u>AB Manufacturing Group</u></b>	
<b>Cost</b>	
At 1 January 2008, 31 December 2008/1 January 2009 and 31 December 2009	6,830
<b>Amortisation</b>	
At 1 January 2008	457
Amortisation for the year	229
At 31 December 2008/1 January 2009	686
Amortisation for the year	229
At 31 December 2009	915
<b>Carrying amounts</b>	
At 31 December 2008	6,144
At 31 December 2009	5,915
<b><u>ABM Fujiya Group</u></b>	
<b>Cost</b>	
At 1 January 2010	-
Business combinations	5,914
At 31 December 2010/1 January 2011, 31 December 2011/1 January 2012 and 31 December 2012	5,914
<b>Amortisation</b>	
At 1 January 2010	-
Amortisation for the year	229
At 31 December 2010/1 January 2011	229
Amortisation for the year	229
At 31 December 2011/1 January 2012	458
Amortisation for the year	229
At 31 December 2012	687
<b>Carrying amounts</b>	
At 31 December 2010	5,685
At 31 December 2011	5,456
At 31 December 2012	5,227

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.7b Prepaid lease payments (continued)

The carrying amounts of certain leasehold land at 1 January 2008/2009 and 31 December 2008/2009 have been adjusted following the adoption of the amendments to MFRS 117, *Leases*, where leasehold land which in substance is a finance lease has been reclassified from prepaid lease payments to property, plant and equipment.

## 5.2.8 Inventories

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
<i>At cost</i>					
Raw materials (including goods in transit)	14,556	8,441	12,578	18,126	27,960
Work-in-progress	21,273	24,039	21,339	25,283	15,121
Manufactured inventories	16,792	15,408	17,753	19,140	21,438
Trading goods (including goods in transit)	182	161	244	525	410
	<u>52,803</u>	<u>48,049</u>	<u>51,914</u>	<u>63,074</u>	<u>64,929</u>
	=====	=====	=====	=====	=====

## 5.2.9 Trade and other receivables

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
Trade receivables	37,159	40,189	39,062	36,825	41,210
Allowance for impairment losses	( 466)	( 466)	( 719)	( 719)	( 719)
	<u>36,693</u>	<u>39,723</u>	<u>38,343</u>	<u>36,106</u>	<u>40,491</u>
Other receivables	600	503	10	69	66
	<u>37,293</u>	<u>40,226</u>	<u>38,353</u>	<u>36,175</u>	<u>40,557</u>
	=====	=====	=====	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.9 Trade and other receivables (continued)

Trade receivables comprise the following balances denominated in foreign currencies:

	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
GBP	83	-	-	-	-
AUD	803	1,012	-	-	-
SGD	-	710	167	347	203
USD	5,741	4,044	3,392	4,840	6,385
EUR	-	-	( 57)*	( 15)*	( 14)*
	<u>6,627</u>	<u>5,766</u>	<u>3,502</u>	<u>5,172</u>	<u>6,574</u>
	=====	=====	=====	=====	=====

\* being deposits from customers

The main collectability risk of trade receivables is customer insolvencies. Management determines allowance for impairment losses on doubtful receivables based on an on-going review and evaluation performed as part of its credit risk evaluation process. These include assessment of customers' past payment records, sales level, financial standing and the age of receivables. The evaluation is however inherently judgemental and requires material estimates, including the amounts and timing of future cash flows expected to be received, which may be susceptible to significant changes.

## 5.2.10 Cash and bank balances

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
Fixed deposits with licensed bank*	488	10	404	-	-
Cash and bank balances	3,963	1,336	3,802	2,130	3,574
	<u>4,451</u>	<u>1,346</u>	<u>4,206</u>	<u>2,130</u>	<u>3,574</u>
	=====	=====	=====	=====	=====

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
Pledged	260	-	219	-	-
Not pledged	228	10	185	-	-
	<u>488</u>	<u>10</u>	<u>404</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====

\* Fixed deposit with licensed bank

Pledged	260	-	219	-	-
Not pledged	228	10	185	-	-
	<u>488</u>	<u>10</u>	<u>404</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.10 Cash and bank balances (continued)

Cash and bank balances comprise the following foreign currency amounts:

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
AUD	495	531	17	23	-
SGD	-	-	1,083	589	491
USD	3,040	118	1,445	428	852
	<u>3,535</u>	<u>649</u>	<u>2,545</u>	<u>1,040</u>	<u>1,343</u>
	=====	=====	=====	=====	=====

## 5.2.11 Share capital

	31 December				
	2008	2009	2010	2011	2012
	Number	Number	Number	Number	Number
	of shares	of shares	of shares	of shares	of shares
	'000	'000	'000	'000	'000
<u>Authorised:</u>					
<i>Ordinary shares of RM1.00#/RM0.50* each</i>					
Opening balance	50,000 <sup>#</sup>	50,000 <sup>#</sup>	200*	1,000,000*	1,000,000*
Addition	-	50,000	999,800	-	-
Closing balance	<u>50,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
	=====	=====	=====	=====	=====
<u>Issued and fully paid:</u>					
<i>Ordinary shares of RM1.00#/RM0.50* each</i>					
Opening balance	11,733 <sup>#</sup>	11,734 <sup>#</sup>	- *	157,000*	157,000*
Issued during the year	1	-	157,000	-	-
Bonus issue	-	70,389	-	-	-
	<u>11,734</u>	<u>82,123</u>	<u>157,000</u>	<u>157,000</u>	<u>157,000</u>
Calls-in-arrears	( 1,069)	( 1,069)	-	-	-
Closing balance	<u>10,665</u>	<u>81,054</u>	<u>157,000</u>	<u>157,000</u>	<u>157,000</u>
	=====	=====	=====	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.11 Share capital (continued)

	31 December				
	2008 RM'000	2009 RM '000	2010 RM '000	2011 RM '000	2012 RM '000
<u>Authorised:</u>					
<i>Ordinary shares of RM1.00#/RM0.50* each</i>					
Opening balance	50,000 <sup>#</sup>	50,000 <sup>#</sup>	100*	500,000*	500,000*
Addition	-	50,000	499,900	-	-
Closing balance	<u>50,000</u>	<u>100,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
<u>Issued and fully paid:</u>					
<i>Ordinary shares of RM1.00#/RM0.50* each</i>					
Opening balances	11,733 <sup>#</sup>	11,734 <sup>#</sup>	- *	78,500*	78,500*
Issued during the year	1	-	78,500	-	-
Bonus issue	-	70,389	-	-	-
	<u>11,734</u>	<u>82,123</u>	<u>78,500</u>	<u>78,500</u>	<u>78,500</u>
Calls-in-arrears	( 1,069)	( 1,069)	-	-	-
Closing balance	<u>10,665</u>	<u>81,054</u>	<u>78,500</u>	<u>78,500</u>	<u>78,500</u>

# The share capital for 2008 and 2009 relates to that of AB Manufacturing, the par value of which is RM1.00 per ordinary share.

\* The share capital for 2010, 2011 and 2012 relates to that of ABM Fujiya, the par value of which is RM0.50 per ordinary share. The opening balance of the issued and paid-up share capital of ABM Fujiya as at 1 January 2010 comprised 4 ordinary shares of RM0.50 each.

## 5.2.11.1 Increase in share capital

On 7 August 2009, AB Manufacturing increased its authorised share capital from RM50,000,000 to RM100,000,000 by the creation of an additional 50,000,000 ordinary shares of RM1.00 each, ranking *pari passu* in all respects with its existing ordinary shares.

On the same date, AB Manufacturing capitalised a sum of RM70,389,000 out of its retained profits for a bonus issue of 70,389,000 ordinary shares of RM1.00 each, credited as fully paid and distributed amongst its shareholders in the proportion of 6.6 new ordinary shares of RM1.00 each for every 1 existing paid up ordinary share of RM1.00 each.

The calls-in-arrears of RM1,069,000 of AB Manufacturing outstanding at 31 December 2009 have been fully settled during the year ended 31 December 2010.

On 8 January 2010, ABM Fujiya increased its authorised share capital from RM100,000 to RM500,000,000 by the creation of an additional 999,800,000 ordinary shares of RM0.50 each, ranking *pari passu* in all respects with its existing ordinary shares.

On 28 December 2010, the Company issued 156,999,996 new ordinary shares of RM0.50 each as consideration for the acquisition of the entire equity interest in AB Manufacturing.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.12 Loans and borrowings

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
<b>Current</b>					
Bank overdrafts					
- secured	24,041	20,946	17,901	9,329	16,532
- unsecured	350	350	-	-	-
Bankers' acceptances					
- secured	38,500	32,819	32,496	39,921	37,252
- unsecured	3,300	886	-	-	-
Term loans					
- secured	4,565	4,237	5,819	3,228	2,939
Finance lease liabilities					
- secured	137	105	48	93	87
	<u>70,893</u>	<u>59,343</u>	<u>56,264</u>	<u>52,571</u>	<u>56,810</u>
	-----	-----	-----	-----	-----
<b>Non-current</b>					
Term loans					
- secured	10,243	6,009	9,390	10,576	6,378
Finance lease liabilities					
- secured	138	33	33	171	156
	<u>10,381</u>	<u>6,042</u>	<u>9,423</u>	<u>10,747</u>	<u>6,534</u>
	-----	-----	-----	-----	-----
Total	<u>81,274</u>	<u>65,385</u>	<u>65,687</u>	<u>63,318</u>	<u>63,344</u>
	=====	=====	=====	=====	=====

**Security**

Banking facilities comprising term loans, bankers' acceptances and overdrafts are secured by way of legal charges over the landed properties belonging to certain group entities and companies in which certain Directors have substantial interests and by a debenture incorporating fixed and floating charges over all assets of the group entities. They are also jointly and severally guaranteed by certain Directors of the Company and the group entities.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.12 Loans and borrowings (continued)

*Terms and debt repayment schedule*

	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>2008</b>					
Secured bank overdrafts	24,041	-	-	-	24,041
Unsecured bank overdrafts	350	-	-	-	350
Secured bankers' acceptances	38,500	-	-	-	38,500
Unsecured bankers' acceptances	3,300	-	-	-	3,300
Secured term loans	4,565	4,243	5,897	103	14,808
Finance lease liabilities	137	105	33	-	275
	70,893	4,348	5,930	103	81,274
<b>2009</b>					
Secured bank overdrafts	20,946	-	-	-	20,946
Unsecured bank overdrafts	350	-	-	-	350
Secured bankers' acceptances	32,819	-	-	-	32,819
Unsecured bankers' acceptances	886	-	-	-	886
Secured term loans	4,237	4,239	1,686	84	10,246
Finance lease liabilities	105	33	-	-	138
	59,343	4,272	1,686	84	65,385

The borrowings bore interest at the following rates for the year under review:

	<u>31 December</u>	
	<b>2008</b> <b>(p.a.)</b>	<b>2009</b> <b>(p.a.)</b>
Secured bank overdrafts*	7.00% - 7.50%	6.30% - 6.80%
Unsecured bank overdrafts*	7.25%	6.55%
Secured bankers' acceptances*	4.28% - 7.50%	2.25% - 4.58%
Unsecured bankers' acceptances*	4.16% - 7.50%	2.70% - 3.55%
Secured term loans*	3.40% - 7.50%	6.55% - 6.85%
Finance lease liabilities**	2.80% - 3.82%	2.80% - 3.82%

\* Represents effective interest per annum

\*\* Represents flat rate per annum

The maturity analysis for the borrowings as at 31 December 2010, 31 December 2011 and 31 December 2012 is disclosed in Note 7.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.12 Loans and borrowings (continued)

*Finance lease liabilities*

Finance lease liabilities are payable as follows:

	31 December 2008			31 December 2009			31 December 2010		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000
Less than one year	150	13	137	110	5	105	52	4	48
Between one and two years	110	5	105	34	1	33	35	2	33
Between two and five years	34	1	33	-	-	-	-	-	-
	<u>294</u>	<u>19</u>	<u>275</u>	<u>144</u>	<u>6</u>	<u>138</u>	<u>87</u>	<u>6</u>	<u>81</u>
	31 December 2011			31 December 2012					
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payment RM'000
Less than one year	106	13	93	99	12	87			
Between one and two years	80	7	73	72	10	62			
Between one and two years	106	8	98	99	5	94			
	<u>292</u>	<u>28</u>	<u>264</u>	<u>270</u>	<u>27</u>	<u>243</u>			

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.13 Deferred tax liabilities

Movements in deferred tax liabilities during the year under review are as follows:

	At 1.1.2008 RM'000	Acquisition of a subsidiary RM'000	Recognised in profit or loss RM'000	At 31.12.2008/ 1.1.2009 RM'000	Recognised in profit or loss RM'000	At 31.12.2009/ 1.1.2010 RM'000	Recognised in profit or loss RM'000	At 31.12.2010/ 1.1.2011 RM'000	Recognised in profit or loss RM'000	At 31.12.2011 RM'000
Property, plant and equipment	5,156	-	1,305	6,461	1,154	7,615	875	8,490	213	8,703
Fair value adjustments on business combination	-	1,022	-	1,022	( 24)	998	( 146)	852	( 17)	835
Allowance for impairment losses on doubtful receivables	( 123)	-	-	( 123)	-	( 123)	8	( 115)	-	( 115)
Other items	( 45)	-	13	( 32)	2	( 30)	30	-	-	-
	4,988	1,022	1,318	7,328	1,132	8,460	767	9,227	196	9,423
		<b>Recognised in profit or loss RM'000</b>	<b>At 31.12.2012 RM'000</b>							
Property, plant and equipment	8,703	( 319)	8,384							
Fair value adjustments on business combination	835	( 12)	823							
Allowance for impairment losses on doubtful receivables	( 115)	-	( 115)							
Other items	-	-	-							
	9,423	( 331)	9,092							

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 5.2.14 Trade and other payables

	31 December				
	2008	2009	2010	2011	2012
	RM	RM	RM	RM	RM
	'000	'000	'000	'000	'000
<b>Current</b>					
Trade payables	4,207	10,461	9,688	9,744	10,143
Other payables and accruals	4,758	4,341	6,448	7,385	7,516
Dividend payable	-	3,000	-	-	-
	<u>8,965</u>	<u>17,802</u>	<u>16,136</u>	<u>17,129</u>	<u>17,659</u>
<b>Non-current</b>					
Other payable	-	-	12,750	9,107	5,464
	<u>8,965</u>	<u>17,802</u>	<u>28,886</u>	<u>26,236</u>	<u>23,123</u>

Other payables include an amount of RM9,107,269 (2011: RM12,750,175; 2010: RM12,750,175; 2009: Nil; 2008: Nil), being land premium payable for two parcels of land alienated by the State Government of Sarawak to a subsidiary in the year ended 31 December 2010. The premium is payable by five annual installments and is subject to interest at 8% per annum.

## 5.2.15 Amount due to Directors

Amount due to Directors is non-trade in nature, unsecured, interest free and has no fixed terms of repayment.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 6. Summary of significant accounting policies

## 6.1 Basis of preparation

## (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the accounting frameworks disclosed in Note 3.2 and the requirements of the Companies Act, 1965 in Malaysia. The migration from Private Entity Reporting Standards to Financial Reporting Standards in Malaysia and eventually to Malaysian Financial Reporting Standards and International Financial Reporting Standards by the Group and the Company as disclosed in Note 3.2 has no material impact on their financial statements.

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

The following are the accounting standards, amendments and interpretations under the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") that are not yet effective and have not been adopted by the Group and the Company:

Standard/Amendment/Interpretation	Effective date
MFRS 10, <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11, <i>Joint Arrangements</i>	1 January 2013
MFRS 12, <i>Disclosure of Interest in Other Entities</i>	1 January 2013
MFRS 13, <i>Fair Value Measurement</i>	1 January 2013
MFRS 119, <i>Employee Benefits</i> (2011)	1 January 2013
MFRS 127, <i>Separate Financial Statements</i> (2011)	1 January 2013
MFRS 128, <i>Investments in Associates and Joint Ventures</i> (2011)	1 January 2013
IC Interpretation 20, <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 7, <i>Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards - Government Loans</i>	1 January 2013
Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 101, <i>Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 116, <i>Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)</i>	1 January 2013
Amendments to MFRS 11, <i>Joint Arrangements: Transition Guidance</i>	1 January 2013

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 6.1. Basis of preparation (continued)

## (a) Statement of compliance (continued)

Standard/Amendment/Interpretation	Effective date
Amendments to MFRS 12, <i>Disclosure of interests in other entities: Transition Guidance</i>	1 January 2013
Amendments to MFRS 10, <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to MFRS 12, <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to MFRS 127, <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to MFRS 132, <i>Financial instruments: Presentation - Offsetting Financial Assets and Financial liabilities.</i>	1 January 2014
MFRS 9, <i>Financial Instruments</i> (2009)	1 January 2015
MFRS 9, <i>Financial Instruments</i> (2010)	1 January 2015
Amendments to MFRS 7, <i>Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures</i>	1 January 2015

The Group and the Company plan to apply:

- from the annual period beginning on 1 January 2013, those standards, amendments or interpretations that are effective for annual periods beginning on 1 January 2013, except for those assessed as presently not applicable to the Group and the Company. The latter includes Amendments to MFRS 11, MFRS 119, MFRS 128, IC Interpretation 20, Amendments to MFRS 134 and Amendments to MFRS 11.
- from the annual period beginning on 1 January 2014, those standards, amendments or interpretations that are effective for annual periods beginning on 1 January 2014.
- from the annual period beginning on 1 January 2015, those standards, amendments or interpretations that are effective for annual periods beginning on 1 January 2015.

Material impacts of the initial application of those standards, amendments or interpretations, which are or are likely to be applicable to the Group and the Company and which are to be applied retrospectively, are disclosed below:

(i) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**6.1. Basis of preparation (continued)****(a) Statement of compliance (continued)****(ii) MFRS 10, Consolidated Financial Statements**

MFRS 10 introduces a new single control model to determine which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities*. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

**(iii) MFRS 13, Fair Value Measurement**

MFRS 13, Fair Value Measurement establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

**(iv) Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)**

The Amendments to MFRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 116.

The initial application of the other standards, amendments and interpretations is not expected to have any material financial impacts to the financial statements of the Group and of the Company for current and prior periods upon their first adoption.

**6.2. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 6.2 Significant accounting policies (continued)

## (a) Basis of consolidation (continued)

(i) *Subsidiaries* (continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

*Acquisitions on or after 1 January 2011*

For acquisitions not involving a common control transaction on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) *Acquisitions of non-controlling interests*

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.



**6.2 Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(iv) Acquisitions from entities under common control**

Business combinations involving a common control transaction (i.e. entailing entities that are under the control of common shareholders) are accounted for as if the acquisition(s) had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised in the consolidated financial statements at their respective carrying amounts without restatement. The difference between the cost of acquisition and the nominal value of the shares acquired together with any share premium are taken to merger reserve (or adjusted against any suitable reserve in the case of debit differences). The other components of equity of the acquired entities are added to the same components within group equity.

**(v) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

**(b) Financial instruments****(i) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**6.2 Significant accounting policies (continued)****(b) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

**Financial assets****(a) Financial assets at fair value through profit or loss**

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**(b) Held-to-maturity investments**

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

**(c) Loans and receivables**

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

**6.2 Significant accounting policies (continued)****(b) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement (continued)****Financial assets (continued)****(d) Available-for-sale financial assets**

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

**Financial liabilities**

All financial liabilities, other than those categorised as fair value through profit or loss, are subsequently measured at amortised cost.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

**6.2 Significant accounting policies (continued)****(b) Financial instruments (continued)****(iii) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) the derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**(iv) Derecognition**

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part thereof is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

**(c) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour, and for qualifying assets, capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

**6.2 Significant accounting policies (continued)****(c) Property, plant and equipment (continued)****(i) Recognition and measurement (continued)**

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property would be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "administrative expenses" respectively in profit or loss.

**(ii) Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**(iii) Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 6.2 Significant accounting policies (continued)

## (c) Property, plant and equipment (continued)

## (iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Long-term leasehold land	60, 788, 793, 797 and 825 years
Short-term leasehold land	50, 60 and 61 years
Buildings	50 years
Plant and machinery	5 and 10 years
Tools and equipment	8 years
Furniture and fittings	8 and 12 years
Motor vehicles	5 and 10 years
Renovation	10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

## (d) Leased assets

## (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, a leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance lease are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

## (ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integrate part of the total lease expenses over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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**6.2 Significant accounting policies (continued)****(d) Leased assets (continued)****(ii) Operating leases (continued)**

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is measured based on the first-in first-out formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

**(f) Cash and cash equivalents**

Cash and cash equivalents presented in the statement of cash flows consist of cash in hand, balances and deposits with banks (other than pledged deposits) and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less and are used by the Group in the management of its short-term commitments, net of bank overdrafts.

**(g) Impairment****(i) Financial assets**

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

**6.2 Significant accounting policies (continued)****(g) Impairment (continued)****(i) Financial assets (continued)**

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

**(ii) Other assets**

The carrying amounts of other assets, except for inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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**6.2 Significant accounting policies (continued)****(g) Impairment (continued)****(ii) Other assets (continued)**

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

**(h) Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(i) Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

**(ii) Ordinary shares**

Ordinary shares are classified as equity.

**(i) Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of group entities at the exchange rates at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period (reporting date) are retranslated to the functional currency at the exchange rates at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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**6.2 Significant accounting policies (continued)****(i) Foreign currency transactions (continued)**

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

**(j) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(ii) State plans**

Contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(k) Revenue and other income****(i) Goods sold**

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

**(ii) Rental income**

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

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**11. ACCOUNTANTS' REPORT (Cont'd)**

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**6.2 Significant accounting policies (continued)****(k) Revenue and other income (continued)****(iii) Interest income**

Interest income is recognised in profit or loss as it accrues, using the effective interest method except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

**(l) Borrowing costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(m) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

**6.2 Significant accounting policies (continued)****(m) Income tax (continued)**

Deferred tax is not recognised for temporary differences arising from the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Amount of deferred tax recognised is measured based on the expected manner of realisation or settlements of the carrying amounts of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced by the extent that it is no longer probable that the related tax benefit will be realised.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7. Financial instruments

Comparative figures have not been presented for 31 December 2008 and 2009 for the ABM Fujiya Group by virtue of the exemption given in paragraph 44AA of MFRS 7, which is effective for annual periods beginning on and after 1 January 2010.

## 7.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (i) Loans and receivables (L&R); and
- (ii) Financial liabilities measured at amortised cost (FL).

Group	Carrying amount RM'000	L&R/ (FL) RM'000
<b><u>31 December 2012</u></b>		
<i>Financial assets/(liabilities)</i>		
Trade and other receivables	40,557	40,557
Cash and bank balances	3,574	3,574
Loans and borrowings	( 63,344)	( 63,344)
Trade and other payables	( 23,123)	( 23,123)
Amount due to directors	( 131)	( 131)
	=====	=====
<b><u>31 December 2011</u></b>		
<i>Financial assets/(liabilities)</i>		
Trade and other receivables	36,175	36,175
Cash and bank balances	2,130	2,130
Loans and borrowings	( 63,318)	( 63,318)
Trade and other payables	( 26,236)	( 26,236)
Amount due to Directors	( 274)	( 274)
	=====	=====
<b><u>31 December 2010</u></b>		
<i>Financial assets/(liabilities)</i>		
Trade and other receivables	38,353	38,353
Cash and bank balances	4,206	4,206
Loans and borrowings	( 65,687)	( 65,687)
Trade and other payables	( 28,886)	( 28,886)
Amount due to Directors	( 522)	( 522)
	=====	=====

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.2 Net gains and losses arising from financial instruments

	2012 RM'000	2011 RM'000	2010 RM'000
Net gains/(losses) on:			
Loans and receivables	1,186	638	2,166
Financial liabilities measured at amortised cost	( 1,761)	( 2,481)	( 2,822)
	<u>( 575)</u>	<u>( 1,843)</u>	<u>( 656)</u>

## 7.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

## (a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and cash and bank balances placed with licensed financial institutions.

*Receivables**Risk management objectives, policies and process for managing the risk*

The Group implements credit controls that include evaluation, monitoring and feedback to ensure that only credit-worthy customers are accepted. Credit sales are mainly to long established customers. The Group also controls credit risk by limiting the credit amounts given to new customers. Credit limits are revised on a regular basis based on customers' payment patterns and the comfort level of doing business with them. Sales to overseas customers are mostly settled via letters of credit, advance payments and bankers' acceptances.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group for a good length of time. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances exceeding 60 days, which are deemed to have higher credit risk, are monitored individually.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (a) Credit risk (continued)

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	31.12.2012 RM'000	Group 31.12.2011 RM'000	31.12.2010 RM'000
Domestic	33,468	30,446	34,488
International	7,023	5,660	3,855
	<u>40,491</u>	<u>36,106</u>	<u>38,343</u>

*Impairment losses*

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

<u>Group</u>	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>31 December 2012</b>				
Not past due	39,632	-	-	39,632
Past due 0-30 days	1,084	-	( 225)	859
Past due 31-120 Days	206	-	( 206)	-
Past due 121-180 days	9	-	( 9)	-
Past due more than 180 days	279	( 258)	( 21)	-
	<u>41,210</u>	<u>( 258)</u>	<u>( 461)</u>	<u>40,491</u>
<b>31 December 2011</b>				
Not past due	32,945	-	-	32,945
Past due 0-30 days	2,759	-	-	2,759
Past due 31-120 days	796	-	( 394)	402
Past due 121-180 days	32	( 4)	( 28)	-
Past due more than 180 days	293	( 254)	( 39)	-
	<u>36,825</u>	<u>( 258)</u>	<u>( 461)</u>	<u>36,106</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (a) Credit risk (continued)

*Impairment losses* (continued)

<u>Group</u> (continued)	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>31 December 2010</b>				
Not past due	38,086	-	-	38,086
Past due 0-30 days	305	-	( 48)	257
Past due 31-120 days	245	-	( 245)	-
Past due 121-180 days	152	( 4)	( 148)	-
Past due more than 180 days	274	( 254)	( 20)	-
	<u>39,062</u>	<u>( 258)</u>	<u>( 461)</u>	<u>38,343</u>

An allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

## (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (b) Liquidity risk (continued)

*Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

<u>Group</u>	Carrying amount RM'000	Contractual interest rate % p.a	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	More than 2-5 years RM'000	5 years RM'000
<b>31 December 2012</b>							
<b>Non-derivative financial liabilities</b>							
Secured term loans	9,317	6.90 - 7.35	10,435	3,524	3,311	3,600	-
Secured bankers' acceptances	37,252	1.80 - 3.55	37,252	37,252	-	-	-
Finance lease liabilities	243	3.17 - 7.17	270	99	72	99	-
Secured bank overdrafts	16,532	7.35 - 7.60	16,634	16,634	-	-	-
Amount due to Directors	131	-	131	131	-	-	-
Trade payables	10,143	-	10,143	10,143	-	-	-
Other payables (excluding land premium payable)	3,873	-	3,873	3,873	-	-	-
Land premium payable	9,107	8.00	11,234	4,086	3,574	3,574	-
	<u>86,598</u>		<u>89,972</u>	<u>75,742</u>	<u>6,957</u>	<u>7,273</u>	<u>-</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (b) Liquidity risk (continued)

*Maturity analysis* (continued)

	Carrying amount RM'000	Contractual interest rate % p.a	Contractual cash flows RM'000	Under				5 years RM'000
				1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 2-5 years RM'000	
<b>Group</b> (continued)								
<b>31 December 2011</b>								
<b>Non-derivative financial liabilities</b>								
Secured term loans	13,804	6.90 - 7.35	15,751	5,314	3,524	6,899	14	
Secured bankers' acceptances	39,921	1.80 - 3.55	39,921	39,921	-	-	-	
Finance lease liabilities	264	3.17 - 7.17	292	106	130	56	-	
Secured bank overdrafts	9,329	7.35 - 7.60	9,387	9,387	-	-	-	
Amount due to Directors	274	-	274	274	-	-	-	
Trade payables	9,744	-	9,744	9,744	-	-	-	
Other payables (excluding land premium payable)	3,742	-	3,742	3,742	-	-	-	
Land premium payable	12,750	8.00	15,320	4,086	4,086	7,148	-	
	<u>89,828</u>		<u>94,431</u>	<u>72,574</u>	<u>7,740</u>	<u>14,103</u>	<u>14</u>	

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (b) Liquidity risk (continued)

*Maturity analysis (continued)*

<u>Group</u> (continued)	Carrying amount RM'000	Contractual interest rate % p.a	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	More than 2-5 years RM'000	5 years RM'000
<b>31 December 2010</b>							
<b>Non-derivative financial liabilities</b>							
Secured term loans	15,209	6.60 - 7.30	17,170	6,612	4,002	6,476	80
Secured bankers' acceptances	32,496	1.80 - 4.75	32,496	32,496	-	-	-
Finance lease liabilities	81	2.80 - 3.86	87	52	35	-	-
Secured bank overdrafts	17,901	6.30 - 7.55	18,004	18,004	-	-	-
Amount due to Directors	522	-	522	522	-	-	-
Trade payables	9,688	-	9,688	9,688	-	-	-
Other payables (excluding land premium payable)	6,448	-	6,448	6,448	-	-	-
Land premium payable	12,750	8.00	15,320	-	4,086	11,234	-
	<u>95,095</u>		<u>99,735</u>	<u>73,822</u>	<u>8,123</u>	<u>17,710</u>	<u>80</u>

**7.3 Financial risk management (continued)****(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

***Currency risk***

The Group is exposed to foreign currency risk on sales, purchases, bank balances and borrowings that are denominated in a currency other than the functional currency. The currencies giving rise to this risk are primarily U.S. Dollar (USD), Euro (EUR), Singapore Dollars (SGD), Japanese Yen (JPY) and Australia Dollars (AUD).

***Risk management objectives, policies and process for managing the risk***

The Group keeps three foreign currency bank accounts (denominated in USD, SGD and AUD) into which certain sales proceeds are deposited and from which payments denominated in these currencies are made to minimise its exposure to foreign exchange risk.

As for other monetary assets and liabilities held in a currency other than the functional currency, the Group ensures that the net exposure is kept to an acceptable level.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Currency risk (continued)**Exposure to foreign currency risk*

The Group's exposure to foreign currency risk attributed to a currency which is other than the functional currency of group entities, based on the carrying amounts as at the end of the reporting period was:

<u>Group</u>	31.12.2012		
	USD	SGD	JPY
<b>In RM'000</b>			
Trade receivables	6,385	203	( 14)
Bankers' acceptances	( 27,692)	-	-
Trade payables	( 9,272)	-	( 2)
Cash and bank balances	852	491	-
<b>Exposure in the statement of financial position</b>	<b>( 29,727)</b>	<b>694</b>	<b>( 16)</b>
			<b>( 49)</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Currency risk (continued)**Exposure to foreign currency risk (continued)*

	31.12.2011			
	USD	SGD	AUD	JPY
<b>Group</b> (continued)				
<b>In RM'000</b>				
Trade receivables	4,840	347	-	( 15)
Bankers' acceptances	( 20,975)	-	-	-
Trade payables	( 7,087)	-	-	( 186)
Cash and bank balances	428	589	23	-
<b>Exposure in the statement of financial position</b>	<b>( 22,794)</b>	<b>936</b>	<b>23</b>	<b>( 15)</b>
				<b>( 186)</b>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Currency risk (continued)**Exposure to foreign currency risk (continued)*

	31.12.2010			
	USD	SGD	AUD	EUR
<u>Group (continued)</u>				
<b>In RM'000</b>				
Trade receivables	3,392	167	-	( 57)
Bankers' acceptances	( 11,647)	-	-	-
Trade payables	( 7,374)	-	-	-
Cash and bank balances	1,445	1,083	17	-
<b>Exposure in the statement of financial position</b>	<u>( 14,184)</u>	<u>1,250</u>	<u>17</u>	<u>( 57)</u>

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Currency risk* (continued)*Currency risk sensitivity analysis* (continued)

A 10 percent strengthening of the Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group	Profit or (loss)		
	31.12.2012 RM'000	31.12.2011 RM'000	31.12.2010 RM'000
USD	2,973	2,279	1,418
SGD	( 69)	( 94)	( 125)
AUD	-	( 2)	( 2)
EUR	2	2	6
JPY	5	19	-
	<u>2,911</u>	<u>2,204</u>	<u>1,297</u>

A 10 percent weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

*Interest rate risk*

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Interest rate risk (continued)**Risk management objectives, policies and process for managing the risk*

The Group monitors its exposure to changes in interest rates on a regular basis. Borrowings are negotiated with a view to securing the best possible terms, including rate of interest, to the Group and when deemed appropriate, obtained on a fixed rate basis.

*Exposure to interest rate risk*

The interest rate profile of the Group and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period was:

	31.12.2012 RM'000	Group 31.12.2011 RM'000	31.12.2010 RM'000
<b>Fixed rate instruments</b>			
Financial liabilities	( 46,602)	( 52,935)	( 45,328)
<b>Floating rate instruments</b>			
Financial liabilities	( 25,849)	( 23,133)	( 33,110)
	<u>( 72,451)</u>	<u>( 76,068)</u>	<u>( 78,438)</u>

*Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.3 Financial risk management (continued)

## (c) Market risk (continued)

*Interest rate risk* (continued)*Interest rate risk sensitivity analysis* (continued)*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Profit or loss	
	100bp increase RM'000	100bp decrease RM'000
Floating rate instruments		
- 31 December 2012	( 258)	258
- 31 December 2011	( 231)	231
- 31 December 2010	( 331)	331
	=====	=====

*Other price risk*

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

Management monitors the equity investments on an individual basis.

*Equity price risk sensitivity analysis*

The exposure to equity risk is not material and hence, sensitivity analysis is not presented.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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## 7.4 Fair value of financial instruments

The carrying amounts of cash and bank balances, short term receivables and payables, and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments. The carrying amount of long-term borrowings with variable interest rates also approximates fair value.

The fair values of other financial liabilities, together with their carrying amounts shown in the statement of financial position, are as follows:

Group	31.12.2012		31.12.2011		31.12.2010	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<u>Non-current</u>						
Finance lease liabilities	155	155	171	171	33	33
Land premium payable	5,464	5,464	9,107	9,107	12,750	12,750
	=====	=====	=====	=====	=====	=====

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

(i) *Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

(ii) *Interest rates used to determine fair value*

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.2012 %	31.12.2011 %	31.12.2010 %
Finance lease liabilities	3.17 - 7.17	3.17 - 7.17	2.80 - 3.86
Land premium payable	8.00	8.00	8.00

11. ACCOUNTANTS' REPORT (Cont'd)



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8. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of its investors, creditors and other stakeholders in the Group and to sustain the future development of its business.

The Group is also required to maintain a maximum debt-to-equity ratio of 2:1 and shareholders' funds ratio of 6:1 to comply with certain bank covenants, failing which the affected facilities and borrowings are subject to recall. The Group has not breached these covenants.

During the year ended 31 December 2012, the Group's strategy, which was unchanged from 2011, was to maintain a debt-to-equity ratio at the lower range within 0.5:1 to 2:1.

The debt-to-equity ratios at 31 December 2012, 31 December 2011 and 1 January 2011 were as follows:

	<b>31.12.2012</b> RM'000	<b>Group</b> <b>31.12.2011</b> RM'000	<b>31.12.2010</b> RM'000
Total borrowings	63,344	63,318	65,687
Less: Cash and bank balances	( 3,574)	( 2,130)	( 4,206)
<b>Net debts</b>	<u>59,770</u>	<u>61,188</u>	<u>61,481</u>
<b>Total equity</b>	<u>115,377</u>	<u>108,669</u>	<u>100,579</u>
<b>Debt-to-equity ratio</b>	<u>0.52</u>	<u>0.56</u>	<u>0.61</u>

There were no changes in the Group's approach to capital management during the financial year.

Yours faithfully

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Partner  
Approval Number: 1481/01/15 (J)



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**Independent Auditors' Report To The Member Of**  
**ABM Fujiya Berhad**  
(Company No. 628324 - W)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ABM Fujiya Berhad, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 9.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant

Kuching,

Date: 12 June 2009



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**Independent Auditors' Report To The Member Of  
ABM Fujiya Berhad**  
(Company No. 628324 - W)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ABM Fujiya Berhad, which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 10.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



Company No.  
628324 - W

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant

Kuching,

Date: 31 March 2010



11. ACCOUNTANTS' REPORT (Cont'd)



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**Independent Auditors' Report To The Member Of  
ABM Fujiya Berhad**  
(Company No. 628324 - W)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ABM Fujiya Berhad, which comprise the statement of financial position of the Group and of the Company as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 59.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the audit report of the subsidiary of which we have not acted as auditors (which is indicated in Note 5 to the financial statements) that have been included in the financial statements of the Group for the year ended 31 December 2010.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statement are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**

Firm Number: AF 0758

Chartered Accountants

**Chin Chee Kong**

Approval Number: 1481/01/13 (J)

Chartered Accountant

Kuching,

Date: 6 June 2011

11. ACCOUNTANTS' REPORT (Cont'd)



**KPMG** (Firm No. AF 0758)  
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**Independent Auditors' Report To The Member Of  
ABM Fujiya Berhad**  
(Company No. 628324 - W)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ABM Fujiya Berhad, which comprise the statement of financial position of the Group and of the Company as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 64.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the audit report of the subsidiary of which we have not acted as auditors (which is indicated in Note 5 to the financial statements) that have been included in the financial statements of the Group for the year ended 31 December 2011.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statement are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountant

Kuching,

Date: 8 June 2012

11. ACCOUNTANTS' REPORT (Cont'd)



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**Independent Auditors' Report To The Members Of  
ABM Fujiya Berhad**  
(Company No. 628324 - W)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ABM Fujiya Berhad, which comprise the statements of financial position of the Group and of the Company as at 31 December 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 69.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



Company No.  
628324 - W

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.



11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
628324 - W

**Other Matters**

As stated in Note 22 to the financial statements, ABM Fujiya Berhad adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and the financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**

Firm Number: AF 0758

Chartered Accountants

**Chin Chee Kong**

Approval Number: 1481/01/15 (J)

Chartered Accountant

Kuching,

Date: 29 May 2013



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**Independent Auditors' Report to the Members Of  
Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.**  
(Company No. 11108 - A)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd., which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 42.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
11108 - A

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report for the subsidiary of which we have not acted as auditors, which is indicated in Note 3 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant



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## **Independent Auditors' Report to the Members Of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.**

(Company No. 11108 - A)

(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd., which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 52.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

## 11. ACCOUNTANTS' REPORT (Cont'd)



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Company No.  
11108 - A

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**


In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

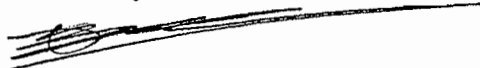
- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' report for the subsidiary of which we have not acted as auditors, which is indicated in Note 5 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

  
**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

  
**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant

Date: 31 March 2010

Kuching



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**Independent Auditors' Report to the Members Of  
Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.**  
(Company No. 11108 - A)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010 of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 67.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



Company No.  
11108 - A

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registered required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountants

Date: 6 June 2011

Kuching



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## **Independent Auditors' Report to the Member Of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.**

(Company No. 11108 - A)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Company for the financial year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 55.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.





Company No.  
11108 - A

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registered required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountants

Kuching,

Date: 8 June 2012



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## **Independent Auditors' Report to the Members Of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd.**

(Company No. 11108 - A)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 59.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, a Swiss entity.



Company No. 11108 - A
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

#### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the register required by the Act to be kept by the Company have been properly kept in accordance with the provision of the Act.

#### **Other Matters**

As stated in Note 21 to the financial statements, Amalgamated Batteries Manufacturing (Sarawak) Sdn. Bhd. adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and the financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

Kuching, Malaysia

Date: 29 May 2013

**Chin Chee Kong**  
Approval Number: 1481/01/15 (J)  
Chartered Accountant

**11. ACCOUNTANTS' REPORT (Cont'd)**

Company No. 288399-V

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANPEI CORPORATION SDN. BHD.**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ANPEI CORPORATION SDN. BHD., which comprise the balance sheet as at 31st December, 2008, and the statement of changes in equity, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 10.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2008 and of its financial performance and cash flows for the year then ended.


**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
TEO AND COMPANY  
AF: 0548  
Chartered Accountants

  
TEO ENGHAI  
712/03/10(J/PH)  
Chartered Accountant

Kuching: 29th April, 2009

5

— **TEO AND COMPANY (Firm No. AF: 0548)** Chartered Accountants

1st Floor, Lot 119, Section 54, Wisma Lian Huat, Jalan Petanak, 93100 Kuching, Sarawak. Tel: 082-425191 Fax: 082-246272

**11. ACCOUNTANTS' REPORT (Cont'd)**

Company No. 288399-V

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANPEI CORPORATION SDN. BHD.**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ANPEI CORPORATION SDN. BHD., which comprise the balance sheet as at 31st December, 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 11.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

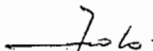
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2009 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



TEO AND COMPANY  
AF: 0548  
Chartered Accountants

Kuching: 10th March, 2010



TEO ENGHAI  
712/03/10(J/PH)  
Chartered Accountant

**11. ACCOUNTANTS' REPORT (Cont'd)**

Company No. 288399-V

*INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF*  
**ANPEI CORPORATION SDN. BHD.**  
*(Incorporated in Malaysia)*

**Report on the Financial Statements**

We have audited the financial statements of ANPEI CORPORATION SDN. BHD., which comprise the balance sheet as at 31st December, 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 11.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

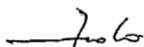
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2010 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

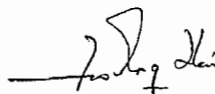
**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



TEO AND COMPANY  
 AF: 0548  
 Chartered Accountants

Kuching: 11th April, 2011



TEO ENG HAI  
 712/03/12(J/PH)  
 Chartered Accountant

11. ACCOUNTANTS' REPORT (Cont'd)

Company No. 288399-V

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
**ANPEI CORPORATION SDN. BHD.**  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ANPEI CORPORATION SDN. BHD., which comprise the balance sheet as at 31st December, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 11.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December, 2011 and of its financial performance and cash flows for the year then ended.

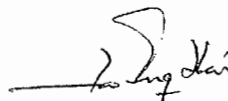
**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
TEO AND COMPANY  
AF: 0548  
Chartered Accountants

  
TEO ENG HAI  
712/03/12(J/PH)  
Chartered Accountant

Kuching: 26th March, 2012

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93714 Kuching  
Malaysia

## Independent Auditors' Report to the Members Of Anpei Corporation Sdn. Bhd.

(Company No. 288399 - V)  
(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of Anpei Corporation Sdn. Bhd., which comprise the statement of financial position as at 31 December 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended and a summary of significant accounting policies and other explanatory information as set out on pages 4 to 14.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## 11. ACCOUNTANTS' REPORT (Cont'd)



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Company No. 288399 - V
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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

The financial statements of the Company as of and for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 March 2012.

As stated in Note 19 to the financial statements, Anpei Corporation Sdn. Bhd. adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

Kuching,

Date: 29 May 2013

**Chin Chee Kong**  
Approval Number: 1481/01/15 (J)  
Chartered Accountant



KPMG (Firm No. AF 0758)  
Chartered Accountants  
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## **Independent Auditors' Report To The Member Of Amalgamated Batteries Corporation Sdn. Bhd.**

(Company No. 644774 - P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Corporation Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 10.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



Company No.  
644774 - P

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant

Kuching,

Date: 12 June 2009



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P.O. Box 679  
93714 Kuching  
Malaysia

## **Independent Auditors' Report To The Member Of Amalgamated Batteries Corporation Sdn. Bhd.**

(Company No. 644774 - P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Corporation Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 10.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



14

Company No.  
644774 - P

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/11 (J)  
Chartered Accountant

Kuching,

Date: 31 March 2010



**KPMG** (Firm No. AF 0758)  
Chartered Accountants  
Level 6, Westmoore House  
Twin Tower Centre  
Rock Road  
93200 Kuching, Malaysia

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Fax +60 (82) 422 399  
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93714 Kuching  
Malaysia

## **Independent Auditors' Report To The Member Of Amalgamated Batteries Corporation Sdn. Bhd.**

(Company No. 644774 - P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Corporation Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 12.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No.  
644774 - P

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountant

Kuching,

Date: 6 June 2011



KPMG (Firm No. AF 0758)  
Chartered Accountants  
Level 6, Westmoore House  
Twin Tower Centre  
Rock Road  
93200 Kuching, Malaysia

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Fax +60 (82) 422 399  
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P.O. Box 679  
93714 Kuching  
Malaysia

## **Independent Auditors' Report To The Member Of Amalgamated Batteries Corporation Sdn. Bhd.**

(Company No. 644774 - P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Corporation Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the financial year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 13.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



11. ACCOUNTANTS' REPORT (Cont'd)



17

Company No.  
644774 - P

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountant

Kuching,

Date: 8 June 2012



KPMG (Firm No. AF 0758)  
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P.O. Box 679  
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Malaysia

## **Independent Auditors' Report to the Members Of Amalgamated Batteries Corporation Sdn. Bhd.**

(Company No. 644774 - P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Corporation Sdn. Bhd., which comprise the statement of financial position as at 31 December 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 15.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Company No.  
644774 - P

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

### **Other Matters**

As stated in Note 11 to the financial statements, Amalgamated Batteries Corporation Sdn. Bhd. adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/15 (J)  
Chartered Accountant

Kuching,

Date: 29 May 2013



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Malaysia

## **Independent Auditors' Report To The Members Of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.**

(Company No. 645460 - H)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 17.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



21

Company No.  
645460 - H

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/1/11 (J)  
Chartered Accountant

Date: 12 June 2009

Kuching



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Malaysia

## **Independent Auditors' Report To The Members Of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.**

(Company No. 645460 - H)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 22.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



Company No.  
645460 - H

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/1/11 (J)  
Chartered Accountant

Date: 31 March 2010

Kuching



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## **Independent Auditors' Report to the Members Of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.**

(Company No. 645460 - H)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 31.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



11. ACCOUNTANTS' REPORT (Cont'd)



35

Company No.  
645460 - H

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13 (J)  
Chartered Accountant

Date: 6 June 2011

Kuching



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Malaysia

## **Independent Auditors' Report to the Member Of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.**

(Company No. 645460 - H)

(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 39.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

11. ACCOUNTANTS' REPORT (Cont'd)



43

Company No.  
645460 - H

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Chin Chee Kong**  
Approval Number: 1481/01/13(J)  
Chartered Accountant

Date: 8 June 2012

Kuching



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## **Independent Auditors' Report to the Members Of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd.**

(Company No. 645460 - H)

(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2012, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 5 to 42.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

**11. ACCOUNTANTS' REPORT (Cont'd)**

46

Company No.  
645460 - H

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

As stated in Note 16 to the financial statements, Amalgamated Batteries Marketing (Sarawak) Sdn. Bhd. adopted Malaysian Financial Reporting Standards and International Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and the financial performance and cash flows for the year then ended.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

Kuching,

Date: 29 May 2013

**Chin Chee Kong**  
Approval Number: 1481/01/15 (J)  
Chartered Accountant

11. ACCOUNTANTS' REPORT (Cont'd)



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**Independent auditors' report to the member of  
Auto Industries Batteries (East Malaysia) Sdn. Bhd.**

(Company No. 42216 - M)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Auto Industries Batteries (East Malaysia) Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 19.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

11. ACCOUNTANTS' REPORT (Cont'd)



*Auto Industries Batteries (East Malaysia) Sdn. Bhd.  
(Company No. 42216 - M)  
Financial statements for the year ended 31 December 2008  
Independent auditors' report*

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG  
Chartered Accountants  
Firm Number: AF 0758

Lee Hean Kok  
Chartered Accountant  
Approval Number: 2700/12/09 (J)

Date: 25 JUN 2009

Kota Kinabalu

11. ACCOUNTANTS' REPORT (*Cont'd*)



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Sabah, Malaysia

**Independent Auditors' Report to the member of  
Auto Industries Batteries (East Malaysia) Sdn. Bhd.**

(Company No. 42216 - M)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Auto Industries Batteries (East Malaysia) Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 30.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.



11. ACCOUNTANTS' REPORT (Cont'd)



*Auto Industries Batteries (East Malaysia) Sdn. Bhd.*  
*(Company No. 42216 - M)*  
*Financial statements for the year ended 31 December 2009*  
*Independent Auditors' Report*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Chartered Accountants  
Firm Number: AF 0758

**Lee Hean Kok**  
Chartered Accountant  
Approval Number: 2700/12/11 (J)

Date: 31 March 2010

Kota Kinabalu

11. ACCOUNTANTS' REPORT (Cont'd)



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**Independent Auditors' Report to the member of  
Auto Industries Batteries (East Malaysia) Sdn. Bhd.**

(Company No. 42216 - M)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Auto Industries Batteries (East Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 39.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

11. ACCOUNTANTS' REPORT (Cont'd)



*Auto Industries Batteries (East Malaysia) Sdn. Bhd.*  
*(Company No. 42216 - M)*  
*Financial statements for the year ended 31 December 2010*  
*Independent Auditors' Report*

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Lee Hean Kok**  
Approval Number: 2700/12/11 (J)  
Chartered Accountant

Date: 06 JUN 2011

Kota Kinabalu

11. ACCOUNTANTS' REPORT (Cont'd)



**KPMG (Firm No. AF 0758)**  
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88809 Kota Kinabalu  
Sabah, Malaysia

**Independent Auditors' Report to the member of  
Auto Industries Batteries (East Malaysia) Sdn. Bhd.**

(Company No. 42216 - M)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Auto Industries Batteries (East Malaysia) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 36.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

11. ACCOUNTANTS' REPORT (Cont'd)



*Auto Industries Batteries (East Malaysia) Sdn. Bhd.  
(Company No. 42216 - M)  
Financial statements for the year ended 31 December 2011  
Independent Auditors' Report*

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2011 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG  
Firm Number: AF 0758  
Chartered Accountants

**Lee Hean Kok**  
Approval Number: 2700/12/13 (J)  
Chartered Accountant

Date: 22 MAY 2012

Kota Kinabalu

11. ACCOUNTANTS' REPORT (Cont'd)



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
2nd Floor, Wisma Gek Poh  
18 Jalan Haji Saman  
88000 Kota Kinabalu  
Sabah, Malaysia

Telephone +60 (88) 211 811  
Fax +60 (88) 233 686  
Internet www.kpmg.com.my

P. O. Box 10819  
88809 Kota Kinabalu  
Sabah, Malaysia

**Independent Auditors' Report to the member of  
Auto Industries Batteries (East Malaysia) Sdn. Bhd.**

(Company No. 42216 - M)  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of Auto Industries Batteries (East Malaysia) Sdn. Bhd. which comprise the statement of financial position as at 31 December 2012 of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 39.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**11. ACCOUNTANTS' REPORT (Cont'd)**

*Auto Industries Batteries (East Malaysia) Sdn. Bhd.*  
*(Company No. 42216 - M)*  
*Financial statements for the year ended 31 December 2012*  
*Independent Auditors' Report*

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Other Matters**

As stated in Note 1(b) to the financial statements, Auto Industries Batteries (East Malaysia) Sdn. Bhd. adopted Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

This report is made solely to the member of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG****KPMG**

Firm Number: AF 0758  
Chartered Accountants

Date: **29 MAY 2013**

Kota Kinabalu

**Tai Yoon Foo**

Approval Number: 2948/05/14 (J)  
Chartered Accountant

12. DIRECTORS' REPORT

# **ABM FUJIYA BERHAD**

(Company No. 628324-W)

*Lot 2224, Section 66, Lorong Pangkalan, Off Jalan Pangkalan,*

*Pending Industrial Estate, 93450 Kuching, Sarawak*

*Tel: +60 (82) 333344 Fax: +60 (82) 483603.*

21 JUN 2013

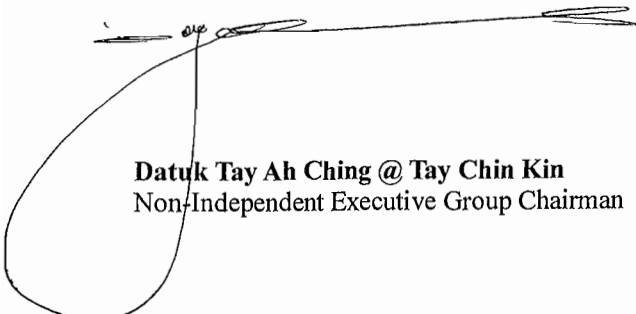
The Shareholders of  
**ABM Fujiya Berhad**  
Lot 2224, Section 66  
Lorong Pangkalan, Off Jalan Pangkalan  
Pending Industrial Estate  
93450 Kuching, Sarawak

Dear Sir/Madam,

On behalf of the Board of Directors of ABM Fujiya Berhad ("ABM Fujiya" or "Company"), I wish to report after due enquiry by the Board of Directors of the Company, that between the year from 31 December 2012 (being the date to which the last audited financial statements of the Company and its subsidiaries ("Group") has been made up) to the date of this letter (being a date not earlier than 14 days before the issuance of this Prospectus), that:-

- (a) The business of our Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) There are no contingent liabilities by reason of any guarantees or indemnities given by our Group;
- (e) There have been, since the latest audited financial statements of our Group, 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 Directors are aware of; and
- (f) Save as disclosed in this Prospectus, there have been, since the last financial statements of our Group, no material changes in the published reserves or any unusual factors affecting the profits of our Group.

Yours faithfully,  
For and on behalf of the Board of Directors  
**ABM Fujiya Berhad**



**Datuk Tay Ah Ching @ Tay Chin Kin**  
Non-Independent Executive Group Chairman



**13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION****13.1 SHARE CAPITAL**

- (a) No shares will be allocated or issued on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (b) We only have one (1) class of shares in our Company, namely Shares, all of which rank pari passu with one another.
- (c) Save for the Public Issue Shares and as disclosed in Section 4.1.4 and Section 4.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding from the date of this Prospectus.
- (d) Save for the Public Issue Shares allocated for application by, amongst others, our eligible Executive Directors and employees as set out in Section 2.3(a)(iii), there is currently no scheme for or involving our Directors or employees in the capital of our Company or any of our subsidiaries.
- (e) No person or Director or employee of our Group has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company or our subsidiaries.
- (f) Saved as disclosed in Section 4.3, no ordinary shares or debentures of our Company and our subsidiaries have been issued or are proposed to be fully or partly paid-up for otherwise than in cash within the two (2) years immediately preceding the date of this Prospectus.
- (g) Neither our Company nor our subsidiaries have any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (h) Neither our Company nor our subsidiaries have any outstanding convertible debt securities as at the date of this Prospectus.

**13.2 ARTICLES OF ASSOCIATION**

The following provisions are reproduced from our Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used or as defined in our Articles of Association.

**13.2.1 Transfer And Transmission Of Securities**

The provision of our Company's Articles of Association in respect of the arrangements for the transfer of Shares are as follows:-

**Article 30 - Transfer of Securities**

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

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

Article 32 - Refusal to register transfer

Subject to the provision of any law or regulation, including the Act, the Central Depositories Act, the Listing Requirements, these Articles and the Rules,

- (a) the Directors may in their absolute discretion decline to register any transfer of shares:-
- (i) not fully paid;
  - (ii) which the Company has a lien;
  - (iii) if the Directors are aware or have reason to believe that the registration of the transfer would result in a contravention of or failure to observe the provision of a law in Malaysia; or
  - (iv) in circumstances where fraud or impropriety is suspected in relation to the transfer of shares;
- (b) The Depository may in its absolute discretion refuse to register any transfer of the Deposited Security that does not comply with the Central Depositories Act and the Rules.

Article 34 - Renunciation

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 35 - Death of Member

In the case of the death of a Member, the executors or administrators of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased Member from any liability in respect of any share which had been held by him.

Article 36 - Transmission of securities

Where:-

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

the 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 provided that there shall be no change in the ownership of such securities.

Article 37 - Death or bankruptcy of a Member

Any person becoming entitled to a share/security in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as may from time to time properly be required by the Directors/Depository and subject as hereinafter provided, elect either to be registered himself as holder of the share/security or to have some person nominated by him registered as the transferee thereof, but the Directors/ Depository shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share/security by that Member before his death or bankruptcy. PROVIDED ALWAYS subject to the Rules, the Act, the Central Depositories Act and the Listing Requirements, a transfer of the share/security may be carried out by the person becoming so entitled.

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

Article 39 - Person entitled may receive dividends etc.

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to the same dividends and other advantages and to the same rights (whether in relation to meetings of the Company or to voting or otherwise) as the registered holder would have been entitled to if he had not died or become bankrupt.

**13.2.2 Remuneration Of Directors**

The provision of our Company's Articles of Association in respect of the arrangements for the remuneration of our Directors are as follows:-

Article 97 - Directors' remuneration

The Directors shall be paid by way of fees for their services, such fixed sum (if any) as shall from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:-

- (a) fees payable to non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;
- (d) 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.

Article 98 - Remuneration of Director holding executive office

The remuneration of a Director holding an executive office pursuant to these Articles shall be fixed by the Directors and may be payable by way of salary or by any or all of those modes, or otherwise as may be thought expedient but shall not include (where such remuneration is paid by way of salary) a commission on or percentage of turnover, and it may be made a term of such appointment or appointments that the appointee or appointees shall receive a pension, gratuity or other benefits on their retirement.

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**13. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****13.2.3 Voting And Borrowing Powers Of Directors**

The provision of our Company's Articles of Association in respect of the voting and borrowing power of our Directors are as follows:-

Article 101 - General power of Directors to manage Company's business

*The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not, by the Act or by these Articles or by the Listing Requirements, required to be exercised by the Company in general meeting subject nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, not being inconsistent with these Articles or the provisions of the Act or the Listing Requirements, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.*

Article 103 (a) – Directors' borrowing powers and conditions

*The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property or assets of the Company (both present and future) including its uncalled capital or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company as may be thought fit.*

Article 103 (b) - Directors not to borrow money for unrelated third party

*The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*

**13.2.4 Alteration Of Capital And Modification Of Class Rights**

The provision of our Company's Articles of Association in respect of the arrangements for the alteration of capital and variation of class rights, which are as stringent as those provided in the Act, are as follows:-

Article 11 - Modification of class rights

*Subject to the Listing Requirements, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to Sections 55 and 65 of the Act and whether or not the Company is being liquidated, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy, one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.*

Article 54 - Power to alter capital

*The Company may by ordinary resolution:-*

- (a) *increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;*

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

- (b) *consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;*
- (c) *sub-divide its existing share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of the Act and so that as between the resulting shares, one or more of such shares may, by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares; and*
- (d) *cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.*

Article 55 - Power to reduce 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 authorisation, and consent required by law.*

**13.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (a) The names, addresses and occupations of the Directors of our Company are set out in the "Corporate Directory" Section of this Prospectus.
- (b) A Director is not required to hold any qualification share in our Company unless otherwise so fixed by our Company in general meeting.
- (c) Save as disclosed in Section 2.10, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by our Company or its subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company or our subsidiaries or in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no Directors, proposed Directors, promoters or experts is or are entitled to receive any such payment.
- (d) Other than salary and employment related benefits as disclosed in Section 6.8, no amount or benefit has been paid or given within the two (2) years immediately preceding the date hereof, nor is it intended to be so paid or given, to any Directors.

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

- (e) Save as disclosed in Section 8.6, none of the other Directors and/or substantial shareholders of our Company has interest in any subsisting contract or arrangement, which is significant to the business of our Company or our Group taken as a whole.
- (f) Except as disclosed in Section 6.1.1, the Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over our Company and our subsidiaries.

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

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#### 13.4 MATERIAL CONTRACTS

We have entered into the following contracts in conjunction with our Listing:-

- (a) Shares Sale Agreement dated 16 April 2010 between ABM Fujiya and the vendors of AB Manufacturing for the acquisition by ABM Fujiya of the entire issued and paid-up share capital of AB Manufacturing comprising 82,123,000 ordinary shares of RM1.00 each for the purchase consideration of RM87,941,994 satisfied by the issuance of 156,999,996 Shares in the Company;
- (b) Shares Sale Agreement dated 16 April 2010 between ABM Fujiya and the vendor of AB Corporation for the acquisition by ABM Fujiya of the entire issued and paid-up share capital of AB Corporation comprising 10,000 ordinary shares of RM1.00 each for the purchase consideration of RM1.00 satisfied via cash;
- (c) Shares Sale Agreement dated 16 April 2010 between ABM Fujiya and the vendor of Anpei for the acquisition by ABM Fujiya of the entire issued and paid-up share capital of Anpei comprising 10,000 ordinary shares of RM1.00 each for the purchase consideration of RM1.00 satisfied via cash; and
- (d) The Underwriting Agreement.

There are no material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by our Company and our subsidiaries within two (2) years preceding the date of this Prospectus.

#### 13.5 MATERIAL LITIGATIONS

We are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or our business, and our Board has no knowledge of any proceeding pending or threatened against us, or of any fact likely to give rise to any proceeding, which might materially and adversely affect the business or financial position of our Group.

#### 13.6 GENERAL INFORMATION

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

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

#### 13.7 CONSENTS

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

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

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

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

**13.8 DOCUMENTS FOR INSPECTION**

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

- (a) The Memorandum and Articles of Association of our Company;
- (b) The material contracts referred to in Section 13.4;
- (c) The Directors' Report and Accountants' Report as included herein;
- (d) The Reporting Accountants' letters relating to the Proforma Consolidated Financial Information Sheets as at 31 December 2012 as included herein;
- (e) The audited financial statements of our Company and our subsidiaries for the past five (5) FYE 31 December 2012;
- (f) Independent Business and Market Researcher's Report prepared by Infobusiness and its summary thereof as set out in Section 5; and
- (g) The letters of consent referred to in Section 13.7.

**13.9 RESPONSIBILITY STATEMENT**

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

AmInvestment Bank acknowledges that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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**14. UNDERWRITING AGREEMENTS**

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**14.1 UNDERWRITING FOR THE IPO**

We had on 11 January 2011 entered into an Underwriting Agreement with the Offerors and the Sole Underwriter (AmInvestment Bank) for the underwriting of the 15,000,000 Public Issue Shares, being the IPO Shares to be made available for application by the Malaysia Public and our eligible Directors, employees and business associates of ABM Fujiya Group.

**14.2 SALIENT TERMS OF THE UNDERWRITING AGREEMENT**

The salient terms of the Underwriting Agreement, which may allow the Sole Underwriter to withdraw from their obligations under the Underwriting Agreement after the IPO as extracted from the Underwriting Agreement, are set out below (unless otherwise stated, all capitalised items herein shall bear the same meanings as prescribed in the Underwriting Agreement):-

**4. CONDITIONS PRECEDENT**

- (1) *Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under this Agreement shall be conditional upon the following:-*
  - (a) *this Agreement having been duly executed by all the parties hereto and duly stamped;*
  - (b) *the issue of the Public Issue Shares having been approved by the SC or any other relevant authority and the shareholders of the Company in general meeting;*
  - (c) *the listing and quotation of the Offer Shares/issued and paid up capital of the Company on the Stock Exchange having been unconditionally approved-in-principle by the Stock Exchange or subject only to conditions which are acceptable to the Underwriter and such approval is not withdrawn and the Underwriter being reasonably satisfied that such listing and quotation shall be granted within two (2) clear Market Days after an application for quotation is made to the Stock Exchange;*
  - (d) *the Prospectus being in form and substance satisfactory to the Underwriter;*
  - (e) *the Prospectus having been registered with the SC and lodged with the CCM within two (2) months from the date of this Agreement, or within such other period as the parties may mutually agree;*
  - (f) *there shall not have occurred, on or prior to the Closing Date, in the opinion of the Underwriter (whose opinion is final and binding) any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue or the occurrence of any event rendering untrue, inaccurate or incorrect in any material respect any of the representations or warranties contained in Clause 5(1) hereof;*
  - (g) *there shall not have occurred, on or prior to the Closing Date or Extended Closing Date, as the case may be, any material breach of any representations, warranty, covenant and or failure to perform any of the undertakings contained in Clause 5(1) hereof;*
  - (h) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 19 hereof;*
  - (i) *the Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;*



**14. UNDERWRITING AGREEMENTS(Cont'd)**

- (j) *the delivery of the following documents to the Underwriter on or before the Closing Date:*
- (i) *such reports and confirmations dated the Closing Date from the board of directors of the Company as the Underwriter may reasonably require to confirm that there has not been any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Public Issue and the listing and quotation of the Offer Shares and/or the Underwritten Shares nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and*
- (ii) *a certificate, in the form or substantially in the form contained in the Third Schedule hereto, dated the Closing Date signed by a duly authorised officer of the Company stating that, to the best of his knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in Clause 4(j)(i) above;*
- (k) *the Underwriter receiving a copy duly certified by a director or secretary of the Company to be a true copy of a resolution of the board of directors of the Company approving the Listing Exercise, the Prospectus and this Agreement, the issue and offer of the Public Issue Shares and authorising a person or persons to sign this Agreement on behalf of the Company;*
- (l) *the Prospectus having been issued within two (2) months of the date hereof or within such extended period as may be consented to by the Underwriter; and*
- (m) *the Underwriter having been satisfied that the Company has in relation to the issue and offer of the Shares complied with and is in compliance with all policies guidelines and requirements of the relevant authorities of Malaysia and in full force and effect **and any jurisdiction within which such Shares are offered (if applicable)** and all revisions; amendments and/or supplements thereto and have complied with all conditions imposed by the relevant authorities of Malaysia in respect of their approvals for the Offer Shares.*

**14. TERMINATION**

- (1) *Subject to Clause 14(2) below but notwithstanding any other provision herein contained, the Underwriter may by notice in writing to the Company given at any time before the completion of the Listing Exercise, terminate and cancel and withdraw the commitment of the Underwriter to underwrite the Underwritten Shares if:-*
- (a) *any of the conditions precedent set out in Clause 4 hereof are not duly satisfied by the Closing Date; or*
- (b) *there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clause 5(1) hereof, which is not capable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Underwriter within ten (10) Market Days from the date the Company is notified by the Underwriter of such breach; or*
- (c) *there is failure on the part of the Company to perform in any material respect any of its obligations herein contained; or*

**14. UNDERWRITING AGREEMENTS(Cont'd)**

- (d) *there is withholding of information by the Company which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Offer Shares; or*
- (e) *the approval-in-principle of the Stock Exchange for the listing and quotation of its entire issued and paid-up share capital on the Stock Exchange is withdrawn; or*
- (f) *there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*
- (g) *a petition is presented or an order is made or a resolution is passed for the winding up of the Company; or*
- (h) *an administrator or receiver or receiver and manager is appointed over, or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the Company; or*
- (i) *the Company becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; or*
- (j) *the Company ceases or threatens to cease to carry on the whole or any substantial part of its business; or*
- (k) *there shall have occurred, or happened any of the following circumstances:-*
  - (i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or*
  - (ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, national disorder, declaration of a state of national emergency, pandemics, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

*which, would have or can reasonably be expected to have, in the reasonable opinion of the Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Public Issue, or the distribution or sale of the Offer Shares, or which has or is reasonably likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.*
- (2) *In the event that this Agreement is terminated pursuant to Clause 14(1)(f), the Underwriter and the Company may confer with a view to deferring the Public Issue by amending its terms or the terms of this Agreement and may enter into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.*

**14. UNDERWRITING AGREEMENTS(Cont'd)****15. CONSEQUENCES OF TERMINATION**

- (1) *In the event of termination pursuant to Clauses 14(1) and 36(1) hereof, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect subject to the following:-*
- (a) *the liability of the Company for the payment of costs and expenses as provided in Clause 19 hereof incurred prior to or in connection with such termination shall remain;*
  - (b) *the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11 and 12 hereof shall remain; and*
  - (c) *subject thereto, each party hereto shall return any balance moneys without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Underwriter;*

*Provided that the Underwriter may at its discretion waive compliance with or modify any of the provisions of this Clause without prejudice to their powers, rights and remedies under this Agreement. For the avoidance of doubt, in the event of termination pursuant to Clauses 14(1) and 36(1) hereof, the liability of the Company for the payment of the Underwriting Commission as provided in Clauses 11 and 12 hereof shall remain.*

**36. FORCE MAJEURE**

- (1) *Notwithstanding anything herein contained, the Underwriter may in its reasonable opinion at any time before the completion of the Listing Exercise, by notice in writing delivered to the Company terminate the obligations of the Underwriter under this Agreement and/or request for the Closing Date to be extended to such reasonable date as the Underwriter may decide, upon the occurrence of the following events:*
- (i) *changes in national or international monetary, financial, political, economic or stock market conditions or exchange control or currency exchange rates or interest rates or otherwise as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Public Issue and the listing and quotation of the Offer Shares;*
  - (ii) *events beyond reasonable control of the Underwriter, including without limitation to national disorder, outbreak of war, armed conflict or serious threat of the same, hostilities, embargo, detention, revolution, riot, looting, labour disputes, any unavailability of transportation or severe economic dislocation, outbreak of disease, declaration of pandemic, Act of God or the declaration of a state of national emergency;*
  - (iii) *material changes in law, regulation, directive, policy or ruling in any jurisdiction which may seriously affect the business of the Group; or*
  - (iv) *the imposition of any moratorium, suspension, or material restriction on trading in all securities generally on the Stock Exchange for three (3) Market Days;*

*and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 19 above incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder.*

- (2) *In the event of a delivery of a request for the Closing Date to be extended by the Underwriter to the Company, the Company shall consent to such request for the extension of the Closing Date.*

**14. UNDERWRITING AGREEMENTS(Cont'd)**

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- (3) *The delivery of a request under Clause 36(2) shall not preclude the Underwriter from giving a further request for the extension of the Closing Date or from giving a notice to terminate pursuant to Clause 36(1).*

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## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE

### 15.1 OPENING AND CLOSING OF APPLICATION LISTS

The Application Lists will open at 10.00 a.m. on 28 June 2013 and will remain open until 5 p.m. on 5 July 2013 or for such further period or periods as our Directors, Promoters and Offeror together with the Sole Underwriter in their absolute discretion may decide.

In the event the closing date for the Applications is extended, you will be notified of the change in a widely circulated daily Bahasa Malaysia and English daily newspaper in Malaysia prior to original closing date of the application. Following this, the dates for the balloting of the applications for the IPO Shares, allotment of the IPO Shares and Listing would be extended accordingly. **Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATIONS

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

- (i) Application Forms; or
- (ii) Electronic Share Applications; or
- (iii) Internet Share Applications.

### 15.3 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 and Bye-laws.

**FULL INSTRUCTIONS FOR THE APPLICATION OF THE IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY**

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:-

#### 15.3.1 Applications by eligible Directors and employees of ABM Fujiya Group and/or business associates of ABM Fujiya Group

Applications for 4,500,000 IPO Shares made available for eligible Directors and employees of ABM Fujiya Group and/or business associates of ABM Fujiya 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. However, Applicants using the Pink Application Forms may still apply for the IPO Shares offered to the Malaysian Public using the white Application Form, Electronic Share Application or Internet Share Application.

#### 15.3.2 Applications by the Malaysian Public

Applications for 10,500,000 IPO Shares made available for 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 individuals, companies, co-operatives, societies and institutions. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

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

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**15.3.3 Applications by Places under Private Placement**

Investors being offered 17,000,000 IPO Shares under Private Placement will be contacted directly by the Sole Placement Agent and are requested to follow the relevant instructions as communicated by the Sole Placement Agent should they wish to accept the IPO Shares being offered to them or otherwise. Selected investors may still apply for the IPO Shares offered to the Malaysian Public using the White Application Forms, Electronic Share Application or Internet Share Application.

**15.4 APPLICATIONS USING APPLICATION FORMS**

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

- (i) **Pink** Application Forms for applications by the eligible Directors, and employees of ABM Fujiya Group and/or business associates of ABM Fujiya Group; and
- (ii) **White** Application Forms for application by the Malaysian citizens, companies, societies, co-operatives and institutions.

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

**Pink Application Forms** together with copies of this Prospectus will be sent out to eligible Directors and employees of ABM Fujiya Group and/or business associates of ABM Fujiya Group.

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 Public 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 submits 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 Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

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

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 ("KPPK 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 AND HIS ADDRESS MUST BE THE ADDRESS OF HIS RESPECTIVE CAMP, BASE OR STATION.

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

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

**15.4.1 Terms and Conditions**

Applications by way of White Application Forms shall be made on, and subject to, the 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.
- (b) Applicant that is a corporation / institution incorporated in Malaysia must have a CDS account and be subject to the following:-
  - (i) if the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (ii) there is a majority of Malaysian citizens on the board of Directors / trustee.
- (c) Applicant that is a superannuation, provident or pension fund must be established or operating in Malaysia and 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 Sections 15.4.1(b) and (c) above or the trustees thereof.

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

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

AND MUST BE MADE OUT IN FAVOUR OF **"MIH SHARE ISSUE ACCOUNT NO 510"** 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 MUST STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO THE ISSUING HOUSE / COMPANY. IF THE APPLICANT DOES NOT PRESENTLY HAVE A CDS ACCOUNT, HE MAY OPEN ONE BY CONTACTING ANY ONE OF THE ADAs LISTED IN SECTION 15.10 OF THIS PROSPECTUS.
- (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 NASIONAL MALAYSIA BERHAD.



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

- (i) Our Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) MIH, on the authority of our Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, on the authority of our Board reserves the right not to accept any Application or accept it in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (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 Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel, at his own risk.
- (m) The applicant shall ensure that his / her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (n) MIH, acting on the authority of our Directors, Promoters and Offeror reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest and shall be dispatched to the applicant within ten (10) Market Days from the date of the final ballot of the Application Lists by registered post or ordinary post at his address registered with Bursa Depository, at his own risk.

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

- (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  
OR  
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 5 July 2013 or such other later date or dates as our Board, Offeror, Promoters and the Sole Underwriter in their absolute discretion may decide.

- (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.**

**15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**

**15.5.1 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 15.5.2(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.
- (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 15.5.2 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 Number 510;
  - 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.

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

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**15.5.2 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 ATM” in Section 15.5.1 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.

**The applicant must be an individual with a CDS Account to make an Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.**

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 Institutions. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Public Issue Shares, on 5 July 2013, 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 Public Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one (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 CONDITIONS.

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

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

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

- (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 are true and correct:
- I have attained 18 years of age as at the Closing Date and Time 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 above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (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 OR VIA INTERNET SHARE APPLICATION.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The applicant agrees and undertakes to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Transaction Record or any lesser number of Public Issue Shares that may be allotted to him in respect of his Electronic Share Application. In the event that our Company decides to allot any lesser number of Public Issue Shares or not to allot any Public 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 Public Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Public Issue Shares that may be allotted to him and to be bound by the Memorandum and Articles of Association of our Company.

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

- (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 whole or in part only on a non-discriminatory basis 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.
- (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 receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5) 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 Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies will be refunded (without any interest or any share revenue or benefit arising therefrom) to the applicant by MIH by crediting into his account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from MIH. Should the applicant encounter any problems in his Applications, he may refer to the Participating Financial Institution.

- (h) The applicant requests and authorises our Company:-
- to credit the Public Issue Shares allotted to the applicant into the CDS account of the applicant; and
  - to issue share certificate(s) representing such Public Issue Shares allotted 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 the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the applicant's Electronic Share Application; or
  - data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

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

- (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 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 to 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 Public Issue Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said Shares;
  - 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 of the Public Issue Shares allotted 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 submits to the jurisdiction of the courts of Malaysia.
- (m) Our Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.

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

- (n) MIH, 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
  - CIMB BANK BERHAD; OR
  - HSBC BANK MALAYSIA BERHAD; OR
  - MALAYAN BANKING BERHAD; OR
  - PUBLIC BANK BERHAD; OR
  - RHB BANK BERHAD; OR
  - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
- Affin Bank Berhad – No fee will be charged for any application by their account holders;
  - AmBank (M) Berhad – RM1.00;
  - CIMB Bank Berhad – RM2.50;
  - HSBC Bank Malaysia Berhad – RM2.50;
  - Malayan Banking Berhad – RM1.00;
  - Public Bank Berhad – RM2.00;
  - RHB Bank Berhad – RM2.50; or
  - Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50

**15.6 APPLICATIONS USING INTERNET SHARE APPLICATION****15.6.1 Steps for Internet Share Application**

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

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.

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

- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Public 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 Public 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 eighteen (18) years of age as at the date of the application for the Public 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 the 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 the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the IPO;
  - The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
  - The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Public 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/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 Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;



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

- **THE APPLICANT IS NOT APPLYING FOR THE PUBLIC 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 is not applying for the Public 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 or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the IPO.
  - (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
  - (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
  - (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

**15.6.2 Terms and Conditions for Internet Share Application**

Applications for the Public 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 PUBLIC ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

**Internet Participating Financial Institution**

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

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or

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

- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com); or
- RHB Bank Berhad at [www.rhbbank.com.my](http://www.rhbbank.com.my).

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

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

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

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

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

- be an individual with a CDS Account, and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if he 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 IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:-

- the applicant has attained eighteen (18) years of age as at the date of the application for the Public Issue Shares;

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

- 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 the 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 the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the IPO;
- the Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
- the applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Public 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 Applicant made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- **the applicant is not applying for the Public 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 IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

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

- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Public 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 15.6.2(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 Public 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/or to purchase and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Public 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 Public Issue Shares or not to allot any Public 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 Public 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 Public Issue Shares that may be allotted 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 Public 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 part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

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

- (h) Where an Internet Share Application is unsuccessful or successful in part only, MIH shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

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 the Issuing House. 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 Issuing House by crediting into the applicant's account with the Internet Participating Financial Institution within ten (10) Market Days after the day of the final ballot.

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

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

- (i) Internet Share Applications will be closed at 5.00 p.m. on 5 July 2013 or such other date(s) as the Directors of our Company and the Managing Underwriter 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. Applications are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

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

- (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, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive the applicant's Internet Share Application and/or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Public 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 Issuing House 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 Public 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 Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 15.6.2 (j) of this Prospectus or to any cause beyond their control;

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

- the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by the Issuing House, our Company and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
  - the acceptance of the offer made by the applicant to subscribe for and/or purchase the Public 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 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;
  - in making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Principal Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application; and
  - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- (i) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) - No fee will be charged to their account holders;
  - (ii) CIMB Bank ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) - RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
  - (iii) CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) - RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;
  - (iv) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) - RM1.00;
  - (v) Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) - RM2.00; and
  - (vi) RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) - RM2.50.

**15.7 APPLICATIONS AND ACCEPTANCES**

MIH, 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.

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

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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 Public Issue Shares, to a reasonable number of Applicants with a view to broadening the shareholding base and establishing an adequate market in our Shares. Pursuant to the 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.

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

**15.8 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 / 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 our Shares.



**15. 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.

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

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS account number, MIH, on our authority, will reject the Application. MIH 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.

**15.9 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 Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to 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](http://www.mih.com.my) or by calling their respective ADAs at the telephone number as stated in Section 15.10 or MIH Telephone at (03) 7841 8000 or (03) 7841 8289, between five (5) to ten (10) Market Days (during office hours only) after the balloting date.**

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****15.10 LIST OF ADAS**

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
<b>KUALA LUMPUR</b>		
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 <sup>rd</sup> Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17 <sup>th</sup> 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 <sup>nd</sup> 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
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad)	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	066-006
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

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
HWANGDBS INVESTMENT BANK BERHAD	7 <sup>th</sup> , 22 <sup>nd</sup> , 23 <sup>rd</sup> & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22872273	068-017
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	7th-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
KENANGA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029
KENANGA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	073-021
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
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
MERCURY SECURITIES SDN BHD	L-7-2 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
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
RHB INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB 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	087-058
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

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> 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
AFFIN INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, 20-22 Jalan 21/22, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78776229	028-006
AFFIN INVESTMENT BANK BERHAD	No. 79-1 & 79-C Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	028-007
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	Ground Floor Tropicana City Office Tower 3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173319	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	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

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
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
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
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS'16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
MALACCA SECURITIES SDN BHD	No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
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
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047
RHB 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	087-048
RHB INVESTMENT BANK BERHAD	3 <sup>rd</sup> Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	087-059
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	087-049
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Pesiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
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 <sup>nd</sup> Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No :06-2898800	065-006
KENANGA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034
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
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	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026



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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No :05-6216010	078-009
CIMB INVESTMENT BANK BERHAD	Ground Floor, No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
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 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
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

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
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
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 <sup>st</sup> 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, Lebu 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
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebu Pantai 10300 Pulau Pinang Tel No : 04-2618688	086-007
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
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
KENANGA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
MALACCA SECURITIES SDN BHD	Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No : 04-8981525	012-004
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rdFloor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2ndFloor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	64 & 64-D Tingkat Bawah – Tingkat 3 & Tingkat 5 – Tingkat 8 Lebuh Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
RHB 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	087-042
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500Pulau Pinang Tel No : 04-8352988	087-056

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>PERLIS INDRA KAYANGAN</b>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	087-060
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1 <sup>st</sup> 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	2ndFloor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
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
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
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

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
KENANGA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	073-033
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
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB 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	087-040
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046
<b>JOHOR DARUL TAKZIM</b>		
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 : 07-6637398	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

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
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
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
AMINVESTMENT BANK BERHAD	18 <sup>th</sup> & 31 <sup>st</sup> Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No :07-3343855	086-006
HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad)	Suite 25.02, Level 25, Menara Pelangi Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	066-005
HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad)	1 <sup>st</sup> Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313688	066-004
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	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

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
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
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Center Batu Pahat, 83000 Johor Darul Takzim Tel No : 07-4326963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-2237423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuhing, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
M & A SECURITIES SDN BHD	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Ehsan Tel No : 07-2366288	057-006
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



## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB 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	087-029
RHB 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	087-030
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	087-038

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043
<b>PAHANG DARUL MAKMUR</b>		
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 1st & 2 <sup>nd</sup> No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041
<b>KELANTAN DARUL NAIM</b>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
<b>TERENGGANU DARUL IMAN</b>		
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
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No :088-328878	065-005
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
KENANGA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamuning 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258618	087-036
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd 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	Ground Floor & 1 <sup>st</sup> Floor No. 1, Jalan Pending 1 <sup>st</sup> Floor, No. 3, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002

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

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
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
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10 2 <sup>nd</sup> Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel No : 082-250888	087-003
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K.T.L.D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No : 082-422252	087-008
RHB 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	087-012
RHB INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	087-050
RHB INVESTMENT BANK BERHAD	Ground Floor & 1 <sup>st</sup> Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu 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