

10. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDER/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

10.4.2 Profiles of key management

Save for the profiles of DAKN, Nadarajan Rohan Raj, Narla Srinivasa Rao and Narishnath a/l Nathan which are set out in Section 10.2.2 of this Prospectus, the profiles of our key management are as follows:

Chandrasegran a/l S. P. Uthirapathy, aged 50, is our Regional Director for South East Asia. He graduated from the University of Strathclyde, UK in 1985 with a Bachelor in Electrical and Electronics Engineering Degree. He is a Chartered Engineer registered with the Engineering Council in UK and a Professional Engineer registered with the Board of Engineers in Malaysia. He joined our Group in 2001 as our Deputy General Manager and was later promoted to General Manager in 2004 before assuming his current position. He has over 20 years experience in the power plant construction industry and was responsible for the successful completion of several large power plant projects, notably the 2100MW Tanjung Bin Power Plant in Pontian, Johor and the 1400MW Jimah Power Plant Project in Port Dickson, Negeri Sembilan. Prior to joining us in 2001, he spent 6 years at KTA Tenaga Consulting Engineers as their Senior Consultant. Prior to that, he was with Jurong Engineering Ltd, Singapore and was involved in the tendering, costing, planning, negotiations, contract administration and project management of several power plant projects in Malaysia, Singapore and Indonesia.

Pardhasaradhi Chadalavada, aged 47, is our Operations Director for the Middle East and Indian operations. He is a graduate in Bachelors Degree in Mechanical Engineering from Nagarjuna University, Andhra Pradesh, India in 1986. He has over 23 years experience in various segments of the construction industry. He joined our Group in 2006 as our Commercial Manager. His vast experience in the structural steel industry coupled with his techno-commercial abilities has enabled him to advise our Group and senior management on all commercial, contractual and legal issues. With his techno-commercial capabilities he has been continuously contributing profitable solutions to our Company. Prior to joining us in 2006, he worked with some of the leading Indian construction companies such as Larsen & Toubro Limited and Mukund Group where he was involved in the execution of several major industrial and infrastructural project assignments in India in sectors such as steel plants, power plants, petrochemical plants and oil refineries.

Chan Fook Kwong, age 43, is our Chief Financial Officer. He graduated in 1992 with a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Malaysia. He is a member of the Chartered Institute of Management Accountants of which he obtained his associate membership in November 1996. He is also a member of the Malaysian Institute of Accountants and was admitted as a Chartered Accountant in September 2002. Upon graduation, he began his career at Khoo Wong & Chan, a public accountant firm as an Audit Senior. He then joined the China Press Berhad as Assistant Accountant in April 1995 before moving on to Digital Healthcare Systems Sdn Bhd in October 1995. Subsequently, he joined Digital Arena Sdn Bhd as Group Accountant before joining New Technology & Innovation Sdn Bhd in January 1999. In 2005, he took up the position of Chief Financial Officer in NTI International Limited, a company listed on the Singapore Exchange Main Board. He joined us in September 2008. Prior to his appointment as the Chief Financial Officer, he spent 3 years working in our Hamriyah Free Zone, Sharjah operations.

10. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDER/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

Gopala Krishnan, aged 50, is our General Manager for EV Qatar. He graduated in 1980 with a Diploma in Mechanical Engineering from Federal Institute of Technology, Malaysia. From year 1982 to 1988, he was involved in various projects such as the Dayabumi Building, Car Plant for Perusahaan Otomobil Nasional and Sultan Salahuddin Abdul Aziz Power Station Phase 1 and 2 in Malaysia. He was also involved in the construction for the Singapore Indoor Stadium in Singapore. Subsequently, he worked for 6 years as a Retail Manager in the US. He returned to rejoin SEVM in 1995 as our Operations Director and was involved in landmark projects such as the Suria KLCC, Kuala Lumpur International Airport and Kuala Lumpur Sentral Station. He then left to join Sincon Pvt Ltd, Sri Lanka, a company specialising in bored piles and secant piles before returning to assume his current position. He is the brother of DAKN and uncle of Narishnath a/l Nathan.

Rajagopal Damodharan, aged 43, is our General Manager for Hamriyah Free Zone, Sharjah operations. He graduated in 1987 with a Diploma in Mechanical Engineering from Anna University, Chennai, India and started his career with Southern Structural Limited, Chennai, India as a Junior Engineer before leaving in 1995 to join Larsen & Toubro Ltd, India as an Assistant Engineer. He joined our Group in 1996 as an Engineer and held various positions within our Group before being appointed to his current position in 2008.

Kaliyappan Saravanan, aged 41, is our General Manager for Infrastructure Division of EV India. He graduated in 1994 with a Master of Engineering in Structural Engineering Degree from College of Engineering, Guindy, Anna University, Chennai, India and obtained his MBA Degree in 2002 from Alagappa University in Karaikudi, Tamil Nadu, India. He started his career with RVS Engineering College as a lecturer and left to join SPIC SMO in 1994 as a Trainee Design Engineer before joining our Group in 1996 as a Planning Engineer in Singapore and moved on to work in Malaysia, Dubai and India for various projects in our Group. He was instrument in developing and managing the structural design department and detailing office in India.

Natesan Subramanian, aged 44, is our General Manager for our Power Plant Division of EV India. He holds a Bachelor in Mechanical Engineering (Honours) Degree from Bharathidasan University, India and has a Post Graduate Diploma in Materials Management and Boiler Proficiency Engineering from Annamalai University, India. He started his career with Buckau Wolf India Ltd as a Trainee Engineer in 1988 before joining Cethar Vessels Ltd as an Erection Engineer in 1989. He left in 1993 to join Manigarh Cements Power Division (Birlas Centuary Group) as a Shift Engineer. He then joined Ishikawajima Harima Heavy Industries, Malaysia in 1996 as a Chief Engineer. He join our group in 2001 as the Project Manager for the Jana Manjung Power Plant Project and went on to manage the Tanjung Bin Power Plant and the Jimah Power Plant Projects.

Thong Peng Fook, aged 46, is our General Manager for SEVM. He graduated in 1989 with a Bachelor in Civil Engineering Degree from University of Technology, Loughborough, UK and started his career with Cleveland Bridge & Engineering Ltd in UK, followed by Cleveland Bridge and Engineering Sdn Bhd in 1994. In 1998, he left to join Tuck Sing Engineering Sdn Bhd for a year. He then rejoined Cleveland Bridge and Engineering Sdn Bhd as the Works Manager before taking up the position of General Manager at Torsco Bhd in 2004. He joined our Group in 2007 as General Manager of our Sharjah operations before returning to Malaysia to assume his current position.

10. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDER/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

Subramanian Pandirajan, aged 48, is our Deputy General Manager for EV Qatar and served this organisation for nearly 19 years. He graduated with a Bachelor in Mechanical Engineering Degree from Madurai Kamaraj University, India in 1986 and worked in India for about 5 years. He was involved in the fabrication, assembly and erection of the steel mobile service tower for the Polar Satellite Launch Vehicle project in India, an expendable launch system developed and operated by the Indian Space Research Organization. Thereafter, he joined our group in 1992 and was assigned as our General Manager for the Singapore operations. He has worked in Singapore for about 15 years before being transferred to EV Qatar in 2006 to oversee our Qatar operations.

Stephen Athisayamuthu, aged 44, is our Deputy General Manager for EVSC. He graduated with a Diploma in Civil Engineering from State Board of Technical Education and Training in Tamil Nadu, India in 1987. He has over 23 years experience in various segments of the construction industry. He joined our Group in 1993 as an engineer. His vast experience includes construction of power stations, industrial buildings, airports, high rise buildings, bridges and other commercial buildings in both structural steel and reinforced concrete cement structures. Prior to joining us, he was working with Modern Construction Company in Mumbai, India, where he was involved with the construction of an atomic power station and a fly-over bridge.

Srinivas Rao Sarvade, aged 44, is our Technical Director for the Engineering Division of EV India. He is a graduate in Master of Science in Structure from Indian Institute of Science in 1993. He started his career with Jindal Vijayanagar Steel Limited as a Trainee Engineer. After his on-the-job training in Mecon India Limited, he was given the responsibility of Engineering Coordination of various units in steel plants such as basic oxygen furnace, pellet plant and gas holder. He had involvement with major engineering firms such as Kvaerner Power Gas, Walker Engineering, Indomag Steel Technologies. He joined iCAD Engineering Pvt Ltd, India as a Project Manager where-in he setup the basic protocols for detailed engineering works for infrastructure projects and power plants for the USA clients. After having deep knowledge of international projects, he was promoted to the position of Vice President. He joined our Group in January 2007 as our Technical Director for the Indian operations.

Chinaaraj Babu, aged 38, is our Deputy General Manager, Tendering for the Middle East and India. He graduated with a Diploma in Civil Engineering from State Board of Technical Education in Tamil Nadu, India in 1991. He started his career as a Trainee Civil Engineer with Larsen & Toubro Ltd. Prior to joining us, he was working in various projects related to civil structures such as stadiums, bridges, factories and roads with Larsen & Toubro Ltd in India. In 1995, he joined our Group as a Site Engineer in Malaysia and worked on various projects in the UAE, Qatar and Malaysia. He has over 19 years of experience in various segments of the construction industry, which include bridges, high rise buildings, factory buildings, stadiums and other commercial projects in both structural steel and civil structures.

Pashmeena Bhatia, aged 48, is our Financial Controller for EV Dubai. She graduated from the University of Southern Queensland, Australia with a Master of Professional Accounting degree in 2003. She is a member of the Certified Practising Accountants of Australia and Institute of Certified Management Accountants. She has over 15 years working experience in our Group. She is mainly responsible for the EV Dubai's finance operations, among others, ensuring effectiveness and efficiency of the financial controls.

10. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDER/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

10.5 Involvement of Executive Directors/key management in other businesses/corporations

Save as disclosed below and in Section 10.2.3 of this Prospectus, none of our Executive Directors and key management are involved in the activities or operations of other business or corporations as at the LPD:

(i) Subramanian Pandirajan

Company	Principal activity	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
Eversendai Engineering Pte Ltd (Singapore)	Dormant	Director	30 July 2004	0.01	-

(ii) Kaliyappan Saravanan

Company	Principal activity	Designation	Date of appointment	% Equity interest held	
				Direct	Indirect
EEPL*	Dormant	Director	13 August 1999	-	-

Note:

- * The company is the surviving entity from the merger of ECEPL with EEPL pursuant to the court order dated 1 November 2010. Pursuant to the court order, ECEPL has been dissolved without winding up. EEPL has changed its name to NPNS Enterprise Private Limited effective from 24 May 2011.

Our Directors are of the view that their involvement in other business activities outside our Group do not affect their contributions to our Group and the operations of our Group.

The involvement in other business activities outside our Group by our Directors may give rise to a conflict of interest situation with our businesses. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

10.6 Declaration of Directors and key management team

None of our Promoter, Directors and key management is or was involved in any of the following events whether within or outside Malaysia:

- (i) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) Any judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) Such person was the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

10. INFORMATION ON PROMOTER/ SUBSTANTIAL SHAREHOLDER/ DIRECTORS/ KEY MANAGEMENT (Cont'd)

10.7 Family relationships

Save as disclosed below, there are no family relationships among the Promoter, substantial shareholder, Directors and key management of our Group:

- (i) Narishnath a/l Nathan is the son of DAKN; and
- (ii) DAKN and Gopala Krishnan are brothers.

10.8 Existing or proposed service agreements

All our employees have standard employment contracts. There is no other existing or proposed service agreement between our Group or any other company within our Group, our key management and key technical personnel.

10.9 Management succession plan

We recognise the need to ensure continuity in our management in order to maintain our Group's competitive edge over our competitors. Our Board believes that the continued success of our Group depends, among other things, on the experience, expertise, support and dedication of our management personnel.

Our Group has put in place a structured succession plan by identifying a core group of key management which have been groomed to succeed DAKN as Managing Director of our Group. Together with DAKN, they have been part of the Group's senior leadership team for a number of years and have been actively involved in setting the strategic direction of our Group as well as managing the Group's day-to-day operations.

As part of our management development plan, we have put in place initiatives including:

- (i) A formal induction program which is carried out for all new management staff where our Group's history, business objectives, business policies and plans are communicated to the staff;
- (ii) Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- (iii) Taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our Group's business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS

11.1 Related party transactions and conflict of interests

Under the Listing Requirements that are applicable to companies listed on the Main Market, a "related party transaction" is a transaction entered into by a listed company or its subsidiaries which involves the interests, direct or indirect, of a related party. A "related party" of a listed company is:

- (i) a director; or
- (ii) a major shareholder having an interest or interests in one or more voting shares in a corporation and the nominal amount of those shares, or the aggregate of the nominal amount of those shares, is:
 - (a) 10% or more of the aggregate of the nominal amounts of all voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation,

of the listed company and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director, chief executive or major shareholder of the listed company or its subsidiaries or holding company. Further, a related party includes a person connected with such director or major shareholder as defined under the Listing Requirements.

11.1.1 Non-recurrent related party transactions

Save as disclosed below, we have not entered into any non-recurrent related party transactions with our Directors, substantial shareholders, key management personnel and/or persons connected with them during the past 3 FYE 31 December 2010 which is significant in relation to the business of our Group.

Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			
			Actual	2009	2010	
No.					Estimate up to 30 June 2012	
1.	SEVM and Shineversendai Properties (M) Sdn Bhd ⁽¹⁾	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect substantial shareholder of Shineversendai Properties (M) Sdn Bhd.	Rental of office premises located at Wisma Eversendai No. 5, Jalan 5/65C, Pekelling Business Centre, 53000 Kuala Lumpur by SEVM from Shineversendai Properties (M) Sdn Bhd. This tenancy agreement was terminated in November 2009.	RM84,000	RM70,000	-

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Estimate up to 30 June 2012
				2008	Actual 2009	2010	
2.	EV India and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder is also a Director and direct and indirect shareholder of EEPL.	Disposal of land on 15 January 2010 located at Karivedu Village, Arakkonam Taluk, Vellore District by EV India to EEPL.	-	-	(2) RM1,068,060	-
3.	ECB and DAKN	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, was the Managing Director and a substantial shareholder of EVSC.	Acquisition on 30 May 2010 of 49% equity interest in EVSC by our Company from DAKN.	-	-	RM2,665,972	-
4.	EV Dubai and EVSC	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, was also the Managing Director and substantial shareholder of EVSC.	Tenancy agreement of building located at plot no. 264 - 522 Muhnisa 2, Dubai previously rented by EV Dubai but occupied by EVSC at the expense of EVSC.	-	(3) RM201,246	(4) RM235,447	-
			Award of subcontract by EV Dubai to EVSC for the Emirates Park Towers Hotel project.	(3) RM49,981,662	(3) RM28,930,278	(3) RM3,989,851	-
			Recovery of actual cost paid by EV Dubai on behalf of EVSC for rental of a labour camp at Plot No. 264/479, Sonapur, Dubai, UAE.	-	(3) RM1,490,369	(3) RM678,949	-

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Estimate up to 30 June 2012
				2008	Actual 2009	2010	
			Recovery of actual cost paid by EV Dubai on behalf of EVSC for the following:				
			(i) Accommodation and related cost, wages and salaries incurred for the provision of workers;	(3) RM6,542,284	(3) RM11,974,443	(3) RM4,300,984	-
			(ii) Transportation, insurance, staff benefits provided to EVSC; and	(3) RM60,442	(3) RM381,474	(3) RM857,083	-
			(iii) Payment to suppliers.	(3) RM3,382,645	-	-	-
5.	EV Dubai and DAKN	DAKN is our Executive Chairman and Group Managing Director, and our substantial shareholder.	Management fees paid by EV Dubai to DAKN.	RM14,189,764	RM12,282,828	(5)	-
6.	ECB and Datin Puspawathy a/p Subramaniam	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, was a Director and a substantial shareholder of Eversendai Engineering Pte Ltd (Singapore) and EV Hong Kong. Datin Puspawathy a/p is the spouse of DAKN.	Disposal on 28 April 2010 of 66.67% equity interest in EV Hong Kong by our Company to Datin Puspawathy a/p Subramaniam.	-	-	RM953	-

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Estimate up to 30 June 2012
				2008	2009	2010	
7.	SEVM and DAKN	DAKN is our Executive Chairman and Group Managing Director and our substantial shareholder.	Disposal of Mercedes Benz (registration number WGD 51) by SEVM to DAKN.	-	RM1	-	-
8.	SEVM and Datin Puspawathy a/p Subramaniam	DAKN is our Executive Chairman and Group Managing Director and our substantial shareholder. Datin Puspawathy a/p Subramaniam is the spouse of DAKN.	Disposal on 27 April 2010 of 37% equity interest in Eversendai Philippines Inc ⁽ⁱ⁾ by SEVM to Datin Puspawathy a/p Subramaniam.	-	-	(⁽ⁱⁱ⁾) RM6,687	-
9.	EV Dubai and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect shareholder of EEPL.	Design and detailing work services provided by EEPL to EV Dubai.	(⁽ⁱ⁾) RM5,178,934	(⁽ⁱ⁾) RM5,389,026	-	-
10.	SEVM (Indian branch) and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect shareholder of EEPL.	Lease of land and building by SEVM (Indian branch) from EEPL. The land and building is located at no. 134, Nanganallur Village, Tambaram Taluk, Kancheepuram District, Chennai South Registration District, Alandur Sub Registration District, Alandur Municipality Limits.	-	(⁽ⁱ⁾) RM729	-	-

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 31 December			Estimate up to 30 June 2012
				2008	2009	2010	
11.	EV India and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect shareholder of EEPL.	Acquisition on 2 November 2009 of land and building by EV India from EEPL. The land and building is located at No. 134, Nanganallur Village, Tambaram Taluk, Kancheepuram District, Chennai South Registration District, Alandur Sub Registration District, Alandur Municipality Limits.	-	(9) RM795,715	-	-
13.	SEVM and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect shareholder of EEPL.	Marketing and tendering services received by SEVM from EEPL.	-	(7) RM393,443	-	-
14.	Narla Srinivasa Rao, Kaliyappan Saravanan and EV India	Narla Srinivasa Rao is our Executive Director and Regional Director of the Middle East operations. Kaliyappan Saravanan is a member of the key management team of our Company. Narla Srinivasa Rao and Kaliyappan Saravanan are also Directors of EV India.	Personal guarantee provided by Narla Srinivasa Rao and Kaliyappan Saravanan for a facility given to EV India.	-	RM10,764,318	RM9,889,011	(9)(10) RM9,854,374
15.	DAKN and ECB	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder.	Personal guarantees provided by DAKN for loan facilities given to our Group.	RM1,441,301,971	RM1,119,968,737	RM1,832,635,828	(9) RM1,760,774,590

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

Transacting No.	Nature of relationship	Nature of transaction	FYE 31 December		Estimate up to 30 June 2012
			Actual	2009	
			2008	2010	
16.	EV Shatjiah and EVSC	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, was also the Managing Director and substantial shareholder of EVSC.	-	(3) RM5,490,850	(3) RM2,583,819
17.	EV Qatar and EEPL*	DAKN, our Executive Chairman and Group Managing Director and our substantial shareholder, is also a Director and direct and indirect shareholder of EEPL.	(11) RM924,778	-	-

Notes:

- (1) The company is in the process of changing its name.
- (2) Converted at Rst3.7071 : RM1.00, being the closing rate as at 15 January 2010.
- (3) Converted at AED1.0571 : RM1.00, AED1.0435 : RM1.00 and AED1.1453 : RM1.00, being the average rates as at 31 December 2008, 31 December 2009 and 31 December 2010 respectively.
- (4) EVSC was acquired by our Group on 30 May 2010. Converted at AED1.1149: RM1.00, being average rates as at 28 May 2010 as 30 May 2010 is a non-trading day.
- (5) Management fee of RM14,190,000 and RM12,283,000 in FYE 2008 and FYE 2009 respectively were paid to DAKN as Managing Director of EV Dubai under the previous memorandum and articles of association of EV Dubai whereby DAKN was entitled to a management fee based on the revenue of EV Dubai. With effect from 1 January 2010, DAKN is no longer be entitled to a fee based on the revenue of EV Dubai.
- (6) Converted at PHP13.8328 : RM1.00, being the closing rate as at 27 April 2010.
- (7) Converted at Rst3.1554 : RM1.00 and Rst3.7250 : RM1.00, being the average rates as at 31 December 2008 and 31 December 2009 respectively.
- (8) Converted at Rst3.5912 : RM1.00 being the closing rate as at 31 December 2009.
- (9) Actual amount.
- (10) Converted at Rst14.8462 : RM1.00, being the closing rate as at the LPD.
- (11) Converted at QR1.0489 : RM1.00, QR1.0343 : RM1.00 and QR1.1370 : RM1.00, being the average rates as at 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

* The company is the surviving entity from the merger of ECEPL with EEPL pursuant to the court order dated 1 November 2010. Pursuant to the court order, ECEPL has been dissolved without winding up. EEPL has changed its name to NPNS Enterprise Private Limited effective from 24 May 2011.

11.1.2 Recurrent related party transactions

Save as disclosed below, we have not entered into any other recurrent related party transactions of a revenue or trading in nature which are necessary for our day-to-day operations and in our ordinary course of business with related parties which involves the interests, direct or indirect, of our Directors, substantial shareholders, key management personnel and/or persons connected with them ("**Recurrent Transactions**") during the past 3 FYE 31 December 2010.

Our Directors are of the opinion that such Recurrent Transactions were negotiated on and agreed at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

Transacting No. parties	Nature of relationship	Nature of transaction	FYE 31 December			⁽¹⁾ Estimate up to 30 June 2012
			2008	2009	2010	
1. EV Qatar and QIG Industrial	QIG Industrial is a substantial shareholder of EV Qatar.	Lease of labour quarters located at Industrial Area Zone 57 by EV Qatar from QIG Industrial, the landlord of the labour quarters.	⁽²⁾ RM762,704	⁽²⁾ RM2,320,410	RM2,110,818	⁽³⁾ RM2,549,102
2. EV India, Govindan Subramanian and Deivanai Subramanian	Govindan Subramanian is the father-in-law and Deivanai Subramanian is the mother-in-law of Kaliyappan Saravanan who is our General Manager for the Infrastructure Division of EV India.	Rental of 1 st and 2 nd floor of Bangalore office at #620, 14 th Cross, 8 th 'A' Main, ISRO Layout, Bangalore – 560 078 by EV India from Govindan Subramanian and Deivanai Subramanian.	-	⁽⁴⁾ RM4,962	⁽⁴⁾ RM19,024	⁽⁵⁾ RM27,469
3. EV Dubai and DAKN	DAKN is our Executive Chairman and Group Managing Director and our substantial shareholder.	Rental of property, Villa no. 1037 and 1034, Uptown Mirdiff, Mirdiff, Dubai, UAE by DAKN to EV Dubai.	-	⁽⁶⁾ RM287,494	⁽⁶⁾ RM261,940	⁽⁷⁾ RM372,486

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

Notes:

- (1) Our shareholders (save for Dato' Nathan a/l Elumalay, Datin Puspawathy a/p Subramaniam and Narishnath a/l Nathan who are deemed interested in the recurrent related party transactions) have on 3 June 2011 approved the recurrent related party transactions for the 18 months ending 30 June 2012. Our Company will seek our shareholders' approval for the recurrent related party transactions which are expected to be transacted for the subsequent 12 months ending 30 June 2013 at the next annual general meeting of our Company.
- (2) Converted at QR1.0489 : RM1.00, QR1.0343 : RM1.00 and QR1.1370 : RM1.00, being the average rates as at 31 December 2008, 31 December 2009 and 31 December 2010 respectively.
- (3) Converted at QR1.1965 : RM1.00, being the average rate as at the LPD.
- (4) Converted at Rs13,725 : RM1.00 and Rs14,3187 : RM1.00, being the average rates as at 31 December 2009 and 31 December 2010 respectively.
- (5) Converted at Rs14,8749 : RM1.00, being the average rate as at the LPD.
- (6) Converted at AED1.0435 : RM1.00 and AED1.1453 : RM1.00, being the average rates as at 31 December 2009 and 31 December 2010 respectively.
- (7) Converted at AED1.2081 : RM1.00, being the average rate as at the LPD.

We would enter into Recurrent Transactions in our ordinary course of business, including but not limited to the above, with persons which are considered related party as defined in Chapter 10 of the Listing Requirements. Our Directors would ensure that any future Recurrent Transactions will be negotiated on and agreed to at arm's length basis on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of our minority shareholders.

In order to mitigate any potential conflict of interest arising from such Recurrent Transactions as provided under Chapter 10 of the Listing Requirements, our Board may seek the approval from our non-interested shareholders for a mandate in relation to the Recurrent Transactions at the next general meeting of the Company. Due to its time-sensitive nature, the shareholders' mandate will enable us to enter into such Recurrent Transactions in our ordinary course of business without the need to convene numerous general meetings to approve such Recurrent Transactions as and when they are entered into.

To safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, monitor any Recurrent Transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regard to any Recurrent Transaction entered into by us.

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)**11.2 Transactions unusual in their nature or conditions**

As at the LPD, there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party in respect of the past 3 financial years and the subsequent financial period thereof, if any, immediately preceding the date of the Prospectus.

11.3 Outstanding loans made by corporation or any of its parent or subsidiaries to/for the benefit of related parties

There are no outstanding loans (including guarantees of any kind) made by us, our subsidiaries to or for the benefit of related parties in respect of the past 3 FYE 31 December 2010.

11.4 Interest in similar business and potential conflict of interest

As at the LPD, none of the Directors or substantial shareholder and/or key management of ECB are interested, directly or indirectly in any business carrying on a similar trade as our Group.

11.5 Promotions of any material assets acquired/disposed of or leased

Save as disclosed in Section 11.1 of this Prospectus, none of our Directors or our substantial shareholder have any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the past 3 FYE 31 December 2010 and the subsequent financial period thereof, immediately preceding the date of this Prospectus, acquired or disposed of by or leased to our Group or proposed to be acquired, disposed of by or leased to our Group.

11.6 Contracts or arrangements in which the Directors or substantial shareholder are interested and significant in relation to the business of our Group

Save as disclosed in Sections 11.1 and 11.5 of this Prospectus, there are no contracts or arrangements in which the Substantial Shareholders are interested in and which is significant in relation to the business of our Group.

11.7 Declaration by the Advisers**11.7.1 Declaration by Maybank IB**

Maybank IB, its subsidiaries and associated companies, as well as its holding company, Malayan Banking Berhad (“**MBB**”) and the subsidiaries and associated companies of MBB (“**Maybank Group**”), are in the ordinary course of business, engaged in investment banking, securities trading, asset and fund management, commercial banking, insurance and offshore banking services, respectively. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Group, in addition to the roles set out in this Prospectus.

MBB, has granted our Company term loan facilities of RM12,086,740. As at the LPD, the principal amount outstanding for these term loan facilities is RM9,966,179. We have no intention of utilising the proceeds to be raised from the offer of Issue Shares to repay the above facilities granted by MBB.

Maybank IB is of the view that the abovementioned extension of credit facilities do not result in conflict of interest situation in respect of its capacity as Sole Adviser, Underwriter and Bookrunner of the IPO as the total credit facilities extended are not material when compared to the audited total assets of the Maybank Group as at 30 June 2010. Furthermore, the credit facilities extended arose in the ordinary course of business of the Maybank Group in view of the Maybank Group’s extensive participation in the Malaysian capital market and banking industry.

11. RELATED PARTY TRANSACTIONS / CONFLICT OF INTERESTS (Cont'd)

11.7.2 Declaration by Tay & Partners

Tay & Partners hereby confirms that there is no conflict of interest in respect of its capacity as Legal Adviser to our Company.

11.7.3 Declaration by Foreign Legal Advisers

Lawrence Graham LLP hereby confirms that there is no conflict of interest in respect of its capacity as Foreign Legal Adviser to our Company as to laws in the UAE.

Al-Soaib Law Firm hereby confirms that there is no conflict of interest in respect of its capacity as Foreign Legal Adviser to our Company as to laws in Saudi Arabia.

HFI Middle East LLC hereby confirms that there is no conflict of interest in respect of its capacity as Foreign Legal Adviser to our Company as to laws in Qatar.

PRA Law Offices, Advocates hereby confirms that there is no conflict of interest in respect of its capacity as Foreign Legal Adviser to our Company as to laws in India.

ATMD Bird & Bird LLP hereby confirms that there is no conflict of interest in respect of its capacity as Foreign Legal Adviser to our Company as to laws in Singapore.

11.7.4 Declaration by Ernst & Young

Ernst & Young hereby confirms that there is no conflict of interest in respect of its capacity as Auditors and Reporting Accountants to the Group for the IPO.

11.7.5 Declaration by Frost & Sullivan

Frost & Sullivan has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our Listing.

[The rest of this page is intentionally left blank]

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT

12.1 Summary of the information on material properties owned/leased by our Group

The details of material landed properties owned/leased by our Group are as follows:

Registered owner	Postal address	Title details	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Date of CF or equivalent	Major encumbrances/ restriction in interest	Net book value as at 31 December 2010 (RM)
ECB	Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan, Malaysia	No. GM 6857, GM 6858 and GM 6859, Lot 19191, 19956 and 19957, Seksyen 20, Bandar Rawang, District of Gombak, Selangor Darul Ehsan, Malaysia	3 pieces of industrial land erected with 2-storey office building and 1-storey factory / head office and fabrication factory	94,722 / 471,771	Freehold / -	< 1 year	15 April 2010	Charged to Malaysian Banking Berhad (No. Perserahan 5114/2007 and 5115/2007 dated 17 September 2007)	^19,945,620
ECB	Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan, Malaysia	No. GRN 205607, GRN 205608 and GRN 205609, Lot 19072, 19073 and 19074, Seksyen 20, Bandar Rawang, District of Gombak, Selangor Darul Ehsan, Malaysia	3 pieces of vacant land under the category of land use for industrial purpose	- / 204,719	Freehold / -	-	-	Charged to Malaysian Banking Berhad (No. Perserahan 5342/2010, 5343/2010 and 5344/2010 dated 6 January 2010)	4,610,000
EV Dubai	Al-Qusais Industrial Area 1, Dubai, UAE	Plot no. 242-337, Al-Qusais Industrial Area 1, Dubai, UAE	2 blocks of 2-storey office buildings and a 3-bays shop / head office and fabrication factory	85,315 / 80,000	Leasehold 30 years / 10 May 2029	< 10 years	5 April 1999	-	2,378,408

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Registered owner	Postal address	Title details	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Date of CF or equivalent	Major encumbrances/ restriction in interest	Net book value as at 31 December 2010 (RM)
EV Dubai	Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot no. 264-972, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	3 blocks of 2-storey steel buildings with 96 rooms / labour camp	29,572 / 36,400	Leasehold 30 years / 13 July 2038	< 6 years	30 August 2006	-	21,496,815
EV Dubai	Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot no. 264-573, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	1 block of 3-storey concrete building with 263 rooms / labour camp	93,570 / 39,811	Leasehold 99 years / 4 August 2109	< 4 years	21 February 2007	-	10,631,076
EV Qatar	Street No.41, New Industrial Area, P.O. Box 35283, Doha, Qatar	Plot no. 6089/6090, Medium and Small Industrial Area, Doha, Qatar	2-storey office building with a 3-bays factory / head office and fabrication factory	285,665 / 296,427	Leasehold 25 years / 15 August 2031	< 4 years	1 June 2010	Unregistered charge to United Bank Limited by way of hypothecation of fixed assets which includes the building at the factory site in Qatar	21,941,010
EV India	No. 134, Nanganallur Village, Tambaram Taluk, Kancheepuram District, Chennai South Registration District, Alandur Sub Registration District, Alandur Municipality Limits, Tamil Nadu, India	Plot no. 2/12, Poonthottam 1st Street, Nanganallur, Chennai 600 114, Tamil Nadu, India	3-storey office building / engineering office	5,500 / 3,750	Freehold / -	< 36 years	18 May 2010	-	903,731

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Registered owner	Postal address	Title details	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Date of CF or equivalent	Major encumbrances/ restriction in interest	Net book value as at 31 December 2010 (RM)
EV Sharjah	P.O. Box: 42531, Hamriyah Free Zone, Sharjah, UAE	Plot no. 2D-03, 04, 14, 15 and 18, 2E- 01, 02, 04, 05, 06, 07, 09 and 10, and 3E-03, Hamriyah Free Zone, Sharjah, UAE	Work shop (U- shaped industrial sheds) with office building, paint shop, canteen buildings, open yard storage / steel fabrication, painting, storage of temporary support steel structure and scaffolding, lifting tools and tackles, and industrial	1,776,045/ 1,734,809	Leasehold 5 years / 4 July 2011 (Plot no. 2D-03, 04, 14 and 15, and 2E- 02 and 07); Leasehold 10 years / 4 July 2015 (Plot no. 2E-04, 05, 09 and 10); Leasehold 5 years / 12 January 2013 (Plot no. 3E-03 and 2D-18); and Leasehold 10 years / 3 July 2018 (Plot no. 2E-01 and 06)	< 6 years	5 May 2010 (Plot no. 2E- 04, 05, 09 and 10) *	Mortgaged against a term loan obtained from United Bank Limited	35,529,254

Notes:

^ Being the total of net book value as at 31 December 2010 of the 3 pieces of industrial land and the 2-storey office building and 1-storey factory amounting to RM6,971,976 and RM12,973,644 respectively. The 3 pieces of industrial land are owned by ECB while the 2-storey office building and 1-storey factory are owned by SEVM.

* There was no CF issued for plot no. 2D-03, 04, 14, 15 and 18, 2E-01, 02, 06 and 07, and 3E-03 as these plots are used for storage of temporary support steel structure and scaffolding, lifting tools and tackles and therefore regarded as immaterial.

12.2 Summary of the information on material properties rented by our Group

The details of material properties rented by our Group are as follows:

Landlord/ tenant	Postal address	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease
LLJ Property LLC / EV Abu Dhabi	Office no. 104, Al Jazira Club, Abu Dhabi, UAE	Serviced office space / P.O. Box address	^ / ^	1 year / 27 July 2011

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Landlord/ tenant	Postal address	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease
QIG Industrial / EV Qatar	Industrial Area Zone 57 (Labour Camp 43), Doha, Qatar	4-storey building with 71 residential rooms and 1 store / labour quarters	26,910 / 26,910	1 year / 31 August 2011
Mohd Sharif Mohd Abdul Rahman / EV Dubai	Yard Camp Plot #5799, 5800, 5801, 5803 and 5802, Dubai, UAE	Open storage yard / storage of raw steel materials	* / 86,111	1 year / 31 October 2011
Tamil Nadu Newsprint and Papers Limited / EV India	1st Floor, 67, Mount Road, Chennai – 600 032, India	1-floor office building with 5 car park spaces / head office	5,487 / 5,500	2.5 years / 1 November 2012
Mundir Abdul Aziz Al Madi/ EV Saudi	No. 3, Al Masif, Riyadh, Saudi Arabia	Office flat / office	1,000/ 1,000	1 year / 10 April 2012

Notes:

^ Not applicable as the property is a serviced office space rented for P.O. Box address in Abu Dhabi.

* Not applicable as the property is an open storage yard rented for storage of raw steel materials.

12.3 Landed properties bought over the past 2 years

The details of landed properties bought by us over the past 2 years are as follows:

Registered owner	Postal address	Title details	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Date of CF or equivalent	Major encumbrances/ restriction in interest	Net book value as at 31 December 2010 (RM)
ECB	Lot 19956, Jalan Industri 3/6, Rawang Intergrated Industrial Park, 48000 Rawang, Selangor Darul Ehsan, Malaysia	No. GRN 205607, GRN 205608 and GRN 205609, Lot 19072, 19073 and 19074, Seksyen 20, Bandar Rawang, District of Gombak, Selangor Darul Ehsan, Malaysia	3 pieces of vacant land under the category of land use for industrial purpose	- / 204,719	Freehold / -	-	-	Charged to Malayan Banking Berhad (No. Perserahan 5342/2010, 5343/2010 and 5344/2010 dated 6 January 2010)	4,610,000

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT (Cont'd)

Registered owner	Postal address	Title details	Description of property/ existing use	Built-up/ land area (sq. ft.)	Tenure/ date of expiry of lease	Approx. age of building	Date of CF or equivalent	Major encumbrances/ restriction in interest	Net book value as at 31 December 2010 (RM)
EV Dubai	Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot no. 264-972, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	3 blocks of 2-storey steel buildings with 96 rooms / labour camp	29,572 / 36,400	Leasehold 30 years / 13 July 2038	< 6 years	30 August 2006	-	21,496,815
EV Dubai	Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	Plot no. 264-573, Community 264, Street 32a/29b, Muhaisanah Second, Dubai, UAE	1 block of 3-storey concrete building with 263 rooms / labour camp	93,570 / 39,811	Leasehold 99 years / 4 August 2109	< 4 years	21 February 2007	-	10,631,076
EV India	No. 134, Nanganallur Village, Tambaram Taluk, Kancheepuram District, Chennai South Registration District, Alandur Sub Registration District, Alandur Municipality Limits, Tamil Nadu, India	Plot no. 2/12, Poonthottam 1st Street, Nanganallur, Chennai 600 114, Tamil Nadu, India	3-storey office building / engineering office	5,500 / 3,750	Freehold / -	< 36 years	18 May 2010	-	903,731

[The rest of this page is intentionally left blank]

12. INFORMATION ON PROPERTIES, PLANT AND EQUIPMENT (Cont'd)**12.4 Material breach of building by-laws or approved land use**

There were no material breaches of any property or land use conditions and/or material non-compliance with current statutory requirements, land rules, building regulations and environmental requirements.

12.5 Major machineries and equipment used by our Group

A summary information on the major machineries and equipment used by our Group as at 31 December 2010 are as follows:

Type of machinery and equipment	No. of units	Net book value RM'000
Material handling equipment	84	11,469
CNC machines	17	14,395
Welding machines	1,105	4,366
Transformers/distribution panels	66	2,776
Scaffolding equipment	271	5,426

12.6 Material capital expenditures and divestitures

Save as disclosed below, there were no other material capital expenditures (including interests in other corporations) made by us for the past 3 financial years:

	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000
Freehold land	-	4,610	-
Buildings	49,807	-	12,174
Plant and machinery	14,063	9,659	17,888
Fabrication factory	8,216	1,912	48
Construction work-in-progress	14,324	9,464	6,129
Total	86,410	25,645	36,239

The above material capital expenditures were primarily financed by a combination of bank borrowings and internally generated funds. There were no material capital divestitures by our Group for the past 3 financial years.

Save for our planned capital expenditures relating to our expansion plans as set out in Sections 4.12 and 8.1 of this Prospectus, we do not have any material capital expenditures and divestitures currently in progress within or outside Malaysia.

12.7 Material plans to construct, expand or improve facilities

We intend to construct a new fabrication facility or acquire an existing fabrication facility in India to increase our Group production capacity. At present, we have identified a few sites in Tamil Nadu and Andhra Pradesh, India as possible locations for our fabrication facility. In addition, we intend to enhance our production capabilities of our existing fabrication facility in Rawang, Malaysia and purchase new plant and machineries for our operations in the UAE and also improve our existing fabrication facility in Sharjah, UAE. The details of such expansion plans are set out in Section 4.12 of this Prospectus.

13. LISTING SCHEME AND APPROVALS

13.1 Listing scheme

In conjunction with, and as an integral part of the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities, we undertook a restructuring exercise involving the following:

13.1.1 Acquisition and Capitalisation

On 30 May 2010, we entered to a share sale agreement with the Vendor of EVSC to acquire 49% of the equity interest in EVSC comprising 490 ordinary shares of AED1,000.00 each for a total cash consideration of RM2,665,972.

The cash consideration for the Acquisition was arrived at on a willing-buyer willing-seller basis after taking into account the NTA of EVSC as at 31 December 2008 of RM5,440,760.

On 23 May 2011, our Company issued 2,665,000 ordinary shares of RM1.00 each in our Company as part settlement of the amount owing to the Vendor of EVSC of RM2,665,972 for the Acquisition. The balance amount owing to the Vendor of EVSC of RM972 was fully paid in cash.

13.1.2 Increase in authorised share capital and Bonus Issue

After the Capitalisation, our Company concurrently increased its authorised share capital from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and implemented a bonus issue of 275,985,000 new ordinary shares of RM1.00 each in ECB on the basis of 9 ordinary shares of RM1.00 each for every 1 existing ordinary shares in ECB of RM1.00 each held. The Bonus Issue was effected by way of capitalising RM275,985,000 from our Company's revaluation reserves of RM333,500,000 based on our Company's latest audited financial statements as at 31 December 2010.

The increase in authorised share capital and Bonus Issue were effected on 24 May 2011. The 9 ordinary shares of RM1.00 in ECB issued under the Bonus Issue ranked equally in all respects with the existing ordinary shares of RM1.00 each in ECB.

13.1.3 Share Split

After the Capitalisation, increase in authorised share capital and Bonus Issue, our Company implemented a share split of the par value of our Shares whereby each existing ordinary share of RM1.00 was subdivided into 2 ordinary shares of RM0.50 each.

Upon completion of the share split on 25 May 2011, our issued and paid-up capital is RM306,650,000 comprising 613,300,000 ordinary shares of RM0.50 each.

13.1.4 IPO

In conjunction with the Listing, we and the Offeror will be offering 160,700,000 Issue Shares and 71,490,000 Offer Shares respectively as follows:

(i) Institutional Offering

We and the Offeror are undertaking the Institutional Offering of 160,700,000 Issue Shares and 41,340,000 Offer Shares respectively at the Institutional Price to institutional and selected investors to be determined by way of bookbuilding. The details of the allocation and allotment are set out in Section 4.3(i) of this Prospectus.

13. LISTING SCHEME AND APPROVALS (Cont'd)**(ii) Retail Offering**

The Offeror is undertaking the Retail Offering of 30,150,000 Offer Shares at the Retail Price to the Malaysian public, our eligible Directors and employees. The details of the allocation and allotment are set out in Section 4.3(ii) of this Prospectus.

The Final Retail Price will be determined after the Institutional Price is determined on the Price Determination Date, and will be the lower of:

- (i) the Retail Price; and
- (ii) 95% of the Institutional Price,

subject to rounding to the nearest sen.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to successful applicants, without any interest thereon. Please refer to Section 4.9.3 of this Prospectus for further details on the refund mechanism.

13.1.5 Listing

Upon completion of the Capitalisation, increase in authorised share capital and Bonus Issue, Share Split and IPO, we will seek a listing of and quotation for our entire enlarged issued and paid-up share capital of RM387,000,000 comprising 774,000,000 ECB Shares on the Main Market of Bursa Securities.

13.2 Conditions of approvals

The SC via its letter dated 20 May 2011 approved the IPO under Section 212(5) of the CMSA subject to the condition that Maybank IB or our Company comply with the requirements pertaining to the implementation of the Listing proposal as stipulated under the Equity Guidelines and SC's Prospectus Guidelines - Equity and Debt.

The SC via its letter dated 20 May 2011 also noted that pursuant to the equity requirement for public companies, no equity condition is imposed on our Company as our Company has predominantly foreign-based operations.

The SAC has, via its letter dated 18 May 2011, classified our Shares as Shariah-compliant.

13.3 Moratorium on the sale of Shares

Pursuant to the Equity Guidelines, all the ECB Shares held by our Promoter at the date of admission of our Company to the Official List of the Main Market of Bursa Securities are to be placed under moratorium. In this respect, our Promoter whose shares are subject to moratorium, are set out below:

Promoter	< -- Shareholdings after IPO -- >		Shareholdings < ----- under moratorium ----- >	
	No. of ECB Shares	%	No. of ECB Shares	%
DAKN	541,809,920	70.00	541,809,920	70.00

The Promoter has fully accepted the moratorium. He will not be permitted to sell, transfer or assign any part of his interest in the ECB Shares under moratorium within 6 months from the date of our admission to the Official List of the Main Market of Bursa Securities.

13. LISTING SCHEME AND APPROVALS (Cont'd)

The restriction is specifically endorsed on the notices of allotment representing the shareholding of our Promoter which is under moratorium to ensure that our Share Registrar shall not register any transfer not in compliance with the moratorium restrictions.

[The rest of this page is intentionally left blank]

14. FINANCIAL INFORMATION

14.1 Historical financial information

14.1.1 Historical audited consolidated income statements

This historical audited consolidated income statements have been extracted from the Accountants' Report as set out in Section 15 of this Prospectus and should be read in conjunction with the notes thereto. The following table sets out a summary of the audited consolidated income statements of our Group for the past 3 FYEs from 31 December 2008 to 31 December 2010.

	< ----- FYE 31 December ----- >		
	2008 (Restated) RM'000	2009 (Audited) RM'000	2010 (Audited) RM'000
Revenue ⁽¹⁾	783,262	817,061	744,926
Cost of sales	(622,848)	(622,459)	(537,599)
Gross profit	160,414	194,602	207,327
Other income	14,374	21,295	15,288
Operating and administrative expenses ⁽²⁾	(80,688)	(91,948)	(79,299)
Operating profits	94,100	123,949	143,316
Finance costs	(25,757)	(29,795)	(17,463)
PBT	68,343	94,154	125,853
Taxation ⁽³⁾	(8,930)	(10,879)	(2,332)
PAT	59,413	83,275	123,521
MI	-	(5,290)	(6,794)
PATAMI	59,413	77,985	116,727
EBITDA (Unaudited) ⁽⁴⁾	123,003	157,913	163,414
No. of ordinary shares of RM1.00 each in issue (000)	28,000	28,000	28,000
Gross EPS (sen) ⁽⁵⁾	244.08	336.26	449.48
Net EPS (sen) ⁽⁶⁾	212.19	278.52	416.88
Gross profit margin (%) ⁽⁷⁾	20.48	23.82	27.83
EBITDA margin (%) ⁽⁸⁾	15.70	19.33	21.94
PBT margin (%) ⁽⁹⁾	8.73	11.52	16.89
PAT margin (%) ⁽¹⁰⁾	7.59	9.54	15.67

Notes:

- ⁽¹⁾ Revenue for the FYE 31 December 2008 has been restated to incorporate the effect of the prior years adjustment relating to approved variation orders. In prior years, revenue of the subsidiary relating to approved variation orders was recognised upon issue of invoices. During the FYE 31 December 2009, the subsidiary adopted the Group's accounting policy and recognised revenue on an accrual basis. This policy has been applied retrospectively and comparatives have been restated accordingly:

	< ----- FYE 31 December ----- >		
	2008 RM'000	2009 RM'000	2010 RM'000
Audited	797,616	817,061	744,926
Prior years adjustments	(14,354)	-	-
Restated as above	783,262	817,061	744,926

14. FINANCIAL INFORMATION (Cont'd)

- (2) Operating and administrative expenses for the FYE 31 December 2008 have been restated to incorporate the effect of the reclassification of tax penalties, reclassification of depreciation and prior year adjustments:

	←----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Audited	(80,654)	(91,948)	(79,299)
Reclassification of tax penalties	(295)	-	-
Prior years adjustment	261	-	-
Restated as above	(80,688)	(91,948)	(79,299)

- (3) Taxation for the FYE 31 December 2008 has been restated to incorporate the effect of the reclassification of tax penalties and prior year adjustments:

	←----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Audited	(11,747)	(10,879)	(2,332)
Reclassification of tax penalties	295	-	-
Prior years adjustments	2,522	-	-
Restated as above	(8,930)	(10,879)	(2,332)

Commentary on the reduction in taxation for the FYE 31 December 2010 as compared with FYE 31 December 2009 is set out in Section 14.5.3(ii) of this Prospectus.

- (4) EBITDA represents earnings before taxation, finance costs, impairment of goodwill, depreciation, management fees paid to DAKN, gain on disposal of subsidiaries and MI:

	←----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
PAT before management fees paid to DAKN, gain on disposal of subsidiaries and MI	73,603	95,558	123,521
Depreciation	14,713	19,878	20,098
Impairment of goodwill	-	1,803	-
Finance costs	25,757	29,795	17,463
Taxation	8,930	10,879	2,332
EBITDA (Unaudited)	123,003	157,913	163,414

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with Malaysian FRS. EBITDA is not a measurement of financial performance or liquidity under Malaysian FRS and should not be considered as an alternative to net income, operating income or any other performance measure derived in accordance with Malaysian FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised item, hence a direct comparison between companies using such a term may not be possible.

- (5) Gross EPS is computed by dividing PBT by number of ordinary shares of RM1.00 each in issue.
- (6) Net EPS is computed by dividing PATAMI by number of ordinary shares of RM1.00 each in issue.
- (7) The gross profit margin is computed by dividing the gross profit by revenue in the respective FYE.
- (8) The EBITDA margin is computed by dividing EBITDA by revenue in the respective FYE.
- (9) The PBT margin is computed by dividing the PBT by revenue in the respective FYE.
- (10) The PAT margin is computed by dividing the PATAMI by revenue in the respective FYE.

14. FINANCIAL INFORMATION (Cont'd)**14.1.2 Proforma consolidated balance sheets as at 31 December 2010**

We have prepared our proforma consolidated balance sheets below for illustrative purposes only based on the audited financial statements of our Company and our subsidiaries as at 31 December 2010 to show the effects on the audited balance sheet of our Group on the assumption that the Listing Scheme and the utilisation of proceeds were effected and completed on 31 December 2010. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 14.4 of this Prospectus.

	Audited	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31 December 2010	After the Acquisition and Capitalisation	After Proforma I and the Bonus Issue	After Proforma II and the Share Split	After Proforma III and the IPO	After Proforma IV and utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets						
Goodwill	9,920	9,920	9,920	9,920	9,920	9,920
Property, plant and equipment	184,051	184,051	184,051	184,051	184,051	310,051
Deferred tax assets	133	133	133	133	133	133
Deposits with financial institutions	51,962	51,962	51,962	51,962	51,962	51,962
	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>372,066</u>
Current assets						
Inventories	251,685	251,685	251,685	251,685	251,685	251,685
Amounts due from customers on construction contracts	93,146	93,146	93,146	93,146	93,146	93,146
Trade contract receivables	280,882	280,882	280,882	280,882	280,882	280,882
Other receivables and deposits	24,973	24,973	24,973	24,973	24,973	24,973
Cash and bank balances	142,346	142,346	142,346	142,346	415,536	280,736
	<u>793,032</u>	<u>793,032</u>	<u>793,032</u>	<u>793,032</u>	<u>1,066,222</u>	<u>931,422</u>
TOTAL ASSETS	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,312,288</u>	<u>1,303,488</u>

14. FINANCIAL INFORMATION (Cont'd)

	Audited	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31 December 2010 RM'000	After the Acquisition and Capitalisation RM'000	After Proforma I and the Bonus Issue RM'000	After Proforma II and the Share Split RM'000	After Proforma III and the IPO RM'000	After Proforma IV and utilisation of proceeds RM'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of our Company						
Share capital	28,000	30,665	306,650	306,650	387,000	387,000
Share premium	-	-	-	-	192,840	184,040
Foreign exchange reserve	(29,249)	(29,249)	(29,249)	(29,249)	(29,249)	(29,249)
Capital reserve	307	307	(275,678)	(275,678)	(275,678)	(275,678)
Retained earnings	316,312	316,312	316,312	316,312	316,312	316,312
	315,370	318,035	318,035	318,035	591,225	582,425
MI	2,568	2,568	2,568	2,568	2,568	2,568
	317,938	320,603	320,603	320,603	593,793	584,993
Non-current liabilities						
Hire purchase payables	3,560	3,560	3,560	3,560	3,560	3,560
Bank borrowings	10,253	10,253	10,253	10,253	10,253	10,253
Other payables	782	782	782	782	782	782
Employees' service benefits	12,622	12,622	12,622	12,622	12,622	12,622
Deferred tax liabilities	1,986	1,986	1,986	1,986	1,986	1,986
	29,203	29,203	29,203	29,203	29,203	29,203
Current liabilities						
Trade payables	44,680	44,680	44,680	44,680	44,680	44,680
Other payables	137,897	137,897	137,897	137,897	137,897	137,897
Amount due to directors	14,690	12,025	12,025	12,025	12,025	12,025
Hire purchase payables	3,167	3,167	3,167	3,167	3,167	3,167
Bank borrowings	377,592	377,592	377,592	377,592	377,592	377,592
Amounts due to customers on construction contracts	109,479	109,479	109,479	109,479	109,479	109,479
Provision for taxation	4,452	4,452	4,452	4,452	4,452	4,452
	691,957	689,292	689,292	689,292	689,292	689,292
TOTAL LIABILITIES	721,160	718,495	718,495	718,495	718,495	718,495

14. FINANCIAL INFORMATION (Cont'd)

	Audited	Proforma I	Proforma II	Proforma III	Proforma IV	Proforma V
	As at 31 December 2010 RM'000	After the Acquisition and Capitalisation RM'000	After Proforma I and the Bonus Issue RM'000	After Proforma II and the Share Split RM'000	After Proforma III and the IPO RM'000	After Proforma IV and utilisation of proceeds RM'000
TOTAL EQUITY AND LIABILITIES	1,039,098	1,039,098	1,039,098	1,039,098	1,312,288	1,303,488
Number of ordinary shares in issue (000)	28,000	30,665	306,650	613,300	774,000	774,000
Net assets (excluding MI) per ordinary share (RM)	11.26	10.37	1.04	0.52	0.76	0.75
Net tangible assets (excluding MI and goodwill) per ordinary share (RM)	10.91	10.05	1.00	0.50	0.75	0.74

[The rest of this page is intentionally left blank]

14. FINANCIAL INFORMATION (Cont'd)**14.1.3 Historical audited consolidated cash flow statement**

This historical audited consolidated cash flow statement has been extracted from the Accountants' Report set out in Section 15 of this Prospectus and should be read in conjunction with the notes thereto:

	FYE 31 December 2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	125,853
Adjustments for:	
Depreciation	20,098
Employees' service benefits	4,532
Gain on disposal of property, plant and equipment	(262)
Property, plant and equipment written off	2,225
Provision for impairment of trade contract receivables	20,057
Write back of over provision for trade payables	(1,027)
Unrealised gain on foreign exchange	4,470
Interest expense	17,463
Interest income	(757)
Operating profit before working capital changes	192,652
Increase/decrease in:	
Inventories	(210,337)
Receivables	(45,389)
Payables, customer's accounts and amounts due to/from customers on construction contracts	(6,218)
Cash used in operations	(69,292)
Employees' service benefits paid	(2,481)
Taxes paid	(10,409)
Interest expense paid	(17,463)
Net cash used in operating activities	(99,645)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from disposal of property, plant and equipment	262
Purchase of property, plant & equipment	(44,200)
Fixed deposit pledged	3,258
Interest received	757
Net cash used in investing activities	(39,923)
CASH FLOWS FROM FINANCING ACTIVITIES	
Bank borrowings	216,607
Dividends paid	(8,212)
Repayment of hire purchase payables	1,822
Amount due to directors	182
Net cash generated from financing activities	210,399
NET INCREASE IN CASH & CASH EQUIVALENTS	
	70,831
Effects of foreign exchange changes	(12,156)
Cash & cash equivalents at the beginning of the year	83,177
Cash & cash equivalents at the end of the year	141,852

14. FINANCIAL INFORMATION (Cont'd)

14.2 Capitalisation and indebtedness

The following information should be read in conjunction with the Reporting Accountants' Letter and the Proforma Consolidated Balance Sheets as at 31 December 2010 and the notes thereon of ECB and Accountants' Report set out in Sections 14.4 and 15 of this Prospectus respectively.

The table below sets out the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 31 December 2010 based on our proforma consolidated balance sheet as at 31 December 2010, adjusted for the net proceeds arising from the Institutional Offering and the utilisation of proceeds as set out in Section 4.12 of this Prospectus. The proforma financial information below does not represent our Group's actual capitalisation and indebtedness as at 31 December 2010 and is provided for information purposes only. The total indebtedness of our Group is not guaranteed by any third party.

	Audited as at 31 December 2010 RM'000	After the restructuring exercise, Listing and utilisation of proceeds RM'000
Cash and bank balances	142,346	280,736
Indebtedness:		
Current		
Bank borrowings*	10,253	10,253
Hire purchase payable	3,560	3,560
Non current		
Bank borrowings*	377,592	377,592
Hire purchase payable	3,167	3,167
Total indebtedness	394,572	394,572
Shareholders' equity	315,370	582,425
Total capitalisation and indebtedness	709,942	976,997

Note:

* Bank borrowings are fully guaranteed by certain Directors on behalf of our Company.

14.3 Dividend policy

Our Board views the Group as one of the leading integrated structural steel turnkey contractor as well as contractor for the installation of mechanical and electrical works for power plants, petrochemical and industrial plants, with good prospects for growth and expansion. Hence, we believe that investment in our Shares provide potential for long term capital appreciation.

As our Company is a holding company, our income, and therefore its ability to pay dividends, is dependent upon the dividends and other distributions that we receive from our subsidiaries.

14. FINANCIAL INFORMATION (Cont'd)

The payment of dividends or other distributions by our subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, our subsidiaries' ability to make and obtain dividends is restricted by the terms contained in the shareholder agreements governing those subsidiaries and financing agreements entered into by them.

In addition, there are covenants in our loan agreements for our subsidiaries that limit their ability to declare or pay cash dividends. Furthermore, the terms of the financing agreements typically only allow for dividends to be declared provided that financial covenants in these agreements continue to be complied with and no event of default and/or material and adverse effect to the business of these subsidiaries would result from such dividend declaration and/or payment. However, we have paid dividends in the past and did not encounter any issues in obtaining waivers from our principal bankers in relation to covenants restricting our ability to pay cash dividends.

In considering the level of dividend payments, if any, upon recommendation by our Board, our Company intends to take into account various factors including:

- (i) the level of our cash, gearing, return on equity and retained earnings;
- (ii) our expected financial performance; and
- (iii) our projected levels of capital expenditure and other investment plans.

The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined above as well as any other factors deemed relevant by our Board. The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board, and any final dividend for the year is subject to our shareholders' approval.

Considering the current financial position of our Company, our Board intends to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which might reduce the amount of revenue reserves available to pay dividends.

[The rest of this page is intentionally left blank]

14. FINANCIAL INFORMATION (Cont'd)**14.4 Reporting accountants' letter on the proforma consolidated financial information as at 31 December 2010***(Prepared for inclusion in the Prospectus)*

Ernst & Young
 AF : 0039
 Level 23A, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 50490 Kuala Lumpur, Malaysia
 Mail address: P.O. Box 11040
 50734 Kuala Lumpur, Malaysia
 Tel: +603 7495 8000
 Fax: +603 2095 5332 (General line)
 +603 2095 9076
 +603 2095 9078
 www.ey.com

**REPORTING ACCOUNTANTS' LETTER ON THE UNAUDITED PROFORMA
 CONSOLIDATED FINANCIAL INFORMATION
 (Prepared for inclusion in the Prospectus to be dated 15 June 2011)**

1 June 2011

The Board of Directors
 Eversendai Corporation Berhad
 Lot 19956, Jalan Industri 3/6
 Rawang Integrated Industrial Park
 48000 Selangor

Dear Sirs,

**EVERSENDAI CORPORATION BERHAD ("ECB")
 REPORTING ACCOUNTANTS' LETTER ON THE UNAUDITED PROFORMA
 CONSOLIDATED FINANCIAL INFORMATION**

We report on the accompanying unaudited proforma consolidated financial information of ECB and its subsidiaries ("Group") as set out in Appendix I. The unaudited proforma consolidated financial information has been prepared by the Directors of ECB for illustrative purposes only for inclusion in the Prospectus to be dated 15 June 2011 in connection with the listing of ECB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and has been prepared on the basis described in the accompanying notes.

The listing scheme comprises the following transactions:

- 1) Restructuring exercise as disclosed in Note 1 of Appendix I; and
- 2) Initial public offering of 232,190,000 ordinary shares of RM0.50 each in ECB ("ECB Share(s)") in conjunction with the listing and quotation for 774,000,000 ECB Shares on the Main Market of Bursa Securities comprising:-
 - (a) Offer of 160,700,000 new ordinary shares ("Issue Shares") and 41,340,000 existing ordinary shares of RM0.50 each (portion of "Offer Shares") to institutional and selected investors at the Institutional Price to be determined by way of bookbuilding under the Institutional Offering; and
 - (b) Offer of 30,150,000 existing ordinary shares of RM0.50 each (portion of "Offer Shares") to the Malaysian public, eligible directors and employees at the Retail Price of RM1.70 under the Retail Offering.

14. FINANCIAL INFORMATION (Cont'd)



This letter is required by and is given for the purpose of complying with the Prospectus Guidelines-Equity and Debt issued by the Securities Commission ("Prospectus Guidelines") and for no other purpose.

The unaudited proforma consolidated financial information, because of its nature, may not be reflective of the Group's actual financial results, financial position and cash flows.

Responsibilities

It is solely the responsibility of the Board of Directors of ECB to prepare the unaudited proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines.

It is our responsibility to form an opinion, as required by the Prospectus Guidelines as to the proper compilation of the unaudited proforma consolidated financial information, and to report our opinion to you.

In providing this opinion, we are not responsible for updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the unaudited proforma consolidated 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.

Basis of Opinion

We conducted our work in accordance with Malaysian Approved Standard on Assurance, ISAE 3000 – Assurance Engagements Other Than Audits or Reviews of Historical 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, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial information with the Directors of ECB.

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 unaudited proforma consolidated financial information has been properly prepared on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of ECB. Our work also involves assessing whether each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial information is appropriate for the purposes of preparing the unaudited proforma consolidated financial information.

14. FINANCIAL INFORMATION (Cont'd)**Our Opinion**

In our opinion:-

- (a) the unaudited proforma consolidated financial information which has been prepared by the Directors of ECB has been properly prepared on the basis stated using the financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and accounting policies adopted by ECB; and
- (b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial information is appropriate for the purposes of preparing the unaudited proforma consolidated financial information.

Ernst & Young

Ernst & Young
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia

Gloria Goh Ewe Gim

Gloria Goh Ewe Gim
No 1685/04/13(J)
Chartered Accountant

14. FINANCIAL INFORMATION (Cont'd)**APPENDIX I****UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. Introduction****Restructuring Exercise**

The following have been implemented in conjunction with the listing of ECB on the Main Market of Bursa Securities.

(a) Capitalisation of amount due to director

ECB had issued 2,665,000 ordinary shares of RM1 each at par as part settlement of amount due to a director ("Capitalisation").

(b) Increase in authorised share capital and Bonus Issue

After the Capitalisation, the Company concurrently increased its authorised share capital from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and increased its issued and paid up share capital from RM30,665,000 to RM306,650,000 by a bonus issue of 275,985,000 ordinary shares of RM1 each in ECB on the basis of 9 ordinary shares of RM1 each for every 1 existing ordinary share of RM1 each in ECB.

(c) Share Split

After the Capitalisation, increase in authorised share capital and Bonus Issue, ECB had implemented a share split of the par value of ECB shares whereby each existing ordinary share of RM1 each in ECB was subdivided into 2 ordinary shares of RM0.50 each. Upon completion of the Share Split, the issued and paid-up share capital of ECB amounted to RM306,650,000 comprising 613,300,000 ordinary shares of RM0.50 each.

2. Listing

The details of the listing scheme are as follows:

- (a) Offer of 160,700,000 new ordinary shares ("Issue Shares") and 41,340,000 existing ordinary shares of RM0.50 each (portion of "Offer Shares") to institutional and selected investors at the Institutional Price to be determined by way of bookbuilding under the Institutional Offering; and
- (b) Offer of 30,150,000 existing ordinary shares of RM0.50 each (portion of "Offer Shares") to the Malaysian public, eligible directors and employees at the Retail Price of RM1.70 under the Retail Offering.

14. FINANCIAL INFORMATION (Cont'd)

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)**3. Basis of Preparation**

The unaudited proforma consolidated financial information consist of the following:

- (a) The unaudited proforma consolidated statements of comprehensive income of ECB for the financial years ended 31 December 2008, 31 December 2009 and 31 December 2010;
- (b) The unaudited proforma consolidated statements of financial position of ECB as at 31 December 2010; and
- (c) The unaudited proforma consolidated statement of cash flows of ECB for the year ended 31 December 2010.

The unaudited proforma consolidated financial information have been prepared on the basis stated below using the financial statements prepared in accordance with the Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by ECB.

For the purposes of the unaudited proforma consolidated statements of comprehensive income for the years ended 31 December 2008, 31 December 2009 and 31 December 2010 and the unaudited proforma consolidated statement of cash flows for the year ended 31 December 2010, the ECB Group is assumed to have been in existence throughout the period under review.

The unaudited proforma consolidated statements of financial position as at 31 December 2010 are prepared for illustrative purposes only to show the effects of the transactions, as described below, with the assumption that these transactions were completed on 31 December 2010.

14. FINANCIAL INFORMATION (Cont'd)

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)

4. Unaudited Proforma Consolidated Statements of Comprehensive Income

	←----- Proforma ----->		
	FYE 2010	FYE 2009	FYE 2008
	RM'000	RM'000	RM'000
Revenue	759,607	833,671	783,516
Cost of sales	(549,950)	(632,308)	(617,167)
Gross profit	209,657	201,363	166,349
Other income	15,269	21,304	14,015
Operating and administrative expense	(77,775)	(96,920)	(84,313)
Profit from operations	147,151	125,747	96,051
Finance costs	(17,424)	(29,795)	(25,757)
Profit before tax	129,727	95,952	70,294
Taxation	(2,332)	(10,879)	(8,930)
Profit for the year	127,395	85,073	61,364
Other comprehensive income:			
Foreign currency translation	(23,443)	(2,666)	(4,444)
Income tax relating to components of other comprehensive income	-	-	-
Other comprehensive income for the year	(23,443)	(2,666)	(4,444)
Total comprehensive income for the year	103,952	82,407	56,920
Profit attributable to:			
- Equity holders of the Company	120,601	79,783	61,364
- Minority interests	6,794	5,290	-
	127,395	85,073	61,364
Total comprehensive income attributable to:			
- Equity holders of the Company	98,196	77,383	56,920
- Minority interests	5,756	5,024	-
	103,952	82,407	56,920

14. FINANCIAL INFORMATION (Cont'd)

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)

5. Unaudited Proforma Consolidated Statements of Financial Position

Note	Audited FYE 2010 RM'000	Proforma				
		I RM'000	II RM'000	III RM'000	IV RM'000	V RM'000
ASSETS						
Non-current assets						
Goodwill	9,920	9,920	9,920	9,920	9,920	9,920
Property, plant and equipment	184,051	184,051	184,051	184,051	184,051	310,051
Deferred tax assets	133	133	133	133	133	133
Deposits with financial institutions	51,962	51,962	51,962	51,962	51,962	51,962
	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>246,066</u>	<u>372,066</u>
Current assets						
Inventories	251,685	251,685	251,685	251,685	251,685	251,685
Amounts due from customers on construction contracts	93,146	93,146	93,146	93,146	93,146	93,146
Trade contract receivables	280,882	280,882	280,882	280,882	280,882	280,882
Other receivables and deposits	24,973	24,973	24,973	24,973	24,973	24,973
Cash and bank balances	5.2(a) 142,346	142,346	142,346	142,346	415,536	280,736
	<u>793,032</u>	<u>793,032</u>	<u>793,032</u>	<u>793,032</u>	<u>1,066,222</u>	<u>931,422</u>
TOTAL ASSETS	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,039,098</u>	<u>1,312,288</u>	<u>1,303,488</u>
EQUITY AND LIABILITIES						
Equity attributable to equity holders of the Company						
Share capital	5.2(b) 28,000	30,665	306,650	306,650	387,000	387,000
Share premium	5.2(b) -	-	-	-	192,840	184,040
Foreign exchange reserve	(29,249)	(29,249)	(29,249)	(29,249)	(29,249)	(29,249)
Capital reserve	5.2(b) 307	307	(275,678)	(275,678)	(275,678)	(275,678)
Retained earnings	316,312	316,312	316,312	316,312	316,312	316,312
	<u>315,370</u>	<u>318,035</u>	<u>318,035</u>	<u>318,035</u>	<u>591,225</u>	<u>582,425</u>
Minority interests	2,568	2,568	2,568	2,568	2,568	2,568
	<u>317,938</u>	<u>320,603</u>	<u>320,603</u>	<u>320,603</u>	<u>593,793</u>	<u>584,993</u>

14. FINANCIAL INFORMATION (Cont'd)

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)

5. Unaudited Proforma Consolidated Statements of Financial Position (Contd.)

	Audited FYE 2010 RM'000	Proforma				
		I RM'000	II RM'000	III RM'000	IV RM'000	V RM'000
Non-current liabilities						
Hire purchase payables	3,560	3,560	3,560	3,560	3,560	3,560
Bank borrowings	10,253	10,253	10,253	10,253	10,253	10,253
Other payables	782	782	782	782	782	782
Employees' service benefits	12,622	12,622	12,622	12,622	12,622	12,622
Deferred tax liabilities	1,986	1,986	1,986	1,986	1,986	1,986
	29,203	29,203	29,203	29,203	29,203	29,203
Current liabilities						
Trade payables	44,680	44,680	44,680	44,680	44,680	44,680
Other payables	137,897	137,897	137,897	137,897	137,897	137,897
Amount due to directors	14,690	12,025	12,025	12,025	12,025	12,025
Hire purchase payables	3,167	3,167	3,167	3,167	3,167	3,167
Bank borrowings	377,592	377,592	377,592	377,592	377,592	377,592
Amounts due to customers on construction contracts	109,479	109,479	109,479	109,479	109,479	109,479
Provision for taxation	4,452	4,452	4,452	4,452	4,452	4,452
	691,957	689,292	689,292	689,292	689,292	689,292
TOTAL LIABILITIES	721,160	718,495	718,495	718,495	718,495	718,495
TOTAL EQUITY AND LIABILITIES	1,039,098	1,039,098	1,039,098	1,039,098	1,312,288	1,303,488
Number of ordinary shares in issue ('000 units)	28,000	30,665	306,650	613,300	774,000	774,000
Net assets (excluding minority interests) per ordinary share (RM)	11.26	10.37	1.04	0.52	0.76	0.75
Net tangible assets (excluding minority interests and goodwill) per ordinary share (RM)	10.91	10.05	1.00	0.50	0.75	0.74

14. FINANCIAL INFORMATION (Cont'd)**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****5.1 Effects on the Proforma Consolidated Statements of Financial Position****(a) Proforma Consolidated Statement of Financial Position I (Proforma I)**

Proforma I incorporates the effects of the issuance of 2,665,000 ordinary shares of RM1 per share at par to capitalise part of the amount due to a director.

(b) Proforma Consolidated Statement of Financial Position II (Proforma II)

Proforma II incorporates the effects of Proforma I and the Bonus Issue of 9 ordinary shares of RM1 each for every 1 existing ordinary share of RM1 each in ECB. The bonus issue is capitalised by the transfer of RM275,985,000 from the Company's revaluation reserve. At group level, this is reflected as a debit in Capital Reserve.

(c) Proforma Consolidated Statement of Financial Position III (Proforma III)

Proforma III incorporates the effects of Proformas I and II and the share split of 1 existing ordinary share of RM1 each in ECB to 2 ordinary shares of RM0.50 each in ECB.

(d) Proforma Consolidated Statement of Financial Position IV (Proforma IV)

Proforma IV incorporates the effects of Proformas I, II and III and the Initial Public Offering of 232,190,000 ECB Shares in conjunction with the listing and quotation for 774,000,000 ECB Shares on the Main Market of Bursa Securities comprising:-

- (i) Offer of 160,700,000 Issue Shares and 41,340,000 Offer Shares of RM0.50 each to institutional and selected investors at the Institutional Price to be determined by way of bookbuilding under the Institutional Offering; and
- (ii) Offer of 30,150,000 Offer Shares of RM0.50 each to the Malaysian public, eligible directors and employees at the Retail Price of RM1.70 per share under the Retail Offering.

The Issue Shares under the Institutional Offering is assumed to be issued at the Retail Price of RM1.70 per share and fully subscribed with total proceeds of RM273.19 million.

14. FINANCIAL INFORMATION (Cont'd)**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****5.1 Effects on the Proforma Consolidated Statements of Financial Position (Contd.)****(e) Proforma Consolidated Statement of Financial Position V (Proforma V)**

Proforma V incorporates the effects of Proformas I, II, III and IV and the estimated proceeds from the Initial Public Offering which will be utilised as follows:

	RM'000
Capital expenditure	126,000
Business expansion	80,000
Working capital	58,390
Listing expenses	8,800
Total	<u>273,190</u>

5.2 Summary of Effects**(a) Cash and Bank Balances**

	RM'000
Balance as at 31 December 2010/ Proforma I,II,and III	142,346
Estimated proceeds from Initial Public Offering	273,190
Proforma IV	<u>415,536</u>
Listing expenses	(8,800)
Capital expenditure	(126,000)
Proforma V	<u>280,736</u>

14. FINANCIAL INFORMATION (Cont'd)**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****5.2 Summary of Effects (contd.)****(b) Share Capital, Share Premium and Capital Reserve**

	Number of shares '000	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000
As at 31 December 2010	28,000	28,000	-	307
Capitalisation of amount due to director	2,665	2,665	-	-
Proforma I	30,665	30,665	-	307
Bonus issue	275,985	275,985	-	(275,985)
Proforma II	306,650	306,650	-	(275,678)
Share split	306,650	-	-	-
Proforma III	613,300	306,650	-	(275,678)
Estimated proceeds from Initial Public Offering	160,700	80,350	192,840	-
Proforma IV	774,000	387,000	192,840	(275,678)
Listing expenses	-	-	(8,800)	-
Proforma V	774,000	387,000	184,040	(275,678)

14. FINANCIAL INFORMATION (Cont'd)

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)

6. Statement of Cash Flows of the Group for FYE 31 December 2010

	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before tax	125,853
Adjustments:-	
Depreciation of property, plant and equipment	20,098
Employee service benefits	4,532
Gain on disposal of property, plant and equipment	(262)
Property, plant and equipment written off	2,225
Provision for impairment of receivables	20,057
Interest income	(757)
Write back of over provision for trade payables	(1,027)
Unrealised loss on foreign exchange	4,470
Interest expense	17,463
Operating profit before working capital changes	192,652
Inventories	(210,337)
Receivables	(45,389)
Payables, customer's accounts and amounts due to/ From customers on construction contracts	(6,218)
Cash used in operations	(69,292)
Employees' end of service benefits	(2,481)
Taxes paid	(10,409)
Interest expense paid	(17,463)
Net cash used in operating activities	(99,645)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(44,200)
Proceeds from disposal of plant and equipment	262
Fixed deposits pledged	3,258
Interest income	757
Net cash used in investing activities	(39,923)

14. FINANCIAL INFORMATION (Cont'd)**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****6. Statement of Cash Flows of the Group for FYE 31 December 2010 (Contd.)**

	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES	
Bank borrowings	216,607
Dividends paid	(8,212)
Repayment of hire purchase	1,822
Advance due to directors	182
Net cash generated from financing activities	<u>210,399</u>
Net increase in cash and bank balances	70,831
Effect of foreign exchange rate changes	(12,156)
Cash and bank balances at beginning of the year	<u>83,177</u>
Cash and bank balances at end of the year	<u>141,852</u>
Cash and cash equivalents consist of :-	
Cash and bank balances	194,308
Less: Bank overdrafts	(494)
	<u>193,814</u>
Less: Deposits pledged to banks	(51,962)
Cash and cash equivalents	<u>141,852</u>

14. FINANCIAL INFORMATION (Cont'd)**UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****7. Exchange Rates**

The unaudited proforma consolidated financial information of the Group was translated to RM, being the presentation currency at the following exchange rates as at 31 December 2010:

United Arab Emirates Dirhams ("AED")	0.8381
Qatari Rial ("QAR")	0.8452
Indian Rupee ("INR")	0.06759
Singapore Dollars ("SGD")	2.3844

The average exchange rates for FYE 31 December 2010, 2009 and 2008 used in the translation of each unit of foreign currency to RM are as follows:

	FYE 2010	FYE 2009	FYE 2008
<i>AED</i>	0.8731	0.9583	0.9460
<i>QAR</i>	0.8795	0.9668	0.9534
<i>INR</i>	0.06984	0.07286	0.06993
<i>Hong Kong Dollars ("HKD")</i>	-	0.4529	0.4485
<i>SGD</i>	2.3540	-	-

14. FINANCIAL INFORMATION (Cont'd)

14.5 Management's discussion and analysis of financial condition, results of operations and prospects

The following discussion and analysis of our Group's financial condition, results of operations and prospects should be read in conjunction with our Group's proforma consolidated financial information and the related notes as set out in Sections 14.1 and 14.4 of this Prospectus and the Accountants' Reports as set out in Section 15 of this Prospectus. The proforma consolidated financial information of our Group have been prepared in accordance with the applicable approved FRS issued by the Malaysian Accounting Standards Board, which may differ in certain aspects from generally accepted accounting principles in other countries.

Overview

Our Company is principally an investment holding company providing management services whilst our subsidiary companies are principally involved in structural steel design, design of connections, detailing, re-engineering for value addition, structural steel supply, fabrication and structural steel erection, installation of mechanical and electrical works for power plants, petrochemical and industrial plants, and engineering and contracting services.

Please refer to Section 9 of this Prospectus for further details of our Group.

14.5.1 Overview of our Group's operations

(i) Revenue

The revenue of our Group is derived mainly from the provision of structural steel design, supply, fabrication, erection as well as industrial and power plant installation including mechanical and electrical works to our clients.

Our revenue from our projects are recognised based on percentage-of-completion method. The percentage of completion is determined by dividing the cumulative costs incurred as at the reporting date by the sum of cumulative incurred costs and anticipated costs for completing a contract. The percentage of completion is then applied to the contract value to determine the cumulative revenue earned. All known or anticipated losses based on these estimates are provided for in their entirety without regard to the percentage of completion.

(ii) Cost of sales

Cost of sales comprises mainly fabrication and erection costs, raw material costs, sub-contracting costs and direct labour costs. A tabulation of the cost of sales of our Group for the past 3 financial years up to FYE 31 December 2010 is set out below:

	←----- FYE 31 December ----->					
	2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%
Raw steel material cost	153,987	24.7	159,695	25.7	155,887	29.0
Other direct cost	351,136	56.4	335,127	53.8	204,905	38.1
Sub-contract cost	34,469	5.5	42,454	6.8	48,683	9.1
Direct labour cost	75,080	12.1	77,688	12.5	108,115	20.1
Others [^]	8,176	1.3	7,495	1.2	20,008	3.7
Total	622,848	100.0	622,459	100.0	537,598	100.0

Note:

[^] Others comprised of rental of premises, depreciation, hire of equipment, provision for back-charges and fixed assets written off.

14. FINANCIAL INFORMATION (Cont'd)

Raw steel material cost accounted for 24.72%, 25.66% and 29.00% of our total cost of sales for FYE 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

Other direct cost (comprising mainly of design, painting, fabrication and erection costs) accounted for 56.38%, 53.84% and 38.11% of our total cost of sales for FYE 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

Sub-contract cost accounted for 5.53%, 6.82% and 9.06% of our total cost of sales for FYE 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

Direct labour cost accounted for 12.05%, 12.48% and 20.11% of our total cost of sales for FYE 31 December 2008, 31 December 2009 and 31 December 2010 respectively.

14.5.2 Our Group's performance

- (i) The table below sets forth the analysis of ECB Group's consolidated revenue (net of inter-company transactions), PBT and PAT by its subsidiaries for the past 3 financial years up to FYE 31 December 2010:

Revenue

	← FYE 31 December →		
	2008 RM'000	2009 RM'000	2010 RM'000
EV Dubai	414,679	266,191	349,559
EV Qatar	277,371	529,074	266,350
EV Sharjah ⁽¹⁾	196	378	970
SEVM	⁽²⁾ 91,016	11,727	81,419
EV India	-	9,691	25,549
EVSC	-	-	21,079
EV Abu Dhabi ⁽³⁾	-	-	-
EV Hong Kong ⁽⁴⁾	-	-	-
EV Singapore ⁽⁵⁾	-	-	-
Total	783,262	817,061	744,926

Notes:

⁽¹⁾ EV Sharjah mainly performs fabrication work for EV Dubai.

⁽²⁾ Revenue for the FYE 31 December 2008 has been restated to incorporate the effect of the prior years' adjustments relating to approved variation orders. In prior years, revenue of the subsidiary relating to approved variation orders was recognised upon issue of invoices. During the FYE 31 December 2009, the subsidiary adopted our Group's accounting policy and recognised revenue on an accrual basis. This policy has been applied retrospectively and comparatives have been restated accordingly. Please refer to Section 6.5.33 of the Accountants' Report for further details.

⁽³⁾ EV Abu Dhabi was incorporated on 5 July 2009 and as at the LPD, EV Abu Dhabi has not commenced business operations.

⁽⁴⁾ EV Hong Kong is a dormant company which was disposed on 28 April 2010 and subsequently, deregistered on 8 April 2011.

⁽⁵⁾ EV Singapore was incorporated on 14 January 2010 and as at the LPD, has not commenced business operations.

14. FINANCIAL INFORMATION (Cont'd)

PBT/(LBT)

	← FYE 31 December →		
	2008 RM'000	2009 RM'000	2010 RM'000
ECB	5,243	16,077	716
EV Dubai	⁽¹⁾ 46,890	⁽¹⁾ 54,978	77,902
EV Qatar	8,976	22,875	24,218
EV Sharjah	4,645	14,028	27,982
SEVM	⁽²⁾ 22,516	12,895	1,675
EV Abu Dhabi	-	⁽³⁾ (172)	(161)
EV Hong Kong	-	⁽⁴⁾ 2,164	-
EV India	-	⁽³⁾ (1,128)	(4,245)
EVSC	-	-	⁽⁵⁾ 316
EV Singapore	-	-	⁽⁶⁾ 7,004
Inter-company transactions	(5,737)	(15,280)	(9,554)
Total PBT before management fees and gain on disposal of subsidiaries	82,533	106,437	125,853
Management fees	⁽¹⁾ (14,190)	⁽¹⁾ (12,283)	-
Total PBT	68,343	94,154	125,853

Notes:

- ⁽¹⁾ PBT for EV Dubai has been adjusted to show PBT before management fees. The management fees of RM14,190,000 and RM12,283,000 in FYE 2008 and FYE 2009 respectively are management fees paid to DAKN as Managing Director of EV Dubai under the previous memorandum and articles of association of EV Dubai whereby DAKN was entitled to a management fee based on the revenue of EV Dubai. With effect from 1 January 2010, DAKN was no longer entitled to a fee based on the revenue of EV Dubai and the management fee are paid directly to us, subject to the approval from our Board.
- ⁽²⁾ Revenue for the FYE 31 December 2008 has been restated to incorporate the effect of the prior years' adjustments relating to approved variation orders. In prior years, revenue of the subsidiary relating to approved variation orders was recognised upon issue of invoices. During the FYE 31 December 2009, the subsidiary adopted our Group's accounting policy and recognised revenue on an accrual basis. This policy has been applied retrospectively and comparatives have been restated accordingly. Please refer to Section 6.5.33 of the Accountants' Report for further details.
- ⁽³⁾ EV India and EV Abu Dhabi were only incorporated in 2009. The LBT comprises mainly of pre-operating expenses.
- ⁽⁴⁾ The financial year end of EV Hong Kong is 30 June. The PBT for EV Hong Kong comprises mainly of other creditors written back.
- ⁽⁵⁾ EVSC was only acquired in 2010. The PBT comprises mainly of post-operating income.
- ⁽⁶⁾ EV Singapore was incorporated in 2010. The PBT comprises mainly of dividends received from EV Qatar.

14. FINANCIAL INFORMATION (Cont'd)

PAT/(LAT)

	←----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
ECB	4,372	15,640	575
EV Dubai	⁽¹⁾ 46,890	⁽¹⁾ 54,978	77,902
EV Qatar	6,475	17,634	22,646
EV Sharjah	4,645	14,028	27,982
SEVM	⁽²⁾ 16,958	7,694	1,061
EV Abu Dhabi	-	⁽³⁾ (172)	(161)
EV Hong Kong	-	⁽⁴⁾ 2,164	-
EV India	-	⁽³⁾ (1,128)	(4,250)
EVSC	-	-	⁽⁵⁾ 316
EV Singapore	-	-	⁽⁶⁾ 7,004
Inter-company transactions	(5,737)	(15,280)	(9,554)
Total PAT before management fees and gain on disposal of subsidiaries	73,603	95,558	123,521
Management fees	(14,190)	(12,283)	-
Total PAT before MI	59,413	83,275	123,521
MI	-	(5,290)	(6,794)
Total PAT attributable to shareholders	59,413	77,985	116,727

Notes:

- ⁽¹⁾ PAT for EV Dubai has been adjusted to show PAT before management fees. The management fees of RM14,190,000 and RM12,283,000 in FYE 2008 and FYE 2009 respectively are management fees paid to DAKN as Managing Director of EV Dubai under the previous memorandum and articles of association of EV Dubai whereby DAKN was entitled to a management fee based on the revenue of EV Dubai. With effect from 1 January 2010, DAKN was no longer entitled to a fee based on the revenue of EV Dubai and the management fee are paid directly to us, subject to the approval from our Board.
- ⁽²⁾ Revenue for the FYE 31 December 2008 has been restated to incorporate the effect of the prior years' adjustments relating to approved variation orders. In prior years, revenue of the subsidiary relating to approved variation orders was recognised upon issue of invoices. During the FYE 31 December 2009, the subsidiary adopted our Group's accounting policy and recognised revenue on an accrual basis. This policy has been applied retrospectively and comparatives have been restated accordingly. Please refer to Section 6.5.33 of the Accountants' Report for further details.
- ⁽³⁾ EV India and EV Abu Dhabi were only incorporated in 2009. The LAT comprises mainly of pre-operating expenses.
- ⁽⁴⁾ The financial year end of EV Hong Kong is 30 June. The PAT for EV Hong Kong comprises mainly of other creditors written back.
- ⁽⁵⁾ EVSC was only acquired in 2010. The PAT comprises mainly of post-operating income.
- ⁽⁶⁾ EV Singapore was incorporated in 2010. The PAT comprises mainly of dividends received from EV Qatar.

14. FINANCIAL INFORMATION (Cont'd)

EBITDA

EBITDA represents earnings before taxation, finance costs, impairment of goodwill, depreciation, management fees, gain on disposal of subsidiaries and MI.

	<----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
PAT before management fees, gain on disposal of subsidiaries and MI	73,603	95,558	123,521
Depreciation	14,713	19,878	20,098
Impairment of goodwill	-	1,803	-
Finance costs	25,757	29,795	17,463
Taxation	8,930	10,879	2,332
EBITDA (Unaudited)	123,003	157,913	163,414

EBITDA, as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with Malaysian FRS. EBITDA is not a measurement of financial performance or liquidity under Malaysian FRS and should not be considered as an alternative to net income, operating income or any other performance measure derived in accordance with Malaysian FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised item, hence a direct comparison between companies using such a term may not be possible.

- (ii) The table below sets forth the analysis of our Group's consolidated revenue by principal markets (net of inter-company transactions) for the past 3 financial years up to FYE 31 December 2010:

	<----- FYE 31 December ----->		
	2008 RM'000	2009 RM'000	2010 RM'000
UAE	414,875	266,569	302,682
Qatar	277,371	529,074	266,350
Malaysia	91,016	10,282	71,488
India	-	11,136	35,480
Saudi Arabia	-	-	47,257
North Africa	-	-	21,669
Total revenue	783,262	817,061	744,926

The profitability analysis by principal markets is not prepared as the financial data and information are not readily available.

14. FINANCIAL INFORMATION (Cont'd)

- (iii) The table below sets forth the analysis of our Group's consolidated revenue by principal activities (net of inter-company transactions) for the respective financial years:

	< ——— FYE 31 December ——— >		
	2008	2009	2010
	RM'000	RM'000	RM'000
Structural steel design, fabrication and structural steel erection (excluding industrial and power plant)	692,246	805,334	720,406
Industrial and power plant installation including mechanical and electrical works	91,016	11,727	3,441
Civil construction	-	-	21,079
Total revenue	783,262	817,061	744,926

The profitability analysis by principal activities is not prepared as the financial data and information are not readily available.

14.5.3 Commentary on our Group's past operating results

- (i) **FYE 31 December 2009 as compared to FYE 31 December 2008**

Revenue

Our Group recorded an increase in revenue by about RM33.80 million for FYE 31 December 2009 as compared to FYE 31 December 2008 of RM783.26 million. The increase in revenue was mainly due to the new revenue stream generated from EV India for the FYE 31 December 2009. In addition, SEVM concluded the Jimah Power Plant project in Malaysia and undertook its first power plant project outside of the country namely, the North Chennai Power Plant project in India. Further, our Group also undertook major projects such as:

- (a) Burj Khalifa in the UAE; and
- (b) Convention Centre, Nakilat Ship Construction Facility and New Doha International Airport Phase 2 in Qatar.

Gross profit margin

Gross profit margin for the FYE 31 December 2009 increased 3.34% to 23.82% (FYE 31 December 2008: 20.48%) mainly due to:

- (a) higher costs incurred for skilled labour brought in from Malaysia to Dubai at premium costs as well as local skilled labour hired on a day work basis in Dubai to meet accelerated project deadlines in FYE 2008; and
- (b) improvement in operational efficiency in the fabricated output per manhour in FYE 2009.

The above increase was offset by higher depreciation charges incurred in our fabrication facilities in EV Sharjah and EV Qatar and increase in sub-contract costs for the civil works portion for the Convention Centre, Qatar in FYE 2009.

14. FINANCIAL INFORMATION (Cont'd)

Other income

Other income increased by about RM6.92 million or 48.15% mainly due to the reversal of provisions in relation to certain projects of our Group.

Operating and administrative expenses

Operating and administrative expenses for the FYE 31 December 2009 amounted to RM91.95 million, which represents an increase of about RM11.26 million or 13.95% as compared to the FYE 31 December 2008 mainly due to:

- (a) increase in provision for impairment of receivables from RM7.33 million to RM16.09 million mainly for EV Dubai which are attributable to trade debts in excess of our normal credit period of between 60 to 90 days in the FYE 2009;
- (b) increase in number of employees from 4,688 to 5,024 resulting in an increase of employee costs of RM3.28 million in the FYE 2009; and
- (c) increase in depreciation of fixed assets, write-off of fixed assets, directors remuneration, permanent diminution in goodwill amounting to about RM3.50 million.

The above increase was offset by a drop in rental of premises of RM5.83 million as a result of the purchase of labour accommodation in EV Dubai in FYE 2009 and decrease of management fees of about RM1.91 million paid to DAKN for the FYE 2009.

Finance costs

Finance costs have increased from RM25.76 million in the FYE 31 December 2008 to RM29.80 million in the FYE 31 December 2009 mainly due to the increase in interest rates from 7% - 8.5% per annum to 8% - 9.35% per annum for trust receipts and letters of credit. The extension of letters of credit and trust receipts has also contributed to the increase in finance costs.

EBITDA (excluding management fees paid to DAKN)

EBITDA for the FYE 31 December 2009 amounted to RM157.91 million, which represents an increase of RM34.91 million or 28.38% when compared to FYE 31 December 2008. The increase in EBITDA was mainly due to the increase in revenue, gross profit margin, other income and reduction in rental of premises as a result of the purchase of labour accommodation for the FYE 31 December 2009.

PBT (excluding management fees paid to DAKN)

The increase in PBT (excluding management fees paid to DAKN) by about RM23.90 million or 28.96% in the FYE 31 December 2009 was mainly driven by the increase in revenue, gross profit margin, other income and reduction in rental of premises as a result of the purchase of labour accommodation offset by the increase in finance costs for the FYE 31 December 2009.

14. FINANCIAL INFORMATION (Cont'd)**Taxation**

The increase in taxation by about RM1.95 million or 21.83% in the FYE 31 December 2009 was mainly due to the increase in taxation for EV Qatar resulting from the increase in PBT. In addition, the increase in taxation was mainly due to lower taxation for the FYE 31 December 2008 which resulted from prior years restatement of revenue.

(ii) FYE 31 December 2010 as compared to FYE 31 December 2009**Revenue**

Revenue in the FYE 31 December 2010 amounted to RM744.93 million representing a decrease of RM72.14 million or 8.83% when compared to FYE 31 December 2009. The decrease in revenue was mainly due to the translational loss resulting from the strengthening of RM against AED, QR and Rs amounting to about RM103.27 million (2010: AED1.1453, QR1.1370 and Rs14.3187 : RM1.00 vs 2009: AED1.0435, QR1.0343 and Rs13.7250 : RM1.00).

Gross profit margin

Gross profit margin improved from 23.82% in the FYE 31 December 2009 to 27.84% in the FYE 31 December 2010 mainly due to:

- (a) increase in billings (final settlements) for specific projects at its final stages of completion in the Middle East which resulted in higher gross profit margins; and
- (b) lower other direct cost incurred for the work done on projects nearing the completion stage which resulted in higher gross profit margins.

Other income

The decrease in other income of about RM6.01 million or 28.21% in the FYE 31 December 2010 was mainly resulted from:

- (a) translational loss of RM4.39 million; and
- (b) reduction in waiver of trade payables of RM7.32 million.

The above reduction was offset by an increase in sales of scrap metal and write-back of provision for impairment of receivables amounting to RM6.32 million.

Operating and administrative expenses

Operating and administrative expenses have decreased by about RM12.65 million or 13.76% to RM79.30 million in the FYE 31 December 2010 mainly due to:

- (a) a decrease in management fees paid during the year. The management fees paid for the FYE 31 December 2009 and 31 December 2010 was RM12.28 million and RM2.18 million respectively;
- (b) reduction in rental of premises of RM5.94 million as a result of the purchase of new labour accommodation in EV Dubai in FYE 2010; and

14. FINANCIAL INFORMATION (Cont'd)

- (c) reduction in depreciation charge, employee costs and permanent diminution of goodwill amounting to RM10.79 million.

The above reduction was offset by the increase in general expenses and provision for impairment of receivables of RM10.78 million and RM3.97 million respectively.

Finance costs

Finance costs have decreased from RM29.80 million in the FYE 31 December 2009 to RM17.46 million in the FYE 31 December 2010 mainly due to the lower financing costs after the completion of projects such as Convention Center Extension and Link Bridge to Qatar Science and Technology Park - Education City in 2010.

EBITDA

EBITDA for the FYE 31 December 2010 amounted to RM163.41 million, which represents an increase of RM5.50 million or 3.48% when compared to FYE 31 December 2009. The increase in EBITDA was mainly due to an increase in profit after tax before MI.

PBT

The increase in PBT by about RM31.70 million or 33.67% in the FYE 31 December 2010 was mainly driven by higher gross profit, lower operating and administrative expenses and finance costs, but offset by lower other income.

Taxation

In the FYE 31 December 2010, taxation has decreased by about RM8.55 million when compared to FYE 31 December 2009 mainly due to the change in effective tax rates for Qatar from 32.74% to 10% during the year.

(iii) Government, economic, fiscal or monetary policies

Government, economic, fiscal or monetary policies and factors of this nature could affect our Group's operations. Further details are set out in Section 5 of this Prospectus.

(iv) Impact of inflation

Inflation has not had any material impact on the operations of our Group in the past and we believe it should not be an issue in the future unless our Company is unable to pass on the adverse effect of inflation to its clients.

(v) Impact of foreign exchange/interest rates on operating profits

A substantial amount of our revenue is derived from overseas customers and paid for in the local currencies of the respective countries. A significant portion of our procurement of raw steel by our current major operations in the Middle East is done in USD, where the local currencies are pegged against the USD.

14. FINANCIAL INFORMATION (Cont'd)

14.5.4 Liquidity and capital resources

(i) Working capital

Our principal source of liquidity is cash flow from operations. We also have certain surplus funds in short term deposits that can be used for any unforeseen capital or other requirements. As at 31 December 2009 and 31 December 2010, we have RM83.18 million and RM141.85 million respectively in unrestricted cash and short term deposits.

Our Directors are of the opinion that, after taking into consideration the funds generated from our existing operations, the current order book as at the LPD and net proceeds from the Institutional Offering, we have sufficient working capital for a period of 12 months from the date of issue of this Prospectus to meet our needs and foreseeable requirements.

(ii) Cash flows

The following table sets out our Group's audited consolidated cash flows with respect to operating activities, investing activities and financing activities for the year indicated:

	For the FYE 31 December 2010 RM'000
Net cash used in operating activities	(99,645)
Net cash used in investing activities	(39,923)
Net cash generated from financing activities	210,399
Net increase in cash and cash equivalents	70,831
Effect of foreign exchange changes	(12,156)
Cash and cash equivalents as at 31 December 2009/ 1 January 2010	83,177
Cash and cash equivalents as at 31 December 2010	141,852
All interest bearing debts (RM'000)	394,572
Shareholders' funds (RM'000)	315,370
Gearing ratio (times) ^	1.25

Note:

^ Gearing ratio is computed by dividing all interest bearing debts by shareholders' funds.

Net cash used in operating activities was about RM99.65 million for the FYE 31 December 2010 and arises from the following:

- Operating profit, after adjusting for non-cash items, of RM192.65 million;
- Increase in inventories of RM210.34 million;
- Decrease in payables, customer's accounts and amount due to/from customers on construction contracts of RM6.22 million;
- Increase in receivables of RM45.39 million;
- Employees end of service benefits paid of RM2.48 million;
- Taxes paid of RM10.41 million; and
- Interest paid of RM17.46 million.

14. FINANCIAL INFORMATION (Cont'd)

Net cash used in investing activities was RM39.92 million for the FYE 31 December 2010 and is arising from the purchase of plant and equipment amounting to RM44.20 million offset by proceeds from disposal of property, plant and equipment, fixed deposits pledged and interest received.

Net cash generated from financing activities was RM210.40 million for the FYE 31 December 2010 and is mainly arising from additional bank borrowings for project financing offset by dividends paid.

Our Directors are of the opinion that there is no restriction on the ability of our subsidiaries (other than EV India) to transfer funds to our Company in the form of cash dividends, loans or advances. However, repatriation of profits from India is permitted under the current exchange control regulations for foreign investors. Therefore, our Directors are confident that we can meet our cash obligations.

In addition, there are covenants in our loan agreements for our subsidiaries that limit their ability to declare or pay cash dividends. We have paid dividends in the past and did not encounter any issues in obtaining waivers from our principal bankers in relation to covenants restricting our ability to pay cash dividends.

(iii) Borrowings

Our Group's total outstanding borrowings, all of which are interest-bearing, as at 31 December 2010 are as follows:

Statement of total outstanding borrowings	< ————— Currency ————— >				Total
	AED'000	QR'000	Rs'000	RM'000	⁽¹⁾ RM'000
<u>Short-term borrowings</u>					
Hire purchase loans	1,311	1,580	752	682	3,167
Term loans	6,111	4,996	-	1,252	10,596
Bills payable	37,510	83,394	-	-	101,918
Bank overdraft	590	-	-	-	494
Short term borrowings	315,701	-	-	-	264,583
<u>Long term borrowings</u>					
Hire purchase loans	1,446	432	-	1,983	3,560
Long term borrowings	-	1,200	-	9,239	10,253
Total borrowings	362,669	91,602	752	13,156	394,572

Note:

⁽¹⁾ Converted at AED1.1932 : RM1.00, QR1.1832 : RM1.00 and Rs14.7942 : RM1.00, being the closing rates as at 31 December 2010.

We have not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past 3 financial years up to FYE 31 December 2010.

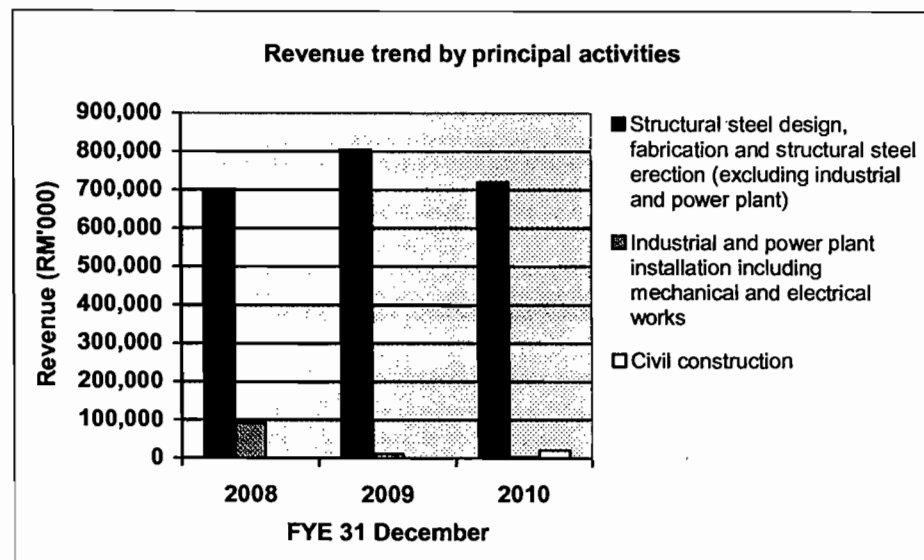
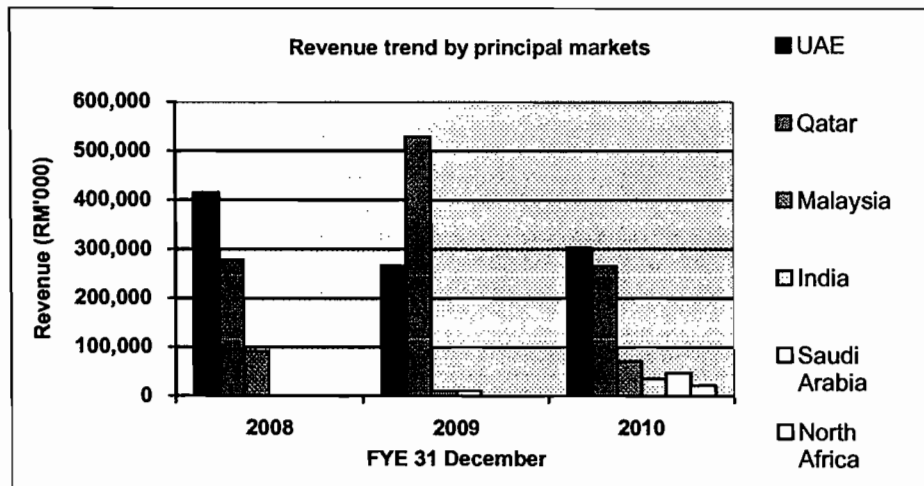
14. FINANCIAL INFORMATION (Cont'd)

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

14.5.5 Trend information

(i) Revenue

The following graphs depict our Group's revenue trend by principal markets and activities for FYE 31 December 2008 to 31 December 2010 based on the consolidated financial information as set out in Sections 14.1 and 14.4 of this Prospectus.



Based on the graphs above, our Group's revenue for the FYE 31 December 2009 showed a positive growth rate as compared with the FYE 31 December 2008 mainly due to revenue growth contribution from our principal market in Qatar. From FYE 31 December 2009 to FYE 31 December 2010, revenue contribution from our principal market in Qatar reduced while revenue contribution from our principal markets in the UAE, Malaysia, India and Saudi Arabia has increased.

14. FINANCIAL INFORMATION (Cont'd)

Our principal activities in the structural steel design, fabrication and structural steel erection are the largest contributor to our Group's revenue for the last 3 financial years, representing more than 80% of our Group's total revenue in each financial year.

(ii) Order book

As at the LPD, our confirmed order book (based on total contract value less progress billings) is about RM1.4 billion. We expect that the amount of our confirmed orders would be on an uptrend as we gain greater traction in new markets, such as India, Oman and Saudi Arabia, as well as the recovery of the economies in the GCC region particularly Abu Dhabi in the UAE and Qatar.

(iii) Factors affecting our Group's future financial condition and results of our operations**(a) Our ability to secure new projects**

Our structural steel business is undertaken on a project basis whereby the projects are non-recurring. As such, it is critical that we continuously and consistently secure new projects. In the event that we are not able to secure new projects of similar value and margins, this would have an adverse impact on our Group's profitability.

(b) Changes in economic conditions of the Middle East region

We intend to advance our position as an integrated structural steel turnkey contractor in UAE and Saudi Arabia. We also plan to expand our presence into new markets such as Oman. As such, any adverse changes in economic conditions of the Middle East region will have a negative impact on our current on-going projects, proposed expansion and advancement plans. As a result, our operational results would be adversely affected.

(c) Our ability to remain competitive

Our Group faces competition from incumbents as well as new entrants into the structural steel engineering sector. Due to our international presence, we are consistently competing with other multinational construction firms that possess significant financial, managerial, technology and other resources, as well as vast industry experience. Increase in competition could potentially lead to pressures on the growth of the business and revenue which would affect the profitability of our Group.

In addition, the construction industry in the countries we operate in are rapidly changing. If we cannot respond to changes in market conditions more swiftly or effectively than our competitors, our ability to generate revenue, our financial position and our results of operations as well as future growth could be adversely affected.

(d) Delays in completion of projects

A contract entered into between our Group and the main contractor would contain clauses for the payment of liquidated damages in the event the project is completed after the date of completion stipulated in the contract.

14. FINANCIAL INFORMATION (Cont'd)

Delays in the completion of the project may occur as a result of several factors such as adverse weather conditions, shortage of construction materials, workmanship defects, natural disasters, labour and supplier disputes, and industrial accidents.

Any delay in completion of the project attributable to our Group could lead to us being liable to pay liquidated damages under the contract. This will decrease our earnings and erode our profit margin for the project.

(e) Underestimation of our project costs

The pricing of our projects is determined by careful estimation of our cost components, which comprise mainly raw material costs, fabrication and erection costs, sub-contracting costs and direct labour cost. However, any inadequate or erroneous cost estimation and/or unexpected increase in our cost components may lead to cost overruns. In addition, any wastage, damage to our raw materials used or changes in client specifications will increase our cost of sales.

(f) Foreign exchange fluctuations

Our functional reporting currency is RM. Our revenue to countries outside of Malaysia are denominated mainly in AED, QR and Rs. As such, the movement of the AED, QR and Rs against RM may have significant effect on our revenue. About 49.89%, 35.76% and 3.43% of our revenue for the FYE 31 December 2010 was denominated in AED, QR and Rs respectively.

Other factors that may affect our future financial condition and results of our operations are set out in Section 5 of this Prospectus.

14.5.6 Other financial ratios**(i) Trade contract receivables**

A summary of our trade contract receivables turnover ratio of our Group for the past 3 financial years up to FYE 31 December 2010 is set out below:

	FYE 31 December		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade contract receivables ⁽¹⁾	209,894	173,537	171,228
Retention sum ⁽¹⁾	98,976	98,450	109,654
Total trade contract receivables	308,870	271,987	280,882
Revenue	783,262	817,061	744,926
Trade contract receivables turnover period (months) ⁽²⁾	3.22	2.55	2.76

Notes:

⁽¹⁾ Being net of allowance for impairment of receivables

⁽²⁾ Trade contract receivables turnover period (months) = (Trade contract receivables (excluding retention sum) / revenue) x 12 months

14. FINANCIAL INFORMATION (Cont'd)

We normally grant credit terms of 30 to 90 days to our customers, except for retention sums. Retention sum represents the final balance claimable, normally 5% to 10% of the total invoice value, after delivery and acceptance by customer (including completion of inspection and certification by authorities).

The relatively high trade contract receivable turnover period for the FYE 31 December 2008 was mainly due to the increased in billings for EV Dubai towards the end of the financial year. The improvement for the trade contract receivables turnover period for the FYE 31 December 2009 was mainly due to better credit control and debt collection policies. The management is satisfied with the present level of provision for impairment of receivables in the accounts. As at 31 December 2010, the provision for impairment of receivables amounted to about RM11.39 million, representing 6.65% of the trade contract receivables. The balance provision of RM8.67 million is in respect of the retention sum.

As at 31 December 2010, the trade contract receivables and retention sum of our Group amounted to about RM171.23 million and RM109.65 million respectively, which can be analysed as follows:

	<----Within credit period---->			Exceed	Total
	0-30 days	31-60 days	61-90 days	Over 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade contract receivables ⁽¹⁾	39,833	23,714	69,586	38,095	171,228
% of total trade contract receivables	14.18%	8.44%	24.77%	13.56%	60.96%
Retention sum ⁽¹⁾	25,819	2,238	3,801	77,796	109,654
% of total trade contract receivables	9.19%	0.80%	1.35%	27.70%	39.04%

Note:

⁽¹⁾ Being net of allowance for impairment of receivables.

As at the LPD, about RM143.18 million or 83.62% of the total outstanding trade contract receivables as at 31 December 2010 has been collected.

(ii) Trade payables

A summary of our trade payables turnover ratio of our Group for the past 3 financial years up to FYE 31 December 2010 is set out below:

	FYE 31 December		
	2008	2009	2010
	RM'000	RM'000	RM'000
Trade payables	67,007	51,988	44,680
Direct cost ⁽¹⁾	545,039	538,202	407,832
Trade payables turnover period (months) ⁽²⁾	1.48	1.16	1.31

Notes:

⁽¹⁾ Direct cost equals cost of sales less the total of depreciation, employee benefit expenses, reversal of overprovision of costs, rental of premises, and property, plant and equipment written off.

⁽²⁾ Trade payables turnover period (months) = (Trade payables / direct costs) x 12 months

14. FINANCIAL INFORMATION (Cont'd)

The normal credit periods granted by our suppliers ranged from 1 to 3 months. Our Group's trade payables turnover ratio for the past 3 financial years up to FYE 31 December 2010 has been consistently within the credit period granted by suppliers.

As at 31 December 2010, the trade payables of our Group amounted to about RM44.68 million which can be analysed as follows:

	< --- Within credit period --- >			Exceed	Total
	0-30 days RM'000	31-60 days RM'000	61-90 days RM'000	credit period Over 90 days RM'000	
Trade payables	21,430	7,595	3,480	12,175	44,680
% of total trade payables	47.96%	17.00%	7.79%	27.25%	100.00%

(iii) Inventories

A summary of our inventories turnover ratio of our Group for the past 3 financial years up to FYE 31 December 2010 is set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Inventories	132,458	41,348	251,685
Direct cost ⁽¹⁾	539,592	537,275	409,475
Inventories turnover period (months) ⁽²⁾	2.95	0.92	7.38

Notes:

⁽¹⁾ Direct cost equals cost of sales less the total of depreciation, hire of equipment, employee benefit expenses, reversal of overprovision of costs, rental of premises, and property, plant and equipment written off.

⁽²⁾ Inventories turnover period (months) = (Closing inventories / direct costs) x 12 months.

Our Group's inventories turnover period increased for the FYE 31 December 2010 due to the purchase of inventories for new projects such as New Doha International Airport (Phase 3), Doha Convention Center and Tower, Trump Tower, Marathon Futurex, BWE Energy India, BTG Erection Package for 2x300MW EMCO Thermal Power and 2x660MW Coal Fired Thermal Power Plant which only commenced in the second half of 2010 and most of the inventories have yet to be consumed towards the end of FYE 31 December 2010.

Our Group's inventories turnover period has reduced from 7.38 months for the FYE 31 December 2010 to 5.24 months as at the LPD due to the consumption of inventories for the new projects mentioned above as well as other ongoing projects, such as Cleveland Clinic, King Abdullah Petroleum Studies & Research Centre and Capital Market Authority Tower.

14. FINANCIAL INFORMATION (Cont'd)**(iv) Current ratio**

A summary of our current ratio of our Group for the past 3 financial years up to FYE 31 December 2010 is set out below:

	FYE 31 December		
	2008 RM'000	2009 RM'000	2010 RM'000
Current assets	631,662	493,897	793,032
Current liabilities	665,450	477,279	691,957
Current ratio (times) ⁽¹⁾	0.95	1.03	1.15

Note:

⁽¹⁾ *Current ratio = Current assets / current liabilities.*

Our Group recorded net current liabilities of about RM33.79 million for the FYE 31 December 2008 while our Group recorded net current assets of RM16.62 million and RM101.07 million for the FYE 31 December 2009 and FYE 31 December 2010 respectively.

For the FYE 31 December 2008, our Group recorded net current liabilities mainly due to reclassification of deposits with financial institutions from current assets to non-current assets amounting to RM54.14 million for the FYE 31 December 2008.

The increase in current ratio for the FYE 31 December 2009 as compared to the FYE 31 December 2008 was mainly due to the significant reduction in current liabilities as a result of repayment of bank borrowings and other payables amounting to about RM99.87 million and RM73.98 million respectively.

The net current liabilities position of our Group for the FYE 31 December 2008 has resulted in the inclusion of emphasis of matter in the audit reports of our existing subsidiaries, namely EV Sharjah and EV Dubai, and our former subsidiary, EV Hong Kong. Please refer to the Accountants' Report as set out in Section 15 of this Prospectus for further details of the emphasis of matter.

14.5.7 Types of financial instruments used

As at the LPD, we do not have any nor are we using any financial instrument for hedging purposes.

14.5.8 Treasury policies and objectives

We have been financing our operations through cash generated from our operations, retained profits and external sources of funds. Our external sources of funds comprise mainly sponsor's funds and bank borrowings.

The main uses of the above resources are for the purchase of raw materials and to defray operating expenses as well as other expenses such as repair and maintenance and upkeep of our plant and machineries. Our funds were also used to finance capital expenditure.

14. FINANCIAL INFORMATION (Cont'd)

Our Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily AED, QR and Rs. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. We do not have any hedging policies nor have we entered into any forward contracts with respect to our foreign exchange exposure.

14.5.9 Material capital commitments and contingent liabilities**(i) Material capital commitments**

Save as disclosed in Section 4.12 of this Prospectus, as at the LPD, our Board is not aware of any material capital commitment contracted or known to be contracted by us and/or our subsidiaries which, upon becoming enforceable, may have a material impact on our Group's financial position.

(ii) Contingent liabilities

Our Company has provided corporate guarantees for banking facilities granted to our subsidiaries. The details of contingent liabilities of our Group as at the LPD for which no provision has been made in its financial statements are set out below:

Contingent liabilities	million	⁽¹⁾ RM'million
Secured		
Performance guarantees, advance payment guarantees and letters of guarantee		
- UAE	AED473.33	388.04
- Qatar	QR165.92	137.11
- India	Rs490.88	33.07
- Malaysia	RM8.21	8.21
		566.43
Unsecured		
Trade facilities such as letters of credit, trust receipts and term loans		
- UAE	AED288.75	236.72
- Malaysia	RM880.38	880.38
		1,117.10
Total		1,683.53

Note:

⁽¹⁾ Converted at AED1.2198 : RM1.00, QR1.2101 : RM1.00 and Rs14.8462 : RM1.00, being the closing rates as at the LPD.

(iii) Material litigation

Save as disclosed in Section 17.5 of this Prospectus, our Board is not aware of any material litigation, claim or arbitration either as plaintiff or defendant and any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business as at the LPD.

14. FINANCIAL INFORMATION (Cont'd)

14.5.10 Factors affecting financial condition and results of operations

As at the LPD, to the best of our Board's knowledge and belief, our Group's condition and operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in Section 14.5 and in Sections 5 and 8 of this Prospectus;
- (ii) material commitment for capital expenditure save as disclosed in Section 14.5.9(i) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this Section and in Section 5 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this Section; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed in this Section and in Section 5 of this Prospectus.

[The rest of this page is intentionally left blank]

15. ACCOUNTANTS' REPORT*(Prepared for inclusion in the Prospectus)*

Ernst & Young
 AF : 0039
 Level 23A, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 50490 Kuala Lumpur, Malaysia
 Mail address: P.O. Box 11040
 50734 Kuala Lumpur, Malaysia
 Tel: +603 7495 8000
 Fax: +603 2095 5332 (General line)
 +603 2095 9076
 +603 2095 9078
 www.ey.com

Accountants' report
(Prepared for inclusion in the Prospectus)

1 June 2011

The Board of Directors
 Eversendai Corporation Berhad
 Lot 19956, Jalan Industri 3/6
 Rawang Intergrated Industrial Park
 48000 Selangor.

Dear Sirs

EVERSENDI CORPORATION BERHAD**1. PURPOSE OF REPORT**

This report has been prepared by Ernst & Young, for inclusion in the Prospectus in connection with the listing of Eversendai Corporation Berhad ("ECB" or "the Company") on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Notes 2.2 and 2.3 in this report.

2. DETAILS OF THE LISTING SCHEME**2.1 THE COMPANY**

The Company was incorporated as a private limited liability company. On 13 April 2010, the Company converted its status from a private company to a public company. Accordingly, the name of the Company was changed from Eversendai-Corporation Sdn. Bhd. to Eversendai-Corporation Berhad. The Company subsequently changed its name to Eversendai Corporation Berhad on 10 May 2010.

The registered office of the Company is located at Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Selangor.

15. ACCOUNTANTS' REPORT (Cont'd)**2. DETAILS OF THE LISTING SCHEME (CONTD.)****2.1 THE COMPANY (CONTD.)**

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 3.

There have been no significant changes in the nature of these activities during the financial year ended 31 December 2010 other than:

- (a) incorporation of Eversendai Construction (S) Pte Ltd;
- (b) acquisition of EVS Construction LLC; and
- (c) disposal of Eversendai Engineering Co. HK Ltd;

as disclosed in Note 3.

2.2 RESTRUCTURING EXERCISE

The following have been implemented in conjunction with the listing of ECB on Bursa Securities.

- (a) Capitalisation of amount due to director

ECB had issued 2,665,000 ordinary shares of RM1 each at par as part settlement of amount due to a director ("Capitalisation").

- (b) Increase in authorised share capital and Bonus Issue

After the Capitalisation, the Company concurrently increased its authorised share capital from RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each and increased its issued and paid up share capital from RM30,665,000 to RM306,650,000 by a bonus issue of 275,985,000 ordinary shares of RM1 each in ECB on the basis of 9 ordinary shares of RM1 each for every 1 existing ordinary share of RM1 each in ECB ("Bonus Issue").

- (c) Share Split

After the Capitalisation, increase in authorised share capital and Bonus Issue, ECB had implemented a share split of the par value of ECB shares whereby each existing ordinary share of RM1 each in ECB was subdivided into 2 ordinary shares of RM0.50 each ("Share Split"). Upon completion of the Share Split, the issued and paid up share capital of ECB amounted to RM306,650,000 comprising 613,300,000 ordinary shares of RM0.50 each.

15. ACCOUNTANTS' REPORT (Cont'd)

**2. DETAILS OF THE LISTING SCHEME (CONTD.)****2.3 LISTING SCHEME****(d) Initial Public Offering**

The Initial Public Offering ("IPO") of 232,190,000 ordinary shares of RM0.50 each in ECB ("ECB Share(s)") in conjunction with the listing and quotation for 774,000,000 ECB Shares on the Main Market of Bursa Securities comprises the following:

- (a) Offer of 160,700,000 new ordinary shares and 41,340,000 existing ordinary shares of RM0.50 each to institutional and selected investors at the Institutional Price to be determined by way of bookbuilding under the Institutional Offering; and
- (b) Offer of 30,150,000 existing ordinary shares of RM0.50 each to the Malaysian public, eligible directors and employees at the Retail Price of RM1.70 per share under the Retail Offering.

15. ACCOUNTANTS' REPORT (Cont'd)

3. GROUP STRUCTURE

The structure of ECB and its subsidiaries (the "Group") as at 31 December 2010 is as follows:

3.1 SUBSIDIARIES


Details of the subsidiaries are as follows:

Name of subsidiaries	Date of incorporation	Country of incorporation	Principal activities	Proportion of ownership interest (%)	
				2010	2009
1. Shineversendai Engineering (M) Sdn. Bhd ("Shineversendai")	21 Aug 1993	Malaysia	Fabrication and erection of steel works	99.99	99.99
2. Eversendai Engineering Co. HK Ltd ("Eversendai HK")	29 Apr 1998	Hong Kong	General contractor	-	100.00
3. Eversendai Engineering FZE ("Eversendai FZE")	5 Jul 2005	Hamriyah Free Zone Sharjah, United Arab Emirates	Steel, fabrication and painting	100.00	100.00
4. Eversendai Construction Private Limited ("Eversendai India")	14 Aug 2009	India	Engineering, fabrication and erection of steel works	100.00	100.00
5. Eversendai Construction (S) Pte. Ltd. ("Eversendai Singapore")	14 Jan 2010	Singapore	Engineering, fabrication and erection of steel works	100.00	-

15. ACCOUNTANTS' REPORT (Cont'd)

3 GROUP STRUCTURE (CONTD.)

3.1 SUBSIDIARIES (CONTD.)



Name of subsidiaries	Date of incorporation/ acquisition	Country of incorporation	Principal activities	Proportion of ownership interest (%)		Effective interest in profit based on shareholders' agreement (%)	
				2010	2009	2010	2009
6. Eversendai Engineering LLC ("Eversendai LLC")*	19 May 1996	United Arab Emirates	Fabrication and erection of steel works	49.00	49.00	100.00	100.00
7. Eversendai Engineering Qatar WLL ("Eversendai Qatar")*	22 Jun 2005	State of Qatar	Engineering, fabrication and erection of steel works	49.00	49.00	70.00	70.00
8. Eversendai Engineering LLC - Abu Dhabi ("Eversendai Abu Dhabi")*	5 Jul 2009	United Arab Emirates	Engineering, fabrication and erection of steel works	49.00	49.00	100.00	100.00
9. EVS Construction LLC ("EVSC")*	30 May 2010	United Arab Emirates	Engineering and contracting services	49.00	-	100.00	-

15. ACCOUNTANTS' REPORT (Cont'd)

3 GROUP STRUCTURE (CONTD.)

3.1 SUBSIDIARIES (CONTD.)

* Pursuant to the shareholders' agreements with the respective foreign partners in the subsidiaries and the power of attorney granted by them, the Group controls these subsidiaries by virtue of having the:

- a) power over more than half of the voting rights and to govern the financial and operating policies;
- b) power to appoint or remove majority of the members of the board of directors or equivalent governing body and control of the subsidiary is by that board or body; and
- c) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the subsidiary is by that board or body.

Further details on the subsidiaries are disclosed in Note 6.5.10.



15. ACCOUNTANTS' REPORT (Cont'd)

**3. GROUP STRUCTURE (CONTD.)****3.2 ASSOCIATES**

The Group did not have any associates as at 31 December 2010.

4. FINANCIAL STATEMENTS AND AUDITORS

S. Kumar & Co. audited the financial statements of ECB and Shineversendai for the financial year ended ("FYE") 31 December 2008. The financial statements of both ECB and Shineversendai were prepared in accordance with Financial Reporting Standard ("FRS"). The audit opinions issued for the above financial statements were unqualified. The financial statements of ECB for the FYE 2008 have been restated as a result of the prior year adjustments and reclassifications disclosed in Note 6.5.33.

Ernst & Young Malaysia audited the financial statements of the ECB and Shineversendai for the FYE 31 December 2009 and 31 December 2010. The audit opinions issued were unqualified.

The last audited financial statements of Eversendai HK are in respect of the financial year ended 30 June 2010, and have been audited by Wise-Link CPA Limited.

The financial statements of Eversendai Singapore for the financial period ended ("FPE") 31 December 2010 have been audited by Fadhilah Goh & Co.

The financial statements of the other subsidiaries for the FYE 31 December 2008, 2009 and 2010 have been audited by member firms of Ernst & Young Global in the respective countries.

The audit opinions issued for the above financial statements were unqualified except for the inclusion of the following emphasis of matters extracted from the audit reports of the respective subsidiaries:

15. ACCOUNTANTS' REPORT (Cont'd)



4. FINANCIAL STATEMENTS AND AUDITORS (CONTD.)

Eversendai Engineering FZE (FYE 2008)

"Although the current liabilities exceed its current assets by United Arab Emirates Dirhams ("AED") 46,344,909, the financial statements have been prepared on a going concern basis as the shareholder has undertaken to provide necessary support to the Establishment to enable it to continue its operations and meet its obligations as they fall due."

Eversendai Engineering FZE (FYE 2010)

"In respect of impact of rate revision with a related party on commencement of certain contracts, which resulted in additional revenue to the Company of AED 24,902,790 for services rendered in 2009. Our opinion is not qualified in respect of this matter".

Eversendai Engineering LLC (FYE 2008)

"In respect of bank facilities availed, the Company is required by the bankers to comply with certain covenants. The Company has not complied with certain of such covenants as stated in the following:-

- i) Maintenance of minimum debt-equity ratio 1:1;
- ii) Leverage ratio of 3.5:1; and
- iii) Retention of the entire profit

Management is confident that though the above covenants have not been met, the facilities are for projects which are in progress and will therefore be maintained by the banks."

Eversendai Engineering Co HK Ltd. (FYE 2009 and FYE 2008)

"There has been concern as to the availability of adequate short term future funding to the Company and consequently as to the appropriateness of the going concern basis as the Company's current liabilities exceeded its current assets by HK\$12,379 (2008: HK\$4,693,563) at the balance sheet date."

Eversendai Abu Dhabi FPE 2010

"The Company incurred a loss of AED 363,881 for the period ended 31 December 2010 and as of that date, its current liabilities exceeded its current assets by AED 63,881 and it has a deficiency of assets of AED 63,881. Notwithstanding this fact, the financial statements of the Company have been prepared on a going concern basis as the parent company has resolved to provide the necessary financial support to the Company to enable it to continue its operations and meet its obligations as they fall due. Also, on the basis of an agreement with a related party, Eversendai LLC, the amounts due to the related party are repayable as and when the funds are available with the Company".

15. ACCOUNTANTS' REPORT (Cont'd)



5. BASIS OF PREPARATION (CONTD.)

The financial information of ECB as set out in the following sections are based on the audited financial statements for the relevant financial years covered in this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements of ECB.

The presentation currency of ECB is Ringgit Malaysia ("RM").

Certain balances in the financial statements of ECB for FYE 2008 have been restated as disclosed in Note 6.5.33.

A summary of dividends declared is as follows:-

	2010 RM'000	2009 RM'000	2008 RM'000
Recognised during the financial year:-			
Dividends on ordinary shares			
- In respect of FYE 2010, interim dividend of 9119% on 200,000 ordinary shares in Eversendai Qatar declared and payable on 8 March 2010	8,212	-	-
- In respect of FYE 2009, interim dividend of 57%, on 28,000,000 ordinary shares, declared and payable on 30 December 2009	-	15,960	-
Dividends on redeemable convertible cumulative preference shares			
In respect of FYE 2008;			
- Final dividend of 0.67% less 26% taxation on 12,000,000 redeemable convertible cumulative preference shares, declared on 29 February 2008, paid on 7 April 2008	-	-	59
- Overprovision of dividends on redeemable convertible cumulative preference shares in previous years	-	-	(416)
	-	-	(357)

15. ACCOUNTANTS' REPORT (Cont'd)



6 FINANCIAL STATEMENTS OF ECB

6.1 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2008 TO 2010

	Note	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Revenue	6.5.2	744,926	817,061	783,262
Cost of sales		(537,599)	(622,459)	(622,848)
Gross profit		207,327	194,602	160,414
Other income	6.5.3	15,288	21,295	14,374
Operating and administrative expenses		(79,299)	(91,948)	(80,688)
Operating profit		143,316	123,949	94,100
Finance costs	6.5.5	(17,463)	(29,795)	(25,757)
Profit before taxation	6.5.4	125,853	94,154	68,343
Income tax expense	6.5.8	(2,332)	(10,879)	(8,930)
Profit for the year		123,521	83,275	59,413
Other comprehensive income:				
Foreign currency translation		(23,443)	(2,666)	(4,444)
Income tax relating to components of other comprehensive income		-	-	-
Other comprehensive income for the year		(23,443)	(2,666)	(4,444)
Total comprehensive income for the year		100,078	80,609	54,969
Profit attributable to:				
Equity holders of the Company		116,727	77,985	59,413
Minority interests		6,794	5,290	-
		123,521	83,275	59,413
Total comprehensive income attributable to:				
Equity holders of the Company		94,322	75,585	54,969
Minority interests		5,756	5,024	-
		100,078	80,609	54,969
Earnings per share attributable to equity holders of the Company				
- Basic and diluted (sen)	6.5.9	417	279	212

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2008, 2009 AND 2010

	Note	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Assets				
Non-current assets				
Investment in an associate	6.5.11	-	-	-
Other investments	6.5.12	-	-	-
Goodwill	6.5.13	9,920	9,920	11,723
Property, plant and equipment	6.5.14	184,051	178,086	169,020
Deferred tax assets	6.5.27	133	-	-
Deposits with financial institutions	6.5.20	51,962	55,220	54,138
		<u>246,066</u>	<u>243,226</u>	<u>234,881</u>
Current assets				
Inventories	6.5.15	251,685	41,348	132,458
Amount due from customers on construction contracts	6.5.16	93,146	62,632	66,977
Trade contract receivables	6.5.17	280,882	271,987	308,870
Other receivables and deposits	6.5.18	24,973	33,820	42,292
Cash and bank balances	6.5.20	142,346	84,110	81,065
		<u>793,032</u>	<u>493,897</u>	<u>631,662</u>
Total assets		<u>1,039,098</u>	<u>737,123</u>	<u>866,543</u>
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	6.5.21	28,000	28,000	28,000
Foreign currency translation reserve	6.5.21	(29,249)	(6,844)	(4,444)
Capital reserves	6.5.21	307	307	307
Retained earnings	6.5.22	316,312	199,585	137,560
		<u>315,370</u>	<u>221,048</u>	<u>161,423</u>
Minority interests		2,568	5,024	-
Total equity		<u>317,938</u>	<u>226,072</u>	<u>161,423</u>

15. ACCOUNTANTS' REPORT (Cont'd)




6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.2 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)
FOR THE YEARS ENDED 31 DECEMBER 2008 TO 2010

	Note	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Non-current liabilities				
Hire purchase payables	6.5.23	3,560	2,346	4,091
Bank borrowings	6.5.24	10,253	18,611	26,501
Other payables		782	544	-
Employees' service benefits	6.5.26	12,622	10,571	9,078
Deferred tax liabilities	6.5.27	1,986	1,700	-
		<u>29,203</u>	<u>33,772</u>	<u>39,670</u>
Current liabilities				
Trade payables	6.5.28	44,680	51,988	67,007
Other payables	6.5.28	137,897	75,171	149,151
Amount due to directors	6.5.25	14,690	14,508	3,301
Dividend payable		-	-	-
Hire purchase payables	6.5.23	3,167	2,559	2,753
Bank borrowings	6.5.24	377,592	153,066	252,933
Amount due to customers on construction contracts	6.5.16	109,479	166,891	173,010
Provision for taxation		4,452	13,096	17,295
		<u>691,957</u>	<u>477,279</u>	<u>665,450</u>
Total liabilities		<u>721,160</u>	<u>511,051</u>	<u>705,120</u>
Total equity and liabilities		<u>1,039,098</u>	<u>737,123</u>	<u>866,543</u>

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008


	Note	Share capital RM'000	Share premium RM'000	Attributable to equity holders of the Company				Total RM'000
				Capital reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Distributable	
As at 1 January 2008		28,120	11,880	187	-	69,247	109,434	
As previously stated		-	-	-	-	9,663	9,663	
Prior year adjustments	6.5.33	28,120	11,880	187	-	78,910	119,097	
As restated		-	-	-	-	59,413	59,413	
Total comprehensive income for the year		(120)	(11,880)	120	-	(1,120)	(13,000)	
Redemption of redeemable convertible cumulative preference shares	6.5.29	-	-	-	-	357	357	
Preference dividend		-	-	-	-	-	-	
Foreign currency translation reserve	6.5.21	-	-	-	(4,444)	-	(4,444)	
As at 31 December 2008 (restated)		28,000	-	307	(4,444)	137,560	161,423	

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

<----- Attributable to equity holders of the Company ----->
<-Non-distributable-> Distributable



	Note	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
As at 1 January 2009		28,000	307	(4,444)	139,468	163,331	-	163,331
As previously stated		-	-	-	(1,908)	(1,908)	-	(1,908)
Prior year adjustments	6.5.33	-	-	-	-	-	-	-
As restated		28,000	307	(4,444)	137,560	161,423	-	161,423
Total comprehensive income for the year		-	-	(2,400)	77,985	75,585	5,024	80,609
Dividends	6.5.29	-	-	-	(15,960)	(15,960)	-	(15,960)
As at 31 December 2009		28,000	307	(6,844)	199,585	221,048	5,024	226,072

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.3 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

<----- Attributable to equity holders of the Company ----->
<-Non-distributable-> Distributable

Note	Share capital RM'000	Capital reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
As at 1 January 2010	28,000	307	(6,844)	199,585	221,048	5,024	226,072
Total comprehensive income for the year	-	-	(22,405)	116,727	94,322	5,756	100,078
Dividends	-	-	-	-	-	(8,212)	(8,212)
As at 31 December 2010	28,000	307	(29,249)	316,312	315,370	2,568	317,938

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.4 CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2008 TO 2010

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Cash flows from operating activities			
Profit before taxation	125,853	94,154	68,343
Adjustments for:			
Depreciation	20,098	19,878	14,713
Employees' service benefits	4,532	2,868	4,307
Gain on disposal of property, plant and equipment	(262)	(95)	-
Property, plant and equipment written off	2,225	235	-
Impairment of goodwill	-	1,803	-
Provision for impairment of receivables	20,057	16,091	7,325
Write back of provision for impairment of other receivables	-	-	(2,987)
Waiver of debt by directors	-	(620)	-
Interest income	(757)	(895)	(948)
Write back of over provision for trade payables	(1,027)	(7,344)	(248)
Reversal of overprovision of costs	-	(6,641)	(9,302)
Unrealised loss/(gain) on foreign exchange	4,470	(106)	2,506
Interest expense	17,463	29,795	25,757
Operating profit before working capital changes	192,652	149,123	109,466
Inventories	(210,337)	91,110	(39,214)
Receivables	(45,389)	29,266	(47,316)
Payables, customers' accounts and amounts (due to)/from customers on construction contracts	(6,218)	(76,138)	128,361
Cash (used in)/generated from operations	(69,292)	193,361	151,297
Employees' service benefits paid	(2,481)	(1,375)	(613)
Taxes paid	(10,409)	(13,378)	(9,232)
Interest expense paid	(17,463)	(29,795)	(25,757)
Net cash (used in)/generated from operating activities	(99,645)	148,813	115,695

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.4 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)
FOR THE YEARS ENDED 31 DECEMBER 2008 TO 2010

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Cash flows from investing activities			
Purchase of property, plant and equipment	(44,200)	(30,445)	(62,286)
Proceeds from disposal of property, plant and equipment	262	95	52
Fixed deposits pledged	3,258	(1,082)	2,815
Interest received	757	895	948
Net cash used in investing activities	<u>(39,923)</u>	<u>(30,537)</u>	<u>(58,471)</u>
Cash flows from financing activities			
Bank borrowings	216,607	(108,043)	(6,947)
Dividends paid	(8,212)	(15,960)	(1,243)
Increase in/(repayment of) hire purchase payables	1,822	(1,939)	232
Amount due to directors	182	11,827	3,549
Redemption of preferences shares	-	-	(13,000)
Net cash generated from/(used in) financing activities	<u>210,399</u>	<u>(114,115)</u>	<u>(17,409)</u>
Net increase in cash and cash equivalents	70,831	4,161	39,815
Effect of foreign exchange rate changes	(12,156)	(1,402)	1,553
Cash and bank balances at beginning of year	<u>83,177</u>	<u>80,418</u>	<u>39,050</u>
Cash and bank balances at end of year (Note 6.5.20)	<u>141,852</u>	<u>83,177</u>	<u>80,418</u>

15. ACCOUNTANTS' REPORT (Cont'd)**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS****6.5.1 Significant accounting policies****(a) Basis of preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards ("FRSs") in Malaysia.

The financial statements of the Group have been prepared under the historical cost basis except for investments in subsidiaries which have been measured at their fair values. The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency, and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

(b) Changes in accounting policies and effects arising from adoption of new and revised FRS

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

- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements (Revised)
- FRS 123 Borrowing Costs
- Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2 Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132 Financial Instruments: Presentation
- Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
- Improvements to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 10 Interim Financial Reporting and Impairment
- IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13 Customer Loyalty Programmes
- IC Interpretation 14 FRS119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IC Interpretation 201 Preliminary and Pre-operating Expenditure

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(b) Changes in accounting policies (Contd.)**

FRS 4 Insurance Contracts and TR i-3 Presentation of Financial Statements of Islamic Financial Institutions was also effective for annual periods beginning on or after 1 January 2010. These FRS are, however, not applicable to the Group.

The Group had early adopted FRS 139 - Financial Instruments: Recognition and Measurement and FRS 7 - Financial Instruments: Disclosures in the previous financial year. Both of these FRSs were also effective for annual periods beginning on or after 1 January 2010.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group except for those discussed below:

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group, and revenue from the Group's major customers. The Group has adopted FRS 8 retrospectively.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(b) Changes in accounting policies (Contd.)**FRS 101 Presentation of Financial Statements (Revised)

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

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

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

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

Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective.

Effective for annual periods beginning on or after 1 March 2010:

- Amendments to FRS 132: Classification of Rights Issues

15. ACCOUNTANTS' REPORT (Cont'd)**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(b) Changes in accounting policies (Contd.)****Standards issued but not yet effective (Contd.)**

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

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 3 Business Combinations (revised)
- Amendments to FRS 2 Share-based Payment
- Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7 Improving Disclosures about Financial Statements
- Amendments to FRS 127 Consolidated and Separate Financial Statements
- Amendments to FRS 138 Intangible Assets
- Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- IC Interpretation 12 Service Concession Arrangements
- IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17 Distributions of Non-cash Assets to Owners

Effective for annual periods beginning on or after 1 January 2011:

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 3: Business Combinations
- Amendments to FRS 7: Financial Instruments: Disclosures
- Amendments to FRS 101: Presentation of Financial Statements
- Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates
- Amendments to FRS 128: Investments in Associates
- Amendments to FRS 131: Interests in Joint Ventures

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

(b) Changes in accounting policies (Contd.)

Standards issued but not yet effective (Contd.)

Effective for annual periods beginning on or after 1 January 2011 (continued)

- Amendments to FRS 134: Interim Financial Reporting
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement
- IC Interpretation 4 Determining Whether an Arrangement Contains a Lease
- IC Interpretation 18 Transfers of Assets from Customers
- Amendments to IC Interpretation 13 Customer Loyalty Programmes
- TR 3 Guidance on Disclosures of Transition to IFRSs
- TR i-4 Shariah Compliant Sale Contracts

Effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14 Prepayments of a Minimum Funding Requirement

Effective for annual periods beginning on or after 1 January 2012

- FRS 124 Related Party Disclosures
- IC Interpretation 15 Agreements for the Construction of Real Estate

The directors do not expect that the adoption of the standards and interpretations above will have any material impact on the financial statements of the Group in the period of initial application.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(c) Subsidiaries and basis of consolidation****(i) Subsidiaries**

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

In the Company's financial statements, investments in subsidiaries are stated at fair value. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets acquired, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(c) Subsidiaries and basis of consolidation****(ii) Basis of consolidation (Contd.)**

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition and the minorities' share of changes in the subsidiaries' equity since then. Where there are legal arrangement in place for the beneficial entitlement to the shareholding, the Group has used these entitlements to compute the minorities share.

(d) Property, plant and equipment and other fixed assets and depreciation

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

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

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

(d) Property, plant and equipment and other fixed assets and depreciation (Contd.)

Freehold land has an unlimited useful life and therefore is not depreciated. Construction work-in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Furniture and fittings	10%
Motor vehicles and office equipments	20%
Plant and machinery	10%
Buildings	2%
Computer equipment and software	20%
Fabrication factory	5%

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

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

The carrying value of property, plant and equipment are reviewed at each reporting date for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists, the assets are written down to their recoverable amounts.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(e) Impairment of non-financial assets**

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

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(e) Impairment of non-financial assets (Contd.)**

An impairment loss is recognised in profit or loss in the period in which it arises.

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

(f) Construction contracts

Revenue from long term fixed price construction contracts is recognised on the percentage of completion method where the outcome of the construction contract can be reliably estimated. The stage of completion is calculated by reference to the proportion that contract costs incurred for work performed to the estimated total contract costs.

Where the outcome of the construction contract cannot be estimated reliably, the construction contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable, and no profit is recognised. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contract plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(f) Construction contracts (Contd.)**

Variations are only recognised when the outcome can be determined with reasonable certainty, and are capable of being reliably measured. Claims are only recognised when the stage of negotiations with the customer has reached an advanced stage such that it is probable that the customer will accept the claim and the amount can be reliably measured.

Provision is made for all anticipated losses on construction contracts.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. The cost of raw materials comprises costs of purchase. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing 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.

(h) Leases**(i) As lessee**

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(h) Leases (Contd.)****(i) As lessee (Contd.)**

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

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

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 6.5.1(n)(ii).

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 6.5.1(d).

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

(h) Leases (Contd.)

(iii) Operating leases - the Group as lessee

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

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the building elements in proportion to the relative fair values for leasehold interests in the respective elements of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(i) Income tax

Current tax

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

Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(i) Income tax (Contd.)**Deferred tax (Contd.)

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

Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(j) Borrowing costs

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

15. ACCOUNTANTS' REPORT (Cont'd)**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(k) Provisions and contingencies**

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

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

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

(l) Foreign currencies**(i) Functional currency**

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(I) Foreign currencies (Contd.)****(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(l) Foreign currencies (Contd.)****(iii) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

(m) Employee benefits**(i) Short term benefits**

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(m) Employee benefits (Contd.)****(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries statutory pension schemes.

(n) Revenue recognition

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

(i) Revenue from construction contracts

Revenue from construction contracts are recognised by the stage of completion method as disclosed in Note 6.5.1(f).

(ii) Revenue from rental of equipment

Revenue from rental of equipment is recognised when services are rendered.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

(n) Revenue recognition (Contd.)

(iii) Interest income

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

(iv) Dividend income

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

(v) Management fees

Management fees are recognised when services are rendered.

(o) Financial assets

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

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

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

As at the reporting date, the Group did not have any financial assets categorised as financial assets at fair value through profit or loss or held-to-maturity investments.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

(o) Financial assets (Contd.)

Loans and receivables

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

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

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

Available-for-sale financial assets

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

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

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

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(o) Financial assets (Contd.)**Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

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

(p) Financial liabilities

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

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(p) Financial liabilities (Contd.)****(i) Financial liabilities at fair value through profit or loss**

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

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

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

(ii) Other financial liabilities

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

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

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(p) Financial liabilities (Contd.)****(ii) Other financial liabilities (Contd.)**

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

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

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(q) Impairment of financial assets****(i) Trade contract receivables, other receivables and deposits**

Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indications that the contract receivable is impaired.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. When a contract receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss.

In accordance with the Group's trading cycle that is on average more than 12 months, due to the long term nature of the contracts undertaken, retention sums are presented as a current asset although they may be recovered after twelve months of the reporting date.

The Group assesses at each reporting date whether a financial asset or Group of financial assets is impaired.

(ii) Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(q) Impairment of financial assets (Contd.)****(ii) Assets carried at amortised cost (Contd.)**

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

In relation to trade contract receivables, a provision for impairment is made when there is objective evidence that the Group will not be able to collect all of the amounts due under the original terms of the invoice. If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in income statement, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in income statement. Reversals of impairment losses on debts instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(r) Cash and cash equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposit at call net of outstanding bank overdrafts.

15. ACCOUNTANTS' REPORT (Cont'd)**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(s) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities.

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

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(t) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(u) Amounts due from/(to) customers on construction contracts

Amounts due from/(to) customers on construction contracts represent costs incurred plus attributable profits, less foreseeable losses and progress billings received and receivable. Costs comprise direct labour, materials, direct overheads and a proportion of indirect overheads applicable to the stage of completion.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(v) Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associates, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****(v) Associates (Contd.)**

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

(w) Segment reporting

For management purposes, the Group is organised into operating segments based on their demographic which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 6.5.35.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1.1 Significant accounting estimates and judgments****Key sources of estimation uncertainty**

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

(a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and machinery to be 4 to 50 years. These are common life expectancies applied in this industry. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 6.5.14.

(b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at reporting date amounted to RM9,920,000 (2009: RM9,920,000; 2008: RM11,723,000). Further details are disclosed in Note 6.5.13.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.1 Significant accounting policies (Contd.)

6.5.1.1 Significant accounting estimates and judgments (Contd.)

Key sources of estimation uncertainty (Contd.)**(c) Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognised for taxable allowances and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the taxable deductible temporary differences can be utilised.

Significant management judgment is required to determine the amount of deferred tax assets/liabilities that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of deferred tax assets/liabilities recognised is as disclosed in Note 6.5.27.

(d) Provision for impairment of receivables

The Group makes provision for impairment of receivables based on management's assessment of the recoverability of receivables. Provisions are made where events and changes in circumstances indicate that the carrying amounts may not be recoverable. In assessing the extent of irrecoverable receivables, the management has given due consideration to all pertinent information relating to the ability of the debtors to settle the debts. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 6.5.17.

(e) Impairment of inventories

Due to the Group's business, its procurement policies and rate of inventory turnover, the Group is not exposed to the risk of old or obsolete inventories.

Accordingly, no provision has been made for the impairment of the inventories carried in the balance sheets. Any shortfall which may arise on subsequent realisation will be recognised in the profit or loss as and when incurred.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****6.5.1.1 Significant accounting estimates and judgments (Contd.)****Key sources of estimation uncertainty (Contd.)****(f) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual result and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. Such differences of interpretation may arise on a wide variety of issues depending on the condition prevailing in the respective country in which the Group operates. The income tax expense of the Group for the year is disclosed in Note 6.5.8.

(g) Fair value of unquoted investment in subsidiaries

The fair value of unquoted investment in subsidiaries is based on selected price earnings ratio and the discounted cash flows of the various subsidiaries. This valuation requires the Company to make estimates about expected future cash flows and discount rates, and hence are subject to uncertainty as disclosed in Note 6.5.10(b).

(h) Estimated revenue and future losses on contracts

Contract revenue represents initial contract value and approved variation orders and claims. If variations to initial contracts are in negotiation, as a prudent estimate, the management recognises the minimum which the Group will be successful in obtaining when the negotiations over the value of variations are resolved. The Group is required to estimate costs to complete on fixed price, modified fixed price contracts and re-measurable contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. These estimates include the cost of potential claim by contractors and the cost of meeting other contractual obligations to the customers. Revenue of the Group is as disclosed in Note 6.5.2 and no provision for future losses was recognised as at the reporting date.

15. ACCOUNTANTS' REPORT (Cont'd)**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.1 Significant accounting policies (Contd.)****6.5.1.1 Significant accounting estimates and judgments (Contd.)****Judgement made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) Liabilities for contract claims

Under United Arab Emirates ("UAE") laws, certain subsidiaries are jointly liable, without fault, for the cost of rectifying structural defects that appear in a building or structure within ten years of handover. For such liability, referred to as Decennial Liability, to be applicable, it is not necessary to prove any negligence or breach of contract and the liability attached, notwithstanding that the collapse or defect is caused by sub-surface conditions or that the customer had approved the defective work. In the past the Group has not been affected by any claims in relation to the Decennial Liability through mitigating measures taken by the management and accordingly, no provision has been made in the financial statements. However there can be no assurance that the Group's exposure to Decennial Liability will not have any material adverse effect on the Group's results.

(b) Subsidiaries

The Group has entered into various legal shareholder agreements with its foreign partners in respect of certain subsidiaries in the Gulf Cooperation Council ("GCC"). As a result of these agreements, the Group has consolidated these GCC subsidiaries on a basis which differs from the proportion of legal ownership interest and the original profit-sharing agreements. Uncertainties may exist as a result of potential changes in legislations in the GCC countries that may effect the enforceability of these agreements.

The directors are of the opinion, in consultation with the Group's legal advisers, that the existing shareholders' agreements are enforceable as at the date of these financial statements.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.2 Revenue

Revenue of the Group represents work done on contracts recognised based on the "percentage of completion" method.

Revenue of the Group consist of the following:-

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
As previously stated	744,926	817,061	797,616
Prior year adjustments (Note 6.5.33)	-	-	(14,354)
As restated	<u>744,926</u>	<u>817,061</u>	<u>783,262</u>

Management monitors the operation results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating income in the consolidated financial statements.

6.5.3 Other income

Other income include the following:-

	2010 RM'000	2009 RM'000	2008 RM'000
Interest on fixed deposits	757	895	948
Bad debts recovered	1,758	647	377
Gain on disposal of property, plant and equipment	262	95	-
Write back of provision for impairment of receivables	32	-	2,987
Waiver of debt by directors	-	620	-
Write back of over provision for trade payables	1,027	7,344	248
Unrealised (loss)/gain on foreign exchange	<u>(4,470)</u>	<u>(106)</u>	<u>2,506</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.4 Profit before tax

Included in profit before tax are the following:

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Auditors' remuneration			
Current year	371	261	308
Under provision	-	85	-
Depreciation (Note 6.5.14)	20,098	19,878	14,713
Director's remuneration	3,535	5,297	2,275
Employee benefits expenses (Note 6.5.6)	86,980	105,308	100,750
Property, plant and equipment written off	2,225	235	-
Operating lease rentals	5,403	2,507	13,150
Provision for impairment of receivables	20,057	16,091	7,325
Rental of premises	995	9,831	5,016
Impairment of goodwill	-	1,803	-
Management fees	2,183	12,283	14,190

6.5.5 Finance costs

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Interest expense on:			
Bank borrowings			
As previously stated	16,666	29,162	25,586
Reclassification	-	-	(138)
As restated	16,666	29,162	25,448
Hire purchase liabilities			
As previously stated	797	633	171
Reclassification	-	-	138
As restated	797	633	309
	17,463	29,795	25,757

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.6 Employee benefits expense

	2010 RM'000	2009 RM'000	2008 RM'000
Executive directors (Note 6.5.7)			
Executive directors of the Group	3,535	5,297	2,275
Other staff			
Wages and salaries			
Included in cost of sales	65,226	77,689	75,080
Included in administrative expenses	21,754	27,619	25,670
	<u>86,980</u>	<u>105,308</u>	<u>100,750</u>
	<u>90,515</u>	<u>110,605</u>	<u>103,025</u>

The number of employees of the Group including directors at the end of the financial year was 5,494 (2009: 5,024; 2008: 4,688).

Included in the employee benefits expense is contribution to defined contribution plan amounting to RM431,000 (2009: RM272,000; 2008: RM261,000) for the Group.

6.5.7 Directors' remuneration

	2010 RM'000	2009 RM'000	2008 RM'000
Directors of the Group			
Executive:			
- Salaries and other emoluments	3,329	5,046	2,017
- Defined contribution plan	202	220	151
- Fees	4	31	107
Total employee benefits expense of the executive directors (Note 6.5.6)	<u>3,535</u>	<u>5,297</u>	<u>2,275</u>
Management fees (Note 6.5.4)	-	12,283	14,190
Total directors' remuneration	<u>3,535</u>	<u>17,580</u>	<u>16,465</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.8 Income tax expense

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Current income tax:			
Malaysian income tax			
As previously stated	469	3,500	10,458
Prior year adjustments (Note 6.5.33)	-	-	(3,732)
Reclassification	-	-	(295)
As restated	469	3,500	6,431
Foreign income tax			
As previously stated	1,710	5,242	1,289
Prior year adjustments (Note 6.5.33)	-	-	1,210
As restated	1,710	5,242	2,499
Underprovision in prior years	-	437	-
	2,179	9,179	8,930
Deferred tax (Note 6.5.27):			
Relating to origination and reversal of temporary difference	153	225	-
Underprovision in prior years	-	1,475	-
	153	1,700	-
	2,332	10,879	8,930

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%; 2008: 26%) of the estimated assessable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. In the prior year, the Malaysian resident subsidiary qualified for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income: 20%
In excess of RM500,000 of chargeable income: 26%

However, pursuant to Paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced with effect from the year of assessment 2009, the subsidiary no longer qualifies for the above preferential tax rate.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.8 Income tax expense (Contd.)

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

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Profit before tax	125,853	94,154	68,343
Tax at Malaysian statutory tax rate of 25% (2008: 26%; 2007: 27%)	31,463	23,539	17,769
Effect of income subject to 20% tax rate	-	-	(30)
Difference in foreign tax rates	(4,345)	(476)	166
Expenses not deductible for tax purposes	(358)	501	-
Income not subject to tax	(24,428)	(14,597)	(8,975)
Underprovision of income tax expense in prior years	-	437	-
Underprovision of deferred tax	-	1,475	-
Income tax expense for the year	2,332	10,879	8,930

6.5.9 Earnings per share

Basic/diluted

Basic and diluted earnings per share amounts is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2010	2009	2008 (restated)
Profit for the year attributable to ordinary equity holders of the Company (RM'000)	116,727	77,985	59,413
Weighted average number of ordinary shares in issue ('000 units)	28,000	28,000	28,000
Basic earnings per share for profit for the year (sen)	417	279	212

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.10 Subsidiaries

(a) Acquisition of subsidiary

On 30 May 2010, the Group acquired 49% equity interest in EVSC from a director for a purchase consideration of RM2,665,972. Upon the acquisition, EVSC became a subsidiary of the Group based on the shareholders' agreement with the foreign partner and the power of attorney granted by them as disclosed in Note 3.1. EVSC, an unlisted company incorporated in Dubai, United Arab Emirates is involved in engineering and contracting services.

	Carrying amount RM'000
Property, plant and equipment	260
Trade contract receivables	27,437
Other receivables and deposits	1,965
Dividend paid	1,793
Cash and cash equivalents	850
	<u>32,305</u>
Trade and other payables	(4,284)
Amount due from related companies	(12,099)
Amount due to customers on construction contracts	(5,167)
	<u>(21,550)</u>
Net identifiable assets	<u>10,755</u>
<u>Total cost of business combination</u>	<u>RM'000</u>
Total cost of business combination is as follows:	
Cash paid	2,666
Less: Cash and cash equivalents of subsidiary acquired	(850)
	<u>1,816</u>
<u>Goodwill arising on acquisition</u>	
Group's interest in fair value of net identifiable assets	10,755
Negative goodwill on acquisition recognised in profit or loss	(8,089)
Cost of business combination	<u>2,666</u>

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.10 Subsidiaries (Contd.)****(a) Acquisition of subsidiary (Contd.)**Impact of acquisition in statement of comprehensive income

From the date of acquisition, EVSC has contributed RM316,000 to the Group's profit net of tax. If the combination had taken place at the beginning of the financial year, the Group's profit from continuing operations, net of tax would have been RM2,006,000 and revenue from continuing operations would have been RM40,238,883.

(b) Revaluation of subsidiaries

In the year ended 31 December 2009, the Directors have undertaken an exercise to revalue the carrying amounts of the Company's investment in subsidiaries. This resulted in a revaluation reserve of RM333,500,000 in the Company's separate financial statements. The fair value of the investments was estimated using a valuation technique based on assumptions that are both supported by observable market data and unobservable market data. The valuation requires management to make estimates about the expected future cash flows of the subsidiaries which are discounted at current rates. This revaluation exercise do not have impacts on the financial statements of the Group.

(c) Other changes to the Group

During FYE2010, the company disposed a subsidiary, Eversendai HK, to a third party. The amount was not material to the financial statements.

Additionally, the Group incorporated Eversendai Singapore, being the holding company for Eversendai Qatar and Eversendai India.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.11 Investment in an associate

	2010 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	-	98	98
Accumulated impairment losses/ share of post-acquisition losses	-	(98)	(98)
	-	-	-

Details of the associate are as follows:-

Associate	Country of incorpora- -tion	Principal activity	Percentage of equity interest		
			2010	2009	2008
Eversendai Philippines Inc.	Philippines	Dormant	-	39.90%	39.90%

Eversendai Philippines Inc. ("Eversendai Philippines") was a dormant company and was disposed off on 10 May 2010. The disposal of this associate did not give rise to any material effects to the financial statements of the Group.

6.5.12 Other investments

	2010 RM'000	2009 RM'000	2008 RM'000
Unquoted shares, at cost	-	-	200
Accumulated impairment losses	-	-	(200)
	-	-	-

The investment in unquoted shares was disposed to an external party on 10 August 2009. The disposal of this investment did not give rise to any material effects to the financial statements of the Group.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.13 Goodwill

	2010 RM'000	2009 RM'000	2008 RM'000
At 1 January	9,920	11,723	11,723
Impairment loss on goodwill (Note 6.5.4)	-	(1,803)	-
At 31 December	<u>9,920</u>	<u>9,920</u>	<u>11,723</u>

As at 31 December 2010, goodwill has been allocated to 2 CGUs for impairment testing as follows:

	RM'000
Eversendai LLC	4,143
Shineversendai	5,777
Total	<u>9,920</u>

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:-

- (i) Budgeted gross margin
The basis used to determine the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year increased for expected efficiency improvements and after considering current economic conditions.
- (ii) Discount rate
The discount rates used are pre-tax and reflect cost of borrowings of the subsidiaries.
- (iii) Growth rate
The growth rates are based on projects tendered and awarded and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

The management carried out an annual review of recoverable amounts of its goodwill in each financial year. The review in the current financial year did not give rise to further impairment losses (2009: impairment loss of RM1,803,000; 2008: Nil).

The Group believes that any reasonably possible change in the above key assumptions applied are not likely to materially cause recoverable amounts to be lower than their carrying amounts.



15. ACCOUNTANTS' REPORT (Cont'd)

6 FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.14 Property, plant and equipment

Cost	Freehold land		Buildings		Furniture and office equipment		Motor and machinery		Plant and machinery		Fabrication on factory		Construction-in-progress		Computer systems		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	
At 1 January 2010	11,582	77,981	4,109	18,300	76,134	28,081	14,524	4,074	234,785								
Reclassification	1,209	13,687	(145)	1	25	-	(14,777)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	135	32	93	-	-	-	-	-	-	-	-	-	-	-	260
Additions	-	12,174	531	5,770	17,888	48	6,129	1,660	44,200								
Disposals/written off	(631)	-	(1,091)	(558)	(971)	-	-	(5)	(3,256)								
Exchange differences	(78)	(8,740)	(367)	(1,829)	(7,858)	(2,964)	(104)	(413)	(22,353)								
At 31 December 2010	12,082	95,102	3,172	21,716	85,311	25,165	5,772	5,316	253,636								
Accumulated depreciation and provision for impairment losses																	
At 1 January 2010	-	5,725	1,375	11,550	31,434	5,088	-	1,527	56,699								
Reclassification	-	-	(2)	2	(1)	-	-	1	-								
Depreciation for the year	-	1,912	566	3,269	9,693	3,534	-	1,124	20,098								
Disposals/written off	-	-	(161)	(520)	(349)	-	-	(1)	(1,031)								
Exchange differences	-	(669)	(145)	(1,159)	(3,371)	(677)	-	(160)	(6,181)								
At 31 December 2010	-	6,968	1,633	13,142	37,406	7,945	-	2,491	69,585								
Net book value																	
At 31 December 2010	12,082	88,134	1,539	8,574	47,905	17,220	5,772	2,825	184,051								


15. ACCOUNTANTS' REPORT (Cont'd)
6. FINANCIAL STATEMENTS OF ECB (CONTD.)
6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
6.5.14 Property, plant and equipment

Cost	Freehold land RM'000	Buildings RM'000	Furniture and office equipment RM'000		Motor vehicles RM'000	Plant and mac- hinery RM'000	Fabricati- on factory RM'000	Constructi- on work-in- progress RM'000	Computer systems RM'000	Total RM'000
			Furniture fittings	and office equipment						
At 1 January 2009	6,972	78,751	3,334	18,334	68,880	27,513	5,045	2,930	211,759	
Additions	4,610	-	1,582	1,656	9,659	1,912	9,464	1,562	30,445	
Disposals/written off	-	-	(759)	(1,538)	(1,674)	(1,078)	-	(371)	(5,420)	
Exchange differences	-	(770)	(48)	(152)	(731)	(266)	15	(47)	(1,999)	
At 31 December 2009	11,582	77,981	4,109	18,300	76,134	28,081	14,524	4,074	234,785	
Accumulated depreciation and provision for impairment losses										
At 1 January 2009	-	4,218	1,653	9,188	25,060	1,401	-	1,219	42,739	
Depreciation for the year	-	1,584	477	4,032	9,267	3,839	-	679	19,878	
Disposals/written off	-	-	(738)	(1,538)	(2,499)	(54)	-	(354)	(5,183)	
Exchange differences	-	(77)	(17)	(132)	(394)	(98)	-	(17)	(735)	
At 31 December 2009	-	5,725	1,375	11,550	31,434	5,088	-	1,527	56,699	
Net book value										
At 31 December 2009	11,582	72,256	2,734	6,750	44,700	22,993	14,524	2,547	178,086	


15. ACCOUNTANTS' REPORT (Cont'd)
6. FINANCIAL STATEMENTS OF ECB (CONTD.)
6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
6.5.14 Property, plant and equipment (Contd.)

Cost	Freehold land		Buildings		Furniture fittings and office equipment		Motor vehicles		Plant and machinery		Fabrication on factory		Construction progress		Computer systems		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	
At 1 January 2008	6,972	30,595	2,843	13,197	57,455	20,241	22,971	2,458	156,732								
Additions	-	18,747	613	5,757	14,063	8,216	14,324	566	62,286								
Transfer	-	31,061	-	-	-	-	(31,061)	-	-								
Disposals/written off	-	-	(30)	(67)	-	-	-	-	(97)								
Exchange differences	-	(1,652)	(92)	(553)	(2,638)	(944)	(1,189)	(94)	(7,162)								
At 31 December 2008	6,972	78,751	3,334	18,334	68,880	27,513	5,045	2,930	211,759								
Accumulated depreciation and provision for impairment losses																	
At 1 January 2008	-	2,929	1,400	6,020	17,615	422	-	848	29,234								
Depreciation for the year	-	1,447	299	3,428	8,147	999	-	393	14,713								
Disposals/written off	-	-	(16)	(28)	-	-	-	-	(44)								
Exchange differences	-	(158)	(30)	(232)	(702)	(20)	-	(22)	(1,164)								
At 31 December 2008	-	4,218	1,653	9,188	25,060	1,401	-	1,219	42,739								
Net book value																	
At 31 December 2008	6,972	74,533	1,681	9,146	43,820	26,112	5,045	1,711	169,020								

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.14 Property, plant and equipment (Contd.)

Depreciation has been allocated in the income statement as follows:

	2010 RM'000	2009 RM'000	2008 RM'000
Cost of sales	17,665	13,106	9,146
Operating and administrative expenses	2,433	6,772	5,567
	<u>20,098</u>	<u>19,878</u>	<u>14,713</u>
 Net carrying amounts of property, plant equipment pledged as security for borrowings	 <u>142,116</u>	 <u>121,245</u>	 <u>144,996</u>

6.5.15 Inventories

	2010 RM'000	2009 RM'000	2008 RM'000
Materials on site	<u>251,685</u>	<u>41,348</u>	<u>132,458</u>

Due to the nature of the Group's business, its procurement policies and rate of inventory turnover, the Group is not exposed to the risk of old or obsolete inventory. Accordingly, no provision has been made for impairment of the inventories. Any shortfall which may arise on subsequent realisation will be recognised in the profit or loss as and when incurred.

The inventories are pledged against bank borrowings as disclosed in Note 6.5.24.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.16 Amounts due from/(to) customers on construction contracts

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Aggregate costs incurred to date			
As previously stated	2,292,354	1,632,496	-
Reclassification	-	-	1,518,838
As restated	2,292,354	1,632,496	1,518,838
Attributable profits less recognised losses			
As previously stated	(2,269,578)	236,152	-
Reclassification	-	-	308,311
As restated	(2,269,578)	236,152	308,311
	22,776	1,868,648	1,827,149
Less: Progress billings			
As previously stated	(39,109)	(1,972,907)	-
Reclassification	-	-	(1,933,182)
As restated	(39,109)	(1,972,907)	(1,933,182)
	(16,333)	(104,259)	(106,033)

Disclosed in the financial statements as follows:-

Amounts due from customers on construction contracts

As previously stated	93,146	62,632	-
Reclassification	-	-	66,977
As restated	93,146	62,632	66,977

Amounts due to customers on construction contracts

As previously stated	(109,479)	(166,891)	-
Reclassification	-	-	(173,010)
As restated	(109,479)	(166,891)	(173,010)
	(16,333)	(104,259)	(106,033)

Retention sums on construction contract included in trade receivable

	-	-	-
--	---	---	---

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.17 Trade contract receivables

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Trade contract receivables			
As previously stated	204,425	201,676	323,737
Prior year adjustments (Note 6.5.33)	-	-	2,758
Reclassifications	-	-	(98,976)
As restated	204,425	201,676	227,519
Retention sum receivables			
As previously stated	119,196	98,482	-
Reclassification	-	-	98,976
As restated	119,196	98,482	98,976
	323,621	300,158	326,495
Less: Provision for impairment	(42,739)	(28,171)	(17,625)
	<u>280,882</u>	<u>271,987</u>	<u>308,870</u>

The retention sum receivables are subject to satisfactory completion of the respective project defect liability periods.

The Group's primary exposure to credit risk arises through its trade contract receivables. The Group's trading terms with its customers are mainly on credit. The Group's normal trade credit term ranges from 30 to 90 (2009 and 2008: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. The Group seeks to maintain strict control over its outstanding trade contract receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade contract receivables relate to a large number of diversified customers, there is no significant concentration of credit risk that may arise from exposures to a single debtor or groups of debtors. Trade contract receivables are non-interest bearing.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.17 Trade contract receivables (Contd.)

Financial assets that were past due but not impaired:

As at 31 December, the age analysis of trade receivables of the Group that were past due but not determined to be impaired according to the period past due was as follows:

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Neither past due nor impaired	89,840	148,532	63,510
Past due 1-30 days	72,294	7,206	63,606
Past due 31-60 days	73,319	3,343	19,690
Past due 61 days and over	45,429	112,906	162,064
Total trade contract receivable	280,882	271,987	308,870

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. The Group mitigates the risk of default by monitoring the receivables closely and engaging only with reputable customers with good creditworthiness.

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Group's exposure to bad debts is kept to a minimum.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.17 Trade contract receivables (Contd.)

Receivables that are impaired

The movements in the provision for impairment during the year consist of:-

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Balance as at 1 January	28,171	17,625	21,601
Provisions during the year			
As previously stated	20,057	16,091	-
Reclassification	-	-	7,325
As restated	20,057	16,091	7,325
Write back of provision	(32)	-	(2,987)
Bad debts recovered	(1,758)	(647)	(377)
Amounts written off	-	(4,413)	(7,150)
Translation differences	(3,699)	(485)	(787)
Balance as at 31 December	42,739	28,171	17,625

Trade contract receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulty and has defaulted or indicated potential default in payment.

Unimpaired receivables are expected, on the basis of past experience and contractual agreements, to be fully recoverable.

6.5.18 Other receivables and deposits

	2010 RM'000	2009 RM'000	2008 RM'000
Prepayments, deposits and others	24,973	33,820	42,292

Other receivables include: (a) deposits paid of RM Nil (2009: RM224,000; 2008: RM458,000) for the purchase of plant and equipment; (b) Initial Public Offering expenses of RM336,000 (2009: Nil; 2008: Nil).

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.19 Related party transactions

Related parties include subsidiaries, key management personnel of the Company and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Company's management.

(a) Transactions with related parties

The directors are of the opinion that the following transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

(i) Transactions with companies in which certain directors have interests:-

	2010 RM'000	2009 RM'000	2008 RM'000
Rental of office premises from Shineversendai Properties (M) Sdn. Bhd.	-	70	84
Subcontract work awarded to EVSC	3,783	28,931	49,982
Marketing and tendering services provided by Eversendai Engineering Private Limited	-	393	-
Provision of design and detailing work services provided by Eversendai Consulting Engineers Private Limited	-	5,389	6,104
Acquisition of land and building from Eversendai Engineering Private Limited	-	788	-
Recovery of subcontract cost paid on behalf of EVSC	-	5,491	-
Lease of land and building from Eversendai Engineering Private Limited	-	1	-

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.19 Related party transactions (Contd.)

(a) (i) Transactions with companies in which certain directors have interests (contd.):-

	2010 RM'000	2009 RM'000	2008 RM'000
Amounts due from/(to) companies related to certain directors:			
- Eversendai Consulting Engineers Private Ltd	-	2,153	2,000
- Eversendai Engineering Pte Ltd	-	-	15,216
- Eversendai Philippines	-	(216)	(236)
- EVS Construction LLC	-	5,078	3,082
- Eversendai Technologies Sdn Bhd	-	-	186
- Eversendai-NEIE Power Sdn Bhd	-	-	1,504
	-	-	1,504

(ii) Transactions with certain directors and key management personnel of the Group:-

	2010 RM'000	2009 RM'000	2008 RM'000
Transactions with directors:			
- Disposal of non-trade receivables	-	15,205	-
- Disposal of motor vehicle	-	*	-
- Disposal of subsidiary	-	-	-
- Rental paid on properties	-	287	-
- Management fees paid	-	12,283	14,190
- Personal guarantee provided by a director	-	1,119,969	1,441,302
Rental of office premises from related parties of key management personnel	-	5	-

* RM1

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.19 Related party transactions (Contd.)

Related party balances (Contd.)

(a) Transactions with related parties (Contd.)

(ii) Transactions with certain directors and key management personnel of the Group (Contd.):-

	2010 RM'000	2009 RM'000	2008 RM'000
Personal guarantee provided by a director and a key management personnel	-	10,764	-

(iii) Transactions with foreign partner to the Group:

	2010 RM'000	2009 RM'000	2008 RM'000
Lease of labour quarters	2,111	2,320	763

(b) Compensation of key management personnel

The remuneration of key management personnel comprising solely executive directors are as disclosed in Note 6.5.7.

6.5.20 Deposits and bank balance

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Non-current assets			
Deposits with financial institutions	51,962	55,220	54,138
Current assets			
Deposits with financial institutions	13,451	5,924	30,626
Cash and bank balances	128,895	78,186	50,439
	<u>142,346</u>	<u>84,110</u>	<u>81,065</u>
Total cash and bank balances	<u>194,308</u>	<u>139,330</u>	<u>135,203</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.20 Deposits and bank balance (contd.)

Fixed deposits of the Group amounting to RM51,962,000 (2009: RM55,220,000; 2008 : RM54,138,000) placed with financial institutions are pledged to secure bank borrowing facilities granted to the subsidiaries as disclosed in note 6.5.24 and 6.5.30.

For the purpose of the cash flow statements, cash and cash equivalents comprise the following as at the reporting date:

	2010 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	194,308	139,330	135,203
Less: Bank overdrafts (Note 6.5.24)	(494)	(933)	(647)
	<u>193,814</u>	<u>138,397</u>	<u>134,556</u>
Less: Deposits pledged to banks	(51,962)	(55,220)	(54,138)
Cash and cash equivalents	<u>141,852</u>	<u>83,177</u>	<u>80,418</u>

6.5.21 Share capital and reserves

	2010 RM'000	2009 RM'000	2008 RM'000
Authorised share capital:-			
49,880,000 ordinary shares of RM1.00 each	49,880	49,880	49,880
12,000,000 redeemable convertible cumulative preference shares of RM0.01 each	120	120	120
Authorised share capital as at end of the at 1 January and 31 December	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.21 Share capital and reserves (Contd.)

	2010 RM'000	2009 RM'000	2008 RM'000
Issued and fully paid up:-			
At 1 January and 31 December:-			
28,000,000 ordinary shares of RM1.00 each	28,000	28,000	28,000
12,000,000 redeemable convertible cumulative preference shares of RM0.01 each			
As at 1 January	-	-	120
Redemption during the year	-	-	(120)
As at 31 December	-	-	-
 Issued and fully paid up share capital as at 31 December	 28,000	 28,000	 28,000

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

15. ACCOUNTANTS' REPORT (Cont'd)



6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.21 Share capital and reserves (Contd.)

Capital reserve

	2010	2009	2008
	RM'000	RM'000	RM'000
Legal reserve	187	187	187
Preference shares redemption reserve	120	120	120
	307	307	307

Legal reserve

In accordance with Qatar Companies' Law No.5 of 2002, ("the Qatari Law") and the Articles of Association of Eversendai Qatar, 10% of the Eversendai Qatar's profit for the year is required to be transferred to a Legal Reserve. Eversendai Qatar may resolve to discontinue such annual transfers when the reserve reaches 50% of its capital. The reserve is not normally available for distribution, except in circumstances stipulated under the Qatari Law. Management of the Eversendai Qatar has resolved to cease all transfers as the Legal Reserve is higher than the minimum requirement.

Preference shares redemption reserve

This relates to the Company's redemption of 12,000,000 Redeemable Convertible Cumulative Preference Shares ("RCCPS") of RM0.01 each.

6.5.22 Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

As at 31 December 2010, the Company may distribute dividends out of its entire retained earnings as single tier dividends as it has previously exhausted its 108 balance (2009:nil; 2008: nil).

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.23 Hire purchase payables

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Non-current liabilities			
Payable later than one year but not later than five years			
As previously stated	3,556	2,346	358
Reclassification	-	-	3,733
As restated	3,556	2,346	4,091
Payable later than five years	4	-	-
	<u>3,560</u>	<u>2,346</u>	<u>4,091</u>
Current liabilities			
Payable not later than one year			
As previously stated	3,167	2,559	174
Reclassification	-	-	2,579
As restated	<u>3,167</u>	<u>2,559</u>	<u>2,753</u>
	<u>6,727</u>	<u>4,905</u>	<u>6,844</u>
Future minimum lease payments:-			
- Not later than one year	3,475	3,055	3,406
- Later than one year but not later than five years	4,147	2,633	4,801
- Later than five years	5	-	-
Total future minimum lease payments	<u>7,627</u>	<u>5,688</u>	<u>8,207</u>
Less: Future finance charges	(900)	(783)	(1,363)
Present value of hire purchase payables	<u>6,727</u>	<u>4,905</u>	<u>6,844</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.24 Bank borrowings

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Non-current liabilities			
Payable later than one year but not later than five years			
- Term loans			
As previously stated	6,024	15,963	30,234
Reclassification	-	-	(5,213)
As restated	6,024	15,963	25,021
Payable later than five years			
- Term loans			
As previously stated	4,229	2,648	-
Reclassification	-	-	1,480
As restated	4,229	2,648	1,480
	<u>10,253</u>	<u>18,611</u>	<u>26,501</u>
Current liabilities			
Payable not later than one year			
- Bank overdrafts	494	933	647
- Bills payable	366,502	140,464	236,270
- Term loans			
As previously stated	10,596	11,669	18,595
Reclassification	-	-	(2,579)
As restated	10,596	11,669	16,016
	<u>377,592</u>	<u>153,066</u>	<u>252,933</u>
Total bank borrowings	<u>387,845</u>	<u>171,677</u>	<u>279,434</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.24 Bank borrowings (Contd.)

Total bank borrowings in their respective foreign currencies are as follows:-

	2010		2009		2008	
	Foreign currency in '000	RM'000 equivalent	Foreign currency in '000	RM'000 equivalent	Foreign currency in '000	RM'000 equivalent
United Arab						
Emirates (AED)	359,912	301,635	120,699	113,066	256,014	242,810
Malaysia Ringgit						
(RM)	10,491	10,491	6,242	6,242	3,461	3,461
Qatari Riyal (QR)	89,590	75,719	53,256	50,318	34,772	33,163
India Rupees						
(INR)	-	-	27,881	2,051	-	-
		<u>387,845</u>		<u>171,677</u>		<u>279,434</u>

Bills are obtained to discount project payment certificates for short term financing. These carry interest in the range of 7.1% to 8.5% (2009: 8.0% to 9.35%; 2008: 7% to 8.5%) and are repayable up to 120 days from the date of disbursement.

The term loan of the Company bears interest at rates ranging from 6.3% to 7.3% (2009: 4% to 5%; 2008 : -2.12% to 0.8%) above the bank's base lending rate and is subject to monthly repayment of RM152,000 for 120 months (2009: RM86,000 for 120 months; 2008 : RM51,000 for 120 months).

The term loans of the subsidiary companies bear interest at variable rates from 6.3% to 8.5% (2009: 5% to 8.5%; 2008: 4% to 5%) and are repayable in equal monthly installments over a period of 12 months to 45 months (2009: 33 months to 60 months; 2008: 33 months to 60 months).

The bank borrowings are secured by:-

- (i) Joint and several guarantees by certain Directors of the Company.
- (ii) Third party legal charges over certain properties belonging to Directors of the Company.
- (iii) Deed of Legal Agreement cum Assignment of all the contract proceeds relating to projects undertaken by the subsidiaries.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.24 Bank borrowings (Contd.)

The bank borrowings are secured by (contd.):-

- (iv) Pledged on inventories as disclosed in Note 6.5.15
- (v) Cash collateral and counter-guarantee on all performance bond guarantees and advance payment guarantees.
- (vi) Pledge on certain fixed deposits of the subsidiaries as disclosed in Note 6.5.20.

6.5.25 Amount due to directors

The amount due to directors is unsecured, interest free and repayable on demand. Included in the amount is RM2,665,972 due to a director in respect of the Group's acquisition of EVSC as part of the Group's restructuring exercise. Of this amount, RM2,665,000 will be settled through the issuance of 2,665,000 new ordinary shares in the Company as part of the Company's proposed listing on Bursa Malaysia Securities Berhad.

6.5.26 Employees' service benefits

	2010 RM'000	2009 RM'000	2008 RM'000
As at beginning of the year	10,571	9,078	5,384
Acquisition of a new subsidiary	213	-	-
Provision during the year	3,702	2,868	4,307
Transfer from related parties	617	-	-
Employees' service benefits paid	(1,236)	(1,246)	(325)
Translation difference	(1,245)	(129)	(288)
As at end of the year	<u>12,622</u>	<u>10,571</u>	<u>9,078</u>

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.27 Deferred tax assets/ liabilities

The components of deferred tax assets and liabilities as at the reporting date are as follows:

	2010 RM'000	2009 RM'000	2008 RM'000
Non-current assets			
Deferred tax assets	133	-	-
Non-current liabilities			
Deferred tax liabilities	1,986	1,700	-

The components and movements of deferred tax assets and liabilities during the financial year are as follows:-

	Property, plant and equipment RM'000	Total RM'000
Deferred tax assets		
As at 1 January 2009 / 31 December 2009	-	-
Recognised in profit or loss	133	133
Balance as at 31 December 2010	133	133
Deferred tax liabilities		
Balance as at 1 January 2009	-	-
Recognised in profit or loss (Note 6.5.8)	1,700	1,700
Balance as at 31 December 2009	1,700	1,700
Balance as at 1 January 2010	1,700	-
Recognised in profit or loss (Note 6.5.8)	286	286
Balance as at 31 December 2010	1,986	286

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.28 Trade and other payables

	2010 RM'000	2009 RM'000	2008 RM'000 (restated)
Trade payables	44,680	51,988	67,007
Other payables and accruals			
As previously stated	46,931	34,318	130,230
Reclassification	-	-	(97,309)
As restated	46,931	34,318	32,921
Advances from customers	86,685	37,178	97,309
Retention sums payable	4,281	3,675	-
Payable for building	-	-	18,921
	<u>137,897</u>	<u>75,171</u>	<u>149,151</u>

Other payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 (2009: 30 to 90; 2008: 30 to 90) days.

Advances from customers are non-interest bearing.

6.5.29 Dividend

	2010 RM'000	2009 RM'000	2008 RM'000
Recognised during the financial year:-			
Dividends on ordinary shares:-			
- Interim dividend of 9,119% on 200,000 ordinary shares in Eversendai Qatar declared and payable on 8 March 2010	8,212	-	-
- In respect of interim dividend of 57%, on 28,000,000 ordinary shares of the Company, declared and payable on 30 December 2009	-	15,960	-

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.29 Dividend (Contd.)

	2010 RM'000	2009 RM'000	2008 RM'000
Recognised during the financial year (Contd.):-			
Dividends on redeemable convertible cumulative preference shares:-			
In respect of FYE 2008:			
- Final dividend of 0.67% less 26% taxation on 12,000,000 redeemable convertible cumulative preference shares of the Company, declared on 29 February 2008, paid on 7 April 2008	-	-	59
- Overprovision of dividends on redeemable convertible cumulative preference shares of the Company in previous years	-	-	(416)
	-	-	(357)

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.30 Commitment and contingencies

	2010 RM'000	2009 RM'000	2008 RM'000
Capital expenditure commitments			
Contracted but not provided for :-			
Plant and equipment	-	-	1,607
Factory building	10,208	-	6,955
	<u>10,208</u>	<u>-</u>	<u>8,562</u>
Operating lease commitments			
Within one year	3,369	6,612	7,564
After one year but not more than five years	7,373	6,426	5,286
More than five years	2,025	3,456	872
	<u>12,767</u>	<u>16,494</u>	<u>13,722</u>

Corporate guarantees

The Company has provided corporate guarantees for banking facilities granted to the following subsidiaries as at 31 December:-

	Ever- sendai LLC RM'000	Ever- sendai India RM'000	Ever- sendai WLL RM'000	Shinever- sendai RM'000	Total RM'000
2010	<u>1,440,725</u>	<u>60,464</u>	<u>331,447</u>	<u>33,347</u>	<u>1,865,983</u>
2009	<u>1,168,437</u>	<u>10,485</u>	<u>99,008</u>	<u>41,139</u>	<u>1,319,069</u>
2008	<u>1,041,401</u>	<u>-</u>	<u>130,838</u>	<u>86,079</u>	<u>1,258,318</u>

The above includes performance guarantees amounting to RM505,503,000 (2009: RM360,782,000; 2008: RM615,922,000), which are pledged against certain deposits maintained with financial institutions as disclosed in Note 6.5.20 in this report. Trade contract receivables and proceeds from the respective projects as disclosed in Note 6.5.24 are assigned to the banks for the above facilities.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.30 Commitment and contingencies (Contd.)****Material litigation**

A subsidiary, Shineversendai had issued a writ of summons against a sub-contractor (the "defendant") in 2006 for a total amount of RM3,222,803 in respect of a breach in a subcontract.

The defendant had countered claimed against Shineversendai for an amount of RM2,838,746 being disputed progress claims and other costs.

Shineversendai is aggressively pursuing the claims and the subsidiary's solicitors have opined that the prospects are good. The High Court has fixed a date for mediation on 22 April 2011.

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

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk, foreign currency risk, liquidity risk and credit risks. The Group operate within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

(b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Floating interest rates refer to interest rates which are subject to change prior to maturity or repayment of the financial instrument.

Fixed interest rates refer to interest rates which are fixed up to the maturity date of the financial instrument

An increase of 0.10% in the interest rates with all other variables held constant would decrease / increase the profits of the Group by RM282,000 (2009: RM226,000; 2008: RM286,000).

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

2010	← Carrying Value →			Fair Value	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total RM'000	Total RM'000
Financial assets					
Amount due from customers on construction contracts	-	-	93,146	93,146	93,146
Trade contract receivables	-	-	280,882	280,882	280,882
Other receivables and deposits	-	-	24,973	24,973	24,973
Deposits and bank balances	-	65,413	128,895	194,308	194,308
Total financial assets	-	65,413	527,896	593,309	593,309
Weighted average interest rate	-	1.20%			

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

2010	← Carrying Value →			Total RM'000	Fair Value Total RM'000
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing		
Financial liabilities					
Trade payables	-	-	44,680	44,680	44,680
Other payables	-	-	138,679	138,679	138,679
Bank borrowings and hire purchase payables	387,845	6,727	-	394,572	394,572
Amount due to directors	-	-	14,690	14,690	14,690
Amount due to customers on construction contracts	-	-	109,479	109,479	109,479
Employees' service benefits	-	-	12,622	12,622	12,622
Total financial liabilities	387,845	6,727	320,150	714,722	714,722
Weighted average interest rate	<u>5.96%</u>	<u>13.70%</u>			
Net financial assets/ (liabilities)	(387,845)	58,686	207,746	(121,413)	(121,413)

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

2009	← Carrying Value →			Fair Value	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total RM'000	Total RM'000
Financial assets					
Amount due from customers on construction contracts	-	-	62,632	62,632	62,632
Trade contract receivables	-	-	271,987	271,987	271,987
Other receivables and deposits	-	-	33,820	33,820	33,820
Deposits and bank balances	-	61,144	78,186	139,330	139,330
Total financial assets	-	61,144	446,625	507,769	507,769
 Weighted average interest rate	 -	 1.23%			

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

2009	← Carrying Value →			Fair Value	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total RM'000	Total RM'000
Financial liabilities					
Trade payables	-	-	51,988	51,988	51,988
Other payables	-	-	75,715	75,715	75,715
Bank borrowings and hire purchase payables	171,677	4,905	-	176,582	176,582
Amount due to directors	-	-	14,508	14,508	14,508
Amount due to customers on construction contracts	-	-	166,891	166,891	166,891
Employees' service benefits	-	-	10,571	10,571	10,571
Total financial liabilities	171,677	4,905	319,673	496,255	496,255
Weighted average interest rate	5.39%	6.46%			
Net financial assets/ (liabilities)	(171,677)	56,239	126,952	11,514	11,514

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

2008 (restated)	← Carrying Value →			Fair Value	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total RM'000	Total RM'000
Financial assets					
Amount due from customers on construction contracts	-	-	66,977	66,977	66,977
Trade contract receivables	-	-	308,870	308,870	308,870
Other receivables and deposits	-	-	42,292	42,292	42,292
Deposits and bank balances	-	84,763	50,440	135,203	135,203
Total financial assets	-	84,763	468,579	553,342	553,342
 Weighted average interest rate	-	<u>1.34%</u>			

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(b) Interest rate risk (Contd.)

2008 (restated)	← Carrying Value →			Fair Value	
	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total RM'000	Total RM'000
Financial liabilities					
Trade payables	-	-	67,007	67,007	67,007
Other payables	-	-	149,151	149,151	149,151
Bank borrowings and hire purchase payables	279,434	6,844	-	286,278	286,278
Amount due to directors	-	-	3,301	3,301	3,301
Amount due to customers on construction contracts	-	-	173,010	173,010	173,010
Employees' service benefits	-	-	9,078	9,078	9,078
Total financial liabilities	279,434	6,844	401,547	687,825	687,825
Weighted average interest rate	<u>4.44%</u>	<u>2.30%</u>			
Net financial assets/ (liabilities)	(279,434)	77,919	67,032	(134,483)	(134,483)

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United Arab Emirates Dirham (AED), Qatari Riyal (QR), Indian Rupees (INR), Singapore Dollars (SGD), United States Dollar (USD) and EURO. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The table below indicates the Group's foreign currency exposure as at 31 December. The analysis calculates the effect of a reasonably possible movement of the foreign currency rate against the exchange rate with all other variables held constant, on the income statements (due to the fair value of currency sensitive monetary assets and liabilities). The effect of decrease in the currency rates is expected to be equal and opposite to the effect of the increases shown below:

	Balance RM'000	Increase in currency rate	Effect on profit RM'000	Effect on equity RM'000
2010				
AED	236,612	5.0%	-	11,831
QR	33,979	5.0%	-	1,699
INR	(4,067)	5.0%	-	(203)
SGD	12,075	5.0%	-	604
2009				
USD	18,271	5.0%	914	-
AED	147,841	5.0%	-	7,392
QR	30,885	5.0%	-	1,544
2008				
EURO	1,005	5.0%	50	-
USD	24,756	5.0%	1,238	-
AED	104,366	5.0%	-	5,218
QR	16,089	5.0%	-	804

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(c) Foreign currency risk (Contd.)

The exchange rates used for conversion are as follows:-

One Malaysian Ringgit to:-	2010	2009	2008
AED	1.193	1.068	1.064
QR	1.183	1.058	1.054
INR	14.794	13.591	13.591
SGD	0.419	-	-
USD	-	0.2916	0.2868
EURO	-	-	0.2034
Hong Kong Dollars	-	2.263	2.086

All the net unhedged financial assets and financial liabilities of the Group are denominated in their respective functional currencies.

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The table below details the expected contractual cash flow by maturity of financial liabilities held at 31 December:

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(d) Liquidity risk (Contd.)

2010	On Demand RM'000	0 to 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Financial liabilities					
Trade payables	-	44,680	-	-	44,680
Other payables	-	68,949	68,948	782	138,679
Bank borrowings and hire purchase payables	-	190,380	190,379	13,813	394,572
Amount due to directors	14,690	-	-	-	14,690
Amount due to customers on construction contracts	-	54,740	54,739	-	109,479
Employees' service benefits	-	-	-	12,622	12,622
	14,690	358,749	314,066	27,217	714,722

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(d) Liquidity risk (Contd.)

2009	On Demand RM'000	0 to 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Financial liabilities					
Trade payables	-	51,988	-	-	51,988
Other payables	-	37,993	37,178	544	75,715
Bank borrowings and hire purchase payables	-	77,813	77,812	20,957	176,582
Amount due to directors	14,508	-	-	-	14,508
Amount due to customers on construction contracts	-	83,446	83,445	-	166,891
Employees' service benefits	-	-	-	10,571	10,571
	14,508	251,240	198,435	32,072	496,255

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(d) Liquidity risk (Contd.)

2008 (restated)	On Demand RM'000	0 to 6 months RM'000	6 to 12 months RM'000	More than 12 months RM'000	Total RM'000
Financial liabilities					
Trade payables	-	67,007	-	-	67,007
Other payables	-	51,842	97,309	-	149,151
Bank borrowings and hire purchase payables	-	127,843	127,843	30,592	286,278
Amount due to directors	3,301	-	-	-	3,301
Amount due to customers on construction contracts	-	86,505	86,505	-	173,010
Employees' service benefits	-	-	-	9,078	9,078
	3,301	333,197	311,657	39,670	687,825

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.31 Financial instruments (Contd.)****(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's credit risk is primarily attributable to trade receivables and bank balance. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and policies and procedures are in place to ensure that the Group's exposure to bad debts is kept to a minimum. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and non-current investments, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

As a significant portion of the Group's operations is in the Middle Eastern markets such as UAE and Qatar, the performance of the Group is invariably linked to the economic environment of these countries. The dependence on the Middle Eastern market could potentially limit the Group's sources of revenue and any negative systemic impact on the domestic country or general economic condition of the region could have adverse effects on the Group's results and financial performance.

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(e) Credit risk (Contd.)

The profile of the Group's receivables, deposit and bank balances and revenue at the reporting date is as follows:

	Receivables			Deposits & bank balances			Revenue		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Qatar	85,053	206,447	134,341	18,333	35,723	14,446	266,350	529,074	277,371
UAE	279,612	144,506	259,895	165,181	87,530	84,718	371,608	266,569	414,875
Malaysia	17,631	7,361	23,903	8,575	13,042	36,037	71,488	10,282	91,016
India	16,703	10,125	-	2,219	3,033	-	35,480	11,136	-
Singapore	2	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	2	2	-	-	-
	399,001	368,439	418,139	194,308	139,330	135,203	744,926	817,061	783,262

The Group does not have a single significant exposure to any one person or financial institution for the trade contract receivables or cash balance as each subsidiary maintains its facilities in their own respective countries.

(f) Category of financial instrument

Financial instruments of the Group are categorised as follows:

	2010	2009	2008
	RM'000	RM'000	RM'000
Financial assets			
Loans and receivables			
Amount due from customers on construction contracts	93,146	62,632	66,977
Trade contract receivables	280,882	271,987	308,870
Deposits (other receivables)	-	224	458
Cash and bank balances	194,308	139,330	135,030
	568,336	474,173	511,335

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.31 Financial instruments (Contd.)

(f) Category of financial instrument (Contd.)

Financial liabilities**At amortised cost**

Hire purchase payables	6,727	4,905	6,844
Bank borrowings	387,845	171,677	279,434
Other payables	138,679	75,715	149,151
Trade payables	44,680	51,988	67,007
Amount due to directors	14,690	14,508	3,301
Amount due to customers on construction contracts	109,479	166,891	173,010
Employees' service benefits	12,622	10,571	9,078
	<u>714,722</u>	<u>496,255</u>	<u>687,825</u>

(g) Fair values

The carrying amounts of the fixed and floating rate borrowings of the Group approximate fair values as the interest rates charged are either close, or pegged, to market interest rates of loans of similar risk profile as at reporting date.

The carrying amounts of the other financial assets and other financial liabilities of the Group approximate fair values in view of their relatively short maturity periods.

6.5.32 Subsequent events

- (a) On 19 January 2011, a subsidiary, Eversendai India had entered into an agreement to purchase a land (the "land") in Siruganur/Reddymangudi Village in India for a cash consideration of RM10,666,000 from a third party. The land is proposed to be used as a steel fabrication yard. The subsidiary has made an earnest deposit of RM800,000.

The outcome of the purchase is subject to the satisfactory outcome of the due diligence performed on the purchase exercise of the land. The earnest deposit may be refunded in the event Eversendai India finds the due diligence unsatisfactory.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.32 Subsequent events**

- (b) The Securities Commission (SC) has given the Company its approval in principle for the listing of the Company on Bursa Malaysia Berhad. The listing of the Company is expected to be completed by June 2011.

Details of the proposed listing is as disclosed in Note 2.2 of this report.

- (c) A new subsidiary, Eversendai Engineering Saudi L.L.C., was incorporated on 4 April 2011, in the Kingdom of Saudi Arabia.

6.5.33 Prior year adjustments and reclassifications of comparatives

Comparative amounts have been restated as a result of the following:

(a) Prior year adjustments**(i) Revenue and tax impact**

In prior years, revenue of a subsidiary relating to approved variation orders was recognised upon issue of invoices. During the FYE 2009, the subsidiary adopted the Group's accounting policy and recognised such revenue on an accrual basis. This policy has been applied retrospectively and comparatives have been restated accordingly.

(ii) Foreign income taxes

In 2008, foreign income tax in a subsidiary was computed based on the Group's equity interest of 49% instead of its effective interest in subsidiary's profits. The difference in tax expense has been adjusted for retrospectively.

(b) Reclassification of comparatives

Certain comparative figures in FYE 2008 have been reclassified in prior year to conform with current year's presentation.

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.33 Prior year adjustments and reclassifications of comparatives (Contd.)



	As previously stated RM'000	Revenue and tax impact Note 6.5.33 (a)(i) RM'000	Foreign income taxes Note 6.5.33 (a)(ii) RM'000	Reclassification Note 6.5.33 (b) RM'000	Restated RM'000
For the year ended 31 December 2008					
Revenue	797,616	(14,354)	-	-	783,262
Operating and administrative expenses	(80,654)	261	-	(295)	(80,688)
Profit before tax	82,731	(14,093)	-	(295)	68,343
Income tax expense	(11,747)	3,732	(1,210)	295	(8,930)
Profit after tax	70,984	(10,361)	(1,210)	-	59,413

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.33 Prior year adjustments and reclassifications of comparatives (Contd.)

	As previously stated RM'000	Revenue and tax impact Note 6.5.33 (a)(i) RM'000	Foreign income taxes Note 6.5.33 (a)(ii) RM'000	Reclassification Note 6.5.33 (b) RM'000	Restated RM'000
At 31 December 2008					
Deposits with financial institutions	-	-	-	54,138	54,138
Amount due from customers on construction contracts	-	-	-	66,977	66,977
Trade contact receivables	306,112	2,758	-	-	308,870
Cash and bank balances	135,203	-	-	(54,138)	81,065
Other payables	149,151	-	-	-	149,151
Customers' accounts	106,032	-	-	(106,032)	-
Amount due to customers on construction contracts	-	-	-	173,010	173,010

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.33 Prior year adjustments and reclassifications of comparatives (Contd.)



	As previously stated RM'000	Revenue and tax impact Note 6.5.33 (a)(i) RM'000	Foreign income taxes Note 6.5.33 (a)(ii) RM'000	Reclassification Note 6.5.33 (b) RM'000	Restated RM'000
At 31 December 2008 (Contd.)					
Provision for taxation	12,629	2,109	2,557	-	17,295
Hire purchase payables					
-current	174	-	-	2,579	2,753
-non-current	358	-	-	3,733	4,091
Bank borrowings					
-current	255,512	-	-	(2,579)	252,933
-non-current	30,234	-	-	(3,733)	26,501
Retained earnings	139,468	649	(2,557)	-	137,560

15. ACCOUNTANTS' REPORT (Cont'd)



6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.34 Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio of the Company between 2% and 5%. Capital is made up of equity attributable to the owners of the parent.

	2010 RM'000	2009 RM'000	2008 RM'000
Bank borrowings	387,845	171,677	279,434
Hire purchase payables	6,727	4,905	6,844
Trade and other payables	182,577	127,159	216,158
less - Cash and bank balances	<u>(194,308)</u>	<u>(139,330)</u>	<u>(135,203)</u>
Net debt	<u>382,841</u>	<u>164,411</u>	<u>367,233</u>
Equity attributable to the owners of the Group	<u>315,370</u>	<u>221,048</u>	<u>161,423</u>
Total capital	<u>315,370</u>	<u>221,048</u>	<u>161,423</u>
Capital and net debt	698,211	385,459	528,656
Gearing ratio of the Group	<u>55%</u>	<u>43%</u>	<u>69%</u>
Gearing ratio of the Company	<u>2%</u>	<u>2%</u>	<u>*</u>

* No net debt.

15. ACCOUNTANTS' REPORT (Cont'd)

**6. FINANCIAL STATEMENTS OF ECB (CONTD.)****6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****6.5.35 Segment reporting**

For management purposes, the Group is organised into business units based on each respective company and has reportable operating segments based on demographic of the subsidiaries.

Included are the subsidiaries in the following segments:

- (a) Middle East - Eversendai LLC, Eversendai Qatar, Eversendai FZE, Eversendai Abu Dhabi and EVSC
- (b) Malaysia - Shineversendai and Eversendai
- (c) India - Eversendai India
- (d) Others - Eversendai Singapore and Eversendai HK

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a company basis as well.


15. ACCOUNTANTS' REPORT (Cont'd)
6. FINANCIAL STATEMENTS OF ECB (CONTD.)
6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
6.5.35 Segment information (Contd.)

2010	Middle East		India		Malaysia		Others		Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue											
External	673,513	25,549	81,418	-	780,480	(35,554)	744,926				
Internal	195,544	5,268	5,867	-	206,679	(206,679)	-				
Total revenue	869,057	30,817	87,285	-	987,159	-	744,926				
Interest income	527	32	198	-	757	-	757				
Dividend income	-	-	-	9,832	9,832	(9,832)	-				
Gain / loss on disposal of property, plant and equipment	31	191	40	-	262	-	262				
Gain / loss on foreign currency translation	(1,811)	(148)	(1,963)	-	(3,922)	-	(3,922)				
Write back of provision for doubtful debts and bad debts recovered	1,758	-	32	-	1,790	-	1,790				
Creditors write off	-	-	1,027	-	1,027	-	1,027				
Depreciation	(17,998)	(569)	(1,531)	-	(20,098)	-	(20,098)				
Management fees	(2,183)	-	-	-	(2,183)	-	(2,183)				
Taxation	(1,571)	(5)	(756)	-	(2,332)	-	(2,332)				

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.35 Segment information (Contd.)

2010	Middle East	India	Malaysia	Others	Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit or loss	128,685	(4,250)	1,636	7,004	133,075	(9,554)	123,521
Property, plant & equipment	143,254	3,783	37,014	-	184,051	-	184,051
Other assets	908,835	17,183	427,911	9,611	1,363,540	(508,493)	855,047
Segment liabilities	(781,500)	(23,991)	(62,822)	(17)	(868,330)	147,170	(721,160)

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.35 Segment information (Contd.)

2009	Middle East		India		Malaysia		Others		Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Revenue											
External	795,644	9,690	-	11,727	-	-	-	817,061	-	-	817,061
Internal	350,261	-	-	18,144	-	-	-	368,405	(368,405)	-	-
Total revenue	1,145,905	9,690	-	29,871	-	-	-	1,185,466			817,061
Interest income	1,651	-	-	404	-	-	-	2,055	(1,160)	-	895
Gain / loss on disposal of property, plant and equipment	60	-	-	35	-	-	-	95	-	-	95
Gain / loss on foreign currency translation	-	-	-	(82)	-	-	-	(82)	(24)	-	(106)
Bad debts recovered	-	-	-	647	-	-	-	647	-	-	647
Depreciation	(18,897)	(43)	-	(938)	-	-	-	(19,878)	-	-	(19,878)
Management fees	(12,283)	-	-	-	-	-	-	(12,283)	-	-	(12,283)
Taxation	(5,242)	-	-	(5,637)	-	-	-	(10,879)	-	-	(10,879)

15. ACCOUNTANTS' REPORT (Cont'd)

6. FINANCIAL STATEMENTS OF ECB (CONTD.)

6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

6.5.35 Segment information (Contd.)

2009	Middle East	India	Malaysia	Others	Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit or loss	74,183	(1,128)	23,334	2,165	98,554	(15,279)	83,275
Property, plant & equipment	144,995	3,080	30,011	-	178,086	-	178,086
Other assets	658,091	14,516	430,973	202	1,103,782	(544,745)	559,037
Segment liabilities	(624,360)	(17,295)	(60,599)	(200)	(702,454)	191,403	(511,051)




15. ACCOUNTANTS' REPORT (Cont'd)
6. FINANCIAL STATEMENTS OF ECB (CONTD.)
6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
6.5.35 Segment information (Contd.)

2008	Middle East	Malaysia	Hong Kong	Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
External	692,246	105,370	-	797,616	-	797,616
Prior year adjustment	-	(14,354)	-	(14,354)	-	(14,354)
Internal	140,301	5,736	-	146,037	(146,037)	-
Total revenue	832,547	96,752	-	929,299		783,262
Interest income	-	948	-	948	-	948
Gain / loss on foreign currency translation	2,503	3	-	2,506	-	2,506
Bad debts recovered	-	377	-	377	-	377
Writeback of provision for doubtful debt	2,987	-	-	2,987	-	2,987
Depreciation	(13,939)	(774)	-	(14,713)	-	(14,713)
Management fees	(14,190)	-	-	(14,190)	-	(14,190)
Taxation	(1,289)	(7,641)	-	(8,930)	-	(8,930)


15. ACCOUNTANTS' REPORT (Cont'd)
6. FINANCIAL STATEMENTS OF ECB (CONTD.)
6.5 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)
6.5.35 Segment information (Contd.)

2008	Middle East	Malaysia	Hong Kong	Total	Adjustments and Elimination	Group
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit or loss	37,625	21,788	-	59,413	-	59,413
Property, plant & equipment	153,748	15,272	-	169,020	-	169,020
Other assets	640,341	57,181	1	697,523	-	697,523
Segment liabilities	(659,756)	(43,101)	(2,263)	(705,120)	-	(705,120)

15. ACCOUNTANTS' REPORT (Cont'd)



6.5.36 Comparatives

The comparative figures for financial year ended 31 December 2008 have been audited by a firm of chartered accountants other than Ernst & Young.

Yours faithfully,

Ernst & Young

Ernst & Young
AF: 0039
Chartered Accountants

Gloria Goh Ewe Gim

Gloria Goh Ewe Gim
No. 1685/04/13(J)
Chartered Accountant

16. DIRECTORS' REPORT

EVERSENDI**EVERSENDI CORPORATION BERHAD**

(Company No: 614060-A)

(Formerly known as Eversendai-Corporation Berhad)

Lot 19956, Jalan Industri 3/6, Rawang Integrated Industrial Park, 48000 Selangor Darul Ehsan, Malaysia.
 Tel: +603-6091 2575, +603-6091 2585 Fax: +603-6091 2577 E-mail: eversendai@eversendai.com www.eversendai.com

Registered office:

Lot 19956, Jalan Industri 3/6
 Rawang Integrated Industrial Park
 48000 Rawang
 Selangor Darul Ehsan
 Malaysia

The Shareholders
Eversendai Corporation Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Eversendai Corporation Berhad ("**ECB**"), I report after due inquiry that during the period from 31 December 2010 (being the date to which the last audited accounts of ECB and its subsidiaries ("**Group**") have made been made up to) and 03 JUN 2011 being a date not earlier than 14 days before the issue of this Prospectus):

- (a) the business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at the values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantee or indemnity given by the Group;
- (e) there has been, since the last audited financial statements of the Group, no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in respect if any borrowings; and
- (f) save as disclosed in this Prospectus, there has been, since the last audited financial statements of the Group, no material change in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully

For and on behalf of the Board of Directors of
EVERSENDI CORPORATION BERHAD



Dato' Nathan a/l Elumalay
 Executive Chairman and Group Managing Director

17. STATUTORY AND OTHER GENERAL INFORMATION

17.1 Share capital

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (ii) As at the date of this Prospectus, there is only one class of shares in our Company namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- (iii) Save as disclosed in this Prospectus, we have not issued or proposed to use any shares, stocks or debentures of our Group as fully or partly paid-up in cash or otherwise, within the 2 years preceding the date of this Prospectus.
- (iv) Save for the 10,150,000 Offer Shares made available for application by our eligible Directors and employees as disclosed in Section 4.3(ii) of this Prospectus, none of our Group's Director or employee has been or is entitled to be given or has exercised any option to subscribe for any share, stock or debenture of our Group nor has any option to subscribe for securities been granted or exercised by any Directors or employees since incorporation.
- (v) Save for the 10,150,000 Offer Shares reserved for subscription by our eligible Directors and employees as disclosed in Section 4.3(ii) of this Prospectus, there is currently no scheme involving our eligible Directors and employees of our Group in the share capital of our Group.
- (vi) None of our Group's capital is under any option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (vii) Our Company does not have any outstanding convertible debt security as at the LPD.

17.2 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.

17.2.1 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 22 – Renunciation

The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognize a renunciation of such share by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation on such terms and conditions as the Directors may determine.

Article 44 – Transfer of Securities

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

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)Article 46 – Directors' right to decline registration

The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.

Article 47 – Depository's right to refuse transfer

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

Article 56(1) – Transmission of securities

Where:

- (a) the securities of our Company are listed on another stock exchange; and
- (b) our Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act 1998, as the case may be, under the Rules in respect of such securities,

our 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 our Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of our Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities

Article 57 – Recognition of persons on death

A personal representative of a deceased holder of a share shall not be recognised except by the Depository in accordance with the Rules or as the Depository may determine.

Article 58(1) – Entitlement to a share in consequence of the death, bankruptcy or mental disorder of a Member

The entitlement of a person becoming entitled to a share in consequence of the death, bankruptcy or mental disorder of a Member to elect either to have his name entered as the holder of such share in the Record of Depositors or to have the name of some person nominated by him entered in the Record of Depositors as a holder of such shares shall be subject to and in accordance with the Rules or as the Depository may determine.

Article 58(2) – Rights to a person entitled

A person becoming entitled to a share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law shall subject to and in accordance with the Rules or as the Depository may determine, be entitled to the rights to which he would be entitled as the holder of the share.

17.2.2 Directors' remuneration

The provision of our Company's Articles of Association in respect of the arrangements for the remuneration of our Directors are as follows:

Article 110 – Directors' remuneration

Subject to these Articles, the fees of the Directors shall from time to time be determined by our Company in general meeting provided always:

- (1) Directors' fees payable to Directors not holding any executive office in our Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (2) *salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by our Company in general meeting but such salaries may not include a commission on or a percentage of turnover;*
- (3) *all remuneration payable to Directors shall be deemed to accrue from day to day;*
- (4) *fees payable to Directors shall not be increased except pursuant to a resolution passed by our Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- (5) *any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.*

17.2.3 Voting and borrowing powers of Directors

The provision of our Company's Articles of Association in respect of the arrangements for the voting and borrowing power of our Directors are as follows:

Article 119 – General power

Subject to the Act, the Memorandum of our Company and these Articles, the business of our Company shall be managed by the Directors who may exercise all the powers of our Company. No alteration of the Memorandum or these Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

Article 125 – General borrowing powers

Except as provided by Article 126, the Directors may exercise all the powers of our Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of our Company, its Subsidiaries or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of our Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of our Company or otherwise. The Directors may exercise all the powers of our Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of our Company or its Subsidiaries.

Article 126 – Restrictions on borrowing

The Directors shall not borrow any money or mortgage or charge any of our 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.

Article 127 – Register of charges

Our Company shall keep a 'register of charges' in accordance with Section 115 of the Act. No fee shall be charged for any inspection of such register by a Member or a creditor of our Company.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**17.2.4 Variation of rights and alteration of capital**

The provision of our Company's Articles of Association in respect of the arrangements for the variation of rights and alteration of capital, which are as stringent as those provided in the Act are as follows:

Article 12 – Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not our Company is being wound up) be varied or abrogated with:

- (1) *the consent in writing of the holders of three-fourths of the issued shares of that class shall be valid and effectual as a special resolution carried at the meeting; or*
- (2) *the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.*

To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be 2 persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class (but so that if at any adjourned meeting of such holders, a quorum is not present, the holders present, shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall with such adaptations as are necessary apply.

Article 70 – Consolidation division and cancellation

Our Company may by ordinary resolution:

- (1) *consolidate and divide all or any of its share capital into shares of larger amount;*
- (2) *(subject to Section 62(1) of the Act) subdivide its existing shares or any of them into shares of smaller amount;*
- (3) *cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.*

Article 73 – Reduction of capital

Our Company may by special resolution reduce its share capital and any capital redemption reserve or share premium account in any manner authorised by law.

Article 74 – Resolution to increase capital

Without prejudice to the rights attached to any existing shares or class of shares, our Company in general meeting may by ordinary resolution increase its capital by the creation of shares of such nominal amounts, and carrying such rights and restrictions, as the resolution specifies provided that where the capital of our Company consists of shares of different monetary denominations, voting rights (if specified in such resolution) shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

17.3 Directors, substantial shareholder, key management and Promoter

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) Our Directors are not required to hold any qualification shares in us unless otherwise so fixed by us at a General Meeting.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- (iii) We do not have any existing or proposed service agreements (other than employment contracts) with our Directors or key management.
- (iv) Except as disclosed in Section 10.2.4 of this Prospectus, none of our Directors has been paid or intended to be paid remuneration and benefits within the 2 years preceding the date of this Prospectus, except for remuneration received in the course of employment and directors' fees.
- (v) Except as disclosed in Section 10.2.4 of this Prospectus and dividends paid to our shareholders, no other amounts or benefits has been paid or intended to be paid to our substantial shareholder and Promoter within the 2 years preceding the date of this Prospectus.
- (vi) Except as disclosed in Section 11.1.2 of this Prospectus, none of our Directors or substantial shareholder has any interest, direct or indirect, in the promotion of, or in any material assets which have been, within the past 3 years ended 31 December 2010 and up to the LPD of this Prospectus, acquired or disposed of by or leased to our Company or proposed to be acquired, disposed of by or leased to our Company.
- (vii) Except as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholder and Promoter has any direct or indirect interests in our Company, before and after the IPO
- (viii) Except as disclosed in Section 11.6 of this Prospectus, none of our Directors or substantial shareholder has any interests in any contract, agreement or arrangement, which is significant in relation to the businesses of our Group as at the date of this Prospectus.
- (ix) Except as disclosed in this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company.

17.4 Material contracts

Save as disclosed below and in Section 11.1.1 of this Prospectus, there are no contract which are or may be material (not being contracts entered into in the ordinary course of business) entered into by us and our subsidiary companies during the 2 years immediately preceding the date of this Prospectus.

- (i) On 10 August 2009, SEVM, Shariffah Shahazad @ Aishah Bt Yusoff Abas ("Shariffah") and Jamsari bin Ismail ("Jamsari") entered into a sale and purchase agreement whereby SEVM and Shariffah sold respectively sold 200,000 ordinary shares and 500,000 ordinary shares of RM1.00 each of Eversendai-Neie Power Sdn Bhd respectively to Jamsari in consideration of RM1.00. The sale and purchase agreement was completed on 28 December 2009 and Jamsari assumed all liabilities and obligations of our Company including legal compliance and filings with the Registrar of Companies;
- (ii) On 23 October 2009, ECB (as the "Purchaser") and Heavy Industries Valley Sdn Bhd ("HIV") entered into a sale and purchase agreement whereby HIV agreed to sell and ECB agreed to purchase all those pieces of land located at Rawang Industrial Estate held under the following titles at the following consideration:
 - a) Geran 205607, Lot 19072, Seksyen 20, Bandar Rawang, District of Gombak, Selangor for a cash consideration of RM1,029,000 only,
 - b) Geran 205608, Lot 19073 Seksyen 20, Bandar Rawang, District of Gombak, Selangor for a cash consideration of RM1,911,000, and

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

- c) Geran 205609, Lot 19074, Seksyen 20, Bandar Rawang, District of Gombak, Selangor for a cash consideration of RM1,666,000 only.

Titles to the above land have been issued in the name of ECB;

- (iii) EV Singapore acquired 49% of the issued share capital of EV Qatar from EV Hong Kong with effect from 1 January 2010 in an agreement dated 25 January 2010. The consideration was QR200,000.

On 15 May 2010, EV Singapore entered into a shareholders' agreement in relation to EV Qatar with QIG Industrial whereby EV Singapore was appointed the General Manager of EV Qatar with wide management powers. Further, on a sale of business or assets of EV Qatar or a liquidation or dissolution of EV Qatar, QIG Industrial undertakes to pay EV Singapore such amount as would result in EV Singapore receiving 70.00% of the proceeds or distribution from such sale or dissolution or liquidation and QIG Industrial receiving 30.00% of such proceeds.

QIG Industrial also appointed EV Singapore its attorney under a power of attorney of 27 May 2010 to vote all its shares in relation to any management decision and in respect of 21% of its shares in relation to any other decision save for the winding up of EV Qatar and the sale QIG Industrial's shares in EV Qatar;

- (iv) On 23 May 2010, ECB entered into a shareholders' agreement with Essa Saif Essa Ahmad Al Ali ("**Essa**") which supersedes a previous declaration dated 6 June 2007 between the parties. In consideration of AED200,000 annually, Essa agrees to assign all rights and benefits deriving or accruing as a result of owning the 153 shares in EV Dubai ("**EV Dubai Shares**") to ECB which includes but is not limited to his interest in the profits in EV Dubai and in the assets of EV Dubai on a liquidation or dissolution of EV Dubai and the right to vote Essa's EV Dubai Shares at shareholder meetings. Essa further agrees and declares that as security he holds the EV Dubai Shares and all dividends, right issue shares, other distributions on a liquidation or otherwise and benefits in respect of EV Dubai Shares on behalf of ECB. ECB has also been appointed on 23 May 2010 as attorney for Essa to exercise his voting rights in respect of all his EV Dubai Shares.

ECB signed an annexure and amendment to the Memorandum of Association with Essa which appointed ECB as the Managing Director of EV Dubai with wide powers to manage our Company.

On 23 May 2010, ECB also obtained a call option from Essa. The call option is exercisable at any time and it allows ECB to nominate a third party to acquire all the EV Dubai Shares at a price per share equal to the lower of AED1,000.00 per share and the amount paid by Essa for each such share. The option was granted by Essa to ECB as part of the amendments to the Memorandum of Association, the shareholders' agreement and the power of attorney, in return for the fixed annual fee;

- (v) On 24 May 2010, ECB entered into a shareholders' agreement with Abdulla Abdulla Fadhel Saqer al Hammadi ("**Abdulla**") which supersedes a previous declaration dated 14 July 2009 between the parties. In consideration of AED100,000 annually, Abdulla agrees to assign all rights and benefits deriving or accruing as a result of owning the 153 shares in EV Abu Dhabi ("**EV Abu Dhabi Shares**") to ECB which includes but not limited to his interest in the profits of EV Abu Dhabi and in the assets of EV Abu Dhabi on a liquidation or dissolution of EV Abu Dhabi and the right to vote Abdulla's EV Abu Dhabi Shares at shareholder meetings. Abdulla further agrees and declares that he holds the EV Abu Dhabi Shares and all dividends, right issue shares, other distributions on a liquidation or otherwise and benefits in respect of the EV Abu Dhabi Shares on behalf of ECB. On 24 May 2010, ECB has been appointed as attorney for Abdulla to exercise his voting rights in respect of all his EV Abu Dhabi Shares.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

ECB signed an annexure and amendment to the Memorandum of Association with Abdulla which appointed ECB as the Managing Director of EV Abu Dhabi with wide management powers to manage our Company.

On 24 May 2010, ECB also obtained a call option from Abdulla. The call option is exercisable at any time and it allows ECB to nominate a third party to acquire all the EV Abu Dhabi Shares at a price per share equal to the lower of AED1,000.00 per share and the amount paid by Abdulla for each such share. The option was granted by Abdulla to ECB as part of the amendments to the Memorandum of Association, the shareholders' agreement and the power of attorney, in return for the fixed annual fee;

- (vi) On 30 May 2010, ECB signed a shares sale contract & annexure and amendment to Memorandum of Association with DAKN and Mohammed Ahmad Abdulla Al Shafar ("**Mohd Ahmad**") whereby DAKN sold and transferred to ECB his shares in EVSC representing 49.00% of its issued share capital for a consideration of AED2,836,329. Pursuant to the agreement, the effective date of the sale and purchase shall be 1 January 2010 and the amendments to the Memorandum of Association shall be deemed to have taken effect on 1 January 2010 unless stated to the contrary. ECB has been appointed as the Managing Director of EVSC with wide management powers to manage our Company.

ECB entered into a shareholders' agreement with Mohd Ahmad whereby in consideration of AED2,500,000 annually paid in two installments of AED1,250,000 at the end of 6 months each, Mohd Ahmad agrees to assign all rights and benefits deriving or accruing as a result of owning the 510 shares in EVSC ("**EVSC Shares**") to ECB which includes but not limited to his interest in the profits of EVSC and in the assets of EVSC on a liquidation or dissolution of EVSC and the right to vote Mohd Ahmad's EVSC Shares at shareholder meetings. Mohd Ahmad further agrees and declares that as security he holds the EVSC Shares and all dividends, right issue shares, other distributions on a liquidation or otherwise and benefits in respect of the EVSC Shares on behalf of ECB. On 30 May 2010, ECB has been appointed as attorney for Mohd Ahmad to exercise his voting rights that he holds in respect of all his EVSC Shares.

On 30 May 2010, ECB obtained a call option from Mohd Ahmad. The call option is exercisable at any time and it allows ECB to nominate a third party to acquire all the EVSC Shares at a price per share equal to the lower of AED1,000.00 per share and the amount paid by Mohd Ahmad for each such share. The option was granted by Mohd Ahmad to ECB as part of the amendments to the Memorandum of Association, the shareholders' agreement and the power of attorney, in return for the fixed annual fee;

- (vii) On 19 January 2011, EV India entered into a term sheet dated 19 January 2011 ("**Term Sheet**") with GK Industrial Park Private Limited for purpose of buying a land measuring in total of about 40.10 acres located at (Plot no. 1-D9, 1-B10, 1-B12, 1-B13, 1-B15, 1-B16 and 1-A6) in an industrial park at Siruganur/ Reddimangudi Village, Trichy District at the price of Rs160,400,000. Pursuant to the said Term Sheet, EV India has paid a refundable (in the event that EV India finds the outcome of the due diligence unsatisfactory) advance payment of Rs12,000,000. EV India may proceed with the purchase if it is satisfied with the outcome of due diligence and conversely it may withdraw and be refunded the advance payment if it finds the due diligence unsatisfactory. The Term Sheet which expired on 31 May 2011 has been further extended until 20 June 2011. EV India plans to ask for a further extension if it has not completed due diligence by then; and
- (viii) Underwriting Agreement dated 2 June 2011 entered into between us, the Offeror and our Underwriter for our Underwriter to underwrite 30,150,000 Offer Shares to be made available for subscription by the Malaysian Public and eligible Directors and employees of our Group at a managing underwriting and underwriting commission of 1.40% of the Final Retail Price for each Offer Share.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**17.5 Material litigation**

Save as disclosed below, as at the LPD, neither our Company nor our subsidiary companies is engaged in any material litigation, claim or arbitration either as plaintiff or Defendant and any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

Shah Alam High Court Civil Suit No: MT3-22-1565-2006

Plaintiff: SEVM

Defendant: Jati Fabricator Sdn Bhd

- (i) The claims were relating to a repudiation and/or breach of a subcontract for a project known as "3x700MW" Tanjung Bin Coal Fired Power Plant, Tanjung Bin, Johor Darul Takzim" by the defendant, a subcontractor of SEVM;
- (ii) The total claim is divided into 2 parts:
 - (a) RM256,123.50 for wages and salaries paid by SEVM on behalf of the defendant that has not been repaid by the defendant premised on a collateral contract between the parties; and
 - (b) RM2,966,680.81 for the repudiation and/or breach of the main subcontract by the defendant. SEVM is also claiming interest at 8% per annum and costs. The Writ of Summons and Statement of Claim was filed on 27 November 2006. The defendant applied for a stay of proceedings pending arbitration which was allowed by the Deputy Registrar but on appeal by the plaintiff to the Judge, the defendant entered a consent order with SEVM on 10 August 2009 to allow the matter to be litigated in Court rather than resorting to arbitration proceedings; and
- (iii) The defendant also counterclaimed against SEVM for:
 - (a) RM681,844 as unpaid progress claims;
 - (b) RM1,251,242.16 as revised calculation of works done;
 - (c) RM470,470 as idling costs;
 - (d) RM93,000 for additional labour costs;
 - (e) RM343,259 for loss of profit;
 - (f) interests on those sums from 1 July 2006 until date of full settlement; and
 - (g) costs on a solicitor client basis.

The total counter claim is RM2,838,745.99. The statement of defence and counterclaimed was filed on 1 March 2010.

Our Company filed a plaintiff's reply and defence to the counterclaim on 4 May 2010 together with notice for pre-trial case management. The High Court has fixed a date for mediation on 22 April 2011.

The counsels of SEVM have opined that SEVM's prospects are good in the case. They are of the view that the defendants claim in sub-paragraph (iii)(b), (c), (d) and (e) above are baseless and without merits. Our Company as plaintiff stands to gain the monies referred to in paragraph (ii) above and the defendant possibly stands to gain from its claim in paragraph (iii)(a) above but in a lesser amount.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**17.6 General information**

- (i) Other than our subsidiaries as set out in Section 9 of this Prospectus, there is no other corporation which is deemed to be related to us by virtue of Section 6 of the Act.
- (ii) The name and address of our Auditors and Reporting Accountants are set out in Section 1 of this Prospectus.
- (iii) The estimated expenses and fees, including brokerage, underwriting commission and placement fee relating to the Issue Shares, incidental to our Listing Scheme amounting to RM8.8 million will be borne by our Company.
- (iv) Save as disclosed in Section 6.2.17 of this Prospectus, our Group has not established other places of business outside Malaysia.
- (v) The date and time of the opening and closing of applications for the IPO are set out in Section 18.1 of this Prospectus.
- (vi) The amount payable in full on application is RM1.70 per Offer Share.

17.7 Public take-overs

During the last financial year and the current financial year up to the date of this Prospectus, there were:

- (i) no public take-over offers by third parties in respect of our Company's shares; and
- (ii) no public take-over offers by our Company in respect of other companies' shares.

17.8 Consents

The written consents of the Sole Adviser, Underwriter, Bookrunner, Principal Bankers, Issuing House, Registrar, Legal Advisers for the IPO and Company Secretary to the inclusion in this Prospectus of their names in the manner and form in which their respective names appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consents of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report and its letters relating to the proforma consolidated financial information, in the manner, form and context in which its name appear has been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of the Independent Market Researcher to the inclusion in this Prospectus of its name and the extractions of the Independent Market Research Report in the manner, form and context in which its name and extractions appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of S. Kumar & Co, being the Auditors for our Company for the FYE 31 December 2008, to the inclusion of its name in this Prospectus, in the manner, form and context in which its name appear has been given before the issuance of this Prospectus and have not subsequently been withdrawn.

17. STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

17.9 Documents available for inspection

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

- (i) Our Memorandum and Articles of Association;
- (ii) Our audited accounts for the past 3 FYE 31 December 2010;
- (iii) The audited accounts of EV Dubai, EV Qatar, EV Sharjah, EVSC and SEVM for the past 3 FYE 31 December 2010;
- (iv) The audited accounts of EV Abu Dhabi and EV Singapore for the FYE 31 December 2010;
- (v) The audited accounts of EV India for the FYE 31 March 2010;
- (vi) The Reporting Accountants' letters on the proforma consolidated financial information of our Group as at 31 December 2010 as included in Section 14.4 of this Prospectus;
- (vii) The Accountants' Report as included in Sections 15 of this Prospectus, respectively;
- (viii) The Directors' Report as included in Sections 16 of this Prospectus, respectively;
- (ix) The Independent Market Researcher's Report by Frost & Sullivan and a summary of the said Independent Market Researcher's Report as included in Section 7 of this Prospectus;
- (x) Our material contracts as referred to in Section 17.4 of this Prospectus;
- (xi) The relevant cause papers as referred to in Section 17.5 of this Prospectus; and
- (xii) The letters of consent as referred to in Section 17.8 of this Prospectus.

17.10 Responsibility statements

- (i) Our Directors, Promoter and the Offeror have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there are no false or misleading statements or other facts which if omitted, would make any statement in this Prospectus false or misleading.
- (ii) Maybank Investment Bank Berhad, being the Sole Adviser, Underwriter and Bookrunner, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

18. PROCEDURES FOR APPLICATION

18.1 Opening and closing of Application

The application for the Offer Shares under the Retail Offering will open at 10.00 am on 15 June 2011 and will remain open until 5.00 pm on 21 June 2011 or such other date or dates as our Directors, the Offeror and our Underwriter in their absolute discretion may decide. In the event that the closing date and time for applications of the Offer Shares under the Retail Offering are extended, the closing date for the applications, the Price Determination Date and dates for the balloting of the Offer Shares, the allotment of the Issue Shares and the transfer of the Offer Shares and our Listing will be extended accordingly. We will announce any extension in a widely circulated Bahasa Malaysia language daily newspaper and a widely circulated English language daily newspaper within Malaysia.

18.2 Methods of Application

Application Forms or Electronic Share Applications or Internet Share Applications.

18.3 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions printed within are enclosed with this Prospectus and are deemed to form part thereof:

Class of Applicant	Application Method	No. of Offer Shares under the Retail Offering Available
1. Malaysian public (for individuals)	White Application Form or Electronic Share Application or Internet Share Application	20,000,000
2. Malaysian public (for non-individuals e.g. corporation, institutions, etc)	White Application Form only	
3. Our eligible Directors and employees	Pink Application Form only	10,150,000

White and Pink Application Forms together with copies of this Prospectus may be obtained, subject to availability, from Maybank IB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

Only 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. If you submit multiple applications in your own name or by using the name of others, with or without their consent, you commit an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.**

THE AMOUNT PAYABLE IN FULL UPON APPLICATION IS BASED ON THE RETAIL PRICE WHICH IS RM1.70 PER OFFER SHARE. IF YOU SUBMIT AN APPLICATION BY WAY OF APPLICATION FORM, YOU MAY NOT SUBMIT APPLICATIONS BY WAY OF ELECTRONIC SHARE APPLICATIONS OR BY WAY OF INTERNET SHARE APPLICATION AND VICE VERSA. A CORPORATION OR INSTITUTION CANNOT APPLY FOR THE SHARES BY WAY OF ELECTRONIC SHARE APPLICATION.

18. PROCEDURES FOR APPLICATION *(Cont'd)*

18.4 General conditions for Application

The application shall be made in connection with and subject to the terms of this Prospectus.

(i) Application by the Malaysian Public for allocations via balloting

Applications for the 20,000,000 Shares made available for applications by the Malaysian Public must be made on the **White** Application Forms provided or by way of Electronic Share Application through a Participating Financial Institution's ATM or by way of Internet Share Application through an Internet Participating Financial Institution's website. A corporation or institution cannot apply for the Shares by way of Electronic Share Application or Internet Share Application.

(ii) Application by our eligible Directors and employees, who have contributed to the success of our Group

Applications for the 10,150,000 Shares reserved for our eligible Directors and employees, who have contributed to the success of our Group, must be made on the **Pink** Application Forms provided only.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Offer Shares under the Retail Offering. Save for the allocation pursuant to the pink form allocation, Directors of ECB and its subsidiary company and the associates of such Directors are not allowed to apply for the Offer Shares.

You must have a CDS account before making the application.

Multiple Applications made shall be rejected. You may only submit one Application Form.

If you are not a member of the armed forces or police, your name, national registration identity card number and address must be exactly the same as stated in:-

- (a)
 - (i) Your national registration identity card ("**NRIC**"); or
 - (ii) Any valid temporary identity document as issued by the National Registration Department from time to time; or
 - (iii) Your resit pengenalan sementara (JPN KP 09) issued pursuant to peraturan 5(5) peraturan-peraturan pendaftaran Negara 1990; and
- (b) The records of Bursa Depository.

If you are a member of the armed forces or police, your name, and your armed forces or police personnel number, as the case may be, must be exactly the same as stated in your authority card.

If you are a corporate/institutional applicant, your name and the certificate of incorporation number must be exactly the same as your certificate of incorporation.

Neither we nor MIH will acknowledge the receipt of Application Forms or application monies.

18. PROCEDURES FOR APPLICATION *(Cont'd)*

18.5 Terms and conditions for Application using Application Forms

Application by way of Application Forms shall be made on, and subject to, the terms and conditions appearing below:

- (i) If you are an individual, you must be a Malaysian Citizen residing in Malaysia, with Malaysian address and with CDS account.
- (ii) If you are a corporation/institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
 - (a) If you have a share capital, more than half of the issued share capital (*excluding preference share capital*) is held by Malaysian citizens; and
 - (b) There is a majority of Malaysian citizens on your board of Directors/trustee.
- (iii) If you are a superannuation, provident or pension funds, you must be established or operating in Malaysia and with a CDS account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in item 23.3 (b) and (c) above or the trustees thereof.
- (v) The Application Form must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Forms. In accordance with Section 232 of the CMSA, the Application Form together with the Notes and Instructions printed within are accompanied by this Prospectus. Applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed within or which are illegible may not be accepted.
- (vi) Each completed Application Form must be accompanied by remittances in RM for the full amount payable either by:
 - Banker's draft or cashier's order purchased within Malaysia only and drawn on a Bank in Kuala Lumpur (*differentiated by a special red band for Bumiputera applicants*); or
 - Money order or postal order (*for applicants from Sabah and Sarawak only*); or
 - Guaranteed Giro Order ("GGO") from Bank Simpanan Nasional Malaysia Berhad (*differentiated by a special red band for Bumiputera applicants*); or
 - ATM statement obtained from any of the following financial institutions:
 - Affin Bank Berhad (25046-T);
 - Alliance Bank Malaysia Berhad (88103-W);
 - AmBank (M) Berhad (8515-D);
 - CIMB Bank Berhad (13491-P);
 - EON Bank Berhad (92351-V);
 - Hong Leong Bank Berhad (97141-X);
 - Malayan Banking Berhad (3813-K);
 - Public Bank Berhad (6463-H); or
 - RHB Bank Berhad (6171-M)

18. PROCEDURES FOR APPLICATION (Cont'd)

and must be made out in favour of:

"MIH SHARE ISSUE ACCOUNT NO: 516"

and crossed "**A/C payee only**" (*excluding ATM statements*) and endorsed on the reverse side with your name and address.

Applications accompanied by any mode of payment other than those stated above or with excess or insufficient remittance or inappropriate Banker's draft/cashier's orders/money orders/GGO will not be accepted. Details of the remittance must be filled in the appropriate boxes provided in the Application Forms.

- (vii) You **must** state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to MIH/Company.
- (viii) Your name and address must be written on the reverse side of the Banker's draft, cashier's order, ATM statement, money order, postal order or GGO from Bank Simpanan Nasional Malaysia Berhad.
- (ix) Our Directors reserve the right to require you (*if your application is successful*) to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (x) MIH, on the authority of our Directors reserve the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) MIH, on the authority of our Directors reserve the right not to accept any application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Offer Shares under the Retail Offering to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (xii) Where an application is not accepted, the full amount of the application monies, without interest, will be returned and dispatched to you within 10 market days from the date of the final ballot of the applications by ordinary post to your address last maintained with Bursa Depository or where the application is not accepted due to you not having provided a CDS account, to the address as per the NRIC or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National Registration Department from time to time or Authority card in the case of armed forces/police personnel, at your own risk.
- (xiii) You shall ensure that your personal particulars as stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xiv) MIH reserves the right to bank in all application monies from unsuccessful Bumiputera applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.

18. PROCEDURES FOR APPLICATION (Cont'd)

- (xv) Each completed Application Form must be dispatched by **ORDINARY POST** in the official envelopes provided to the following address:-

Malaysian Issuing House Sdn Bhd
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 Malaysia

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, Malaysia so as to arrive not later than 5.00 p.m. on 21 June 2011 or such further period or periods as our Directors together with the Underwriter in their absolute discretion may mutually decide.

- (xvi) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE **WHITE APPLICATION FORM** TO MIH.

18.6 Application using Electronic Share Applications**(i) Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
- (b) You **must** have a CDS account; and
- (c) You are 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 18.6(iii). You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
- Personal Identification Number ("PIN");
 - **MIH Share Issue Account No: 516;**
 - CDS account number;
 - Number of Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

(ii) Participating financial institutions

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

- Affin Bank Berhad
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;

18. PROCEDURES FOR APPLICATION (Cont'd)

- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

(iii) Terms and conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 18.6(i). The steps set out the actions that you must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to the "applicant" in the terms and conditions for Electronic Share Applications and the steps shall mean the applicant who applies for the Shares through an ATM of any of the Participating Financial Institutions.

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

You must have an existing account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of the Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by MIH or us. You should retain the Transaction Record and should not submit it with any Application Form.

Upon the closing of the offer for the application for the Shares on 21 June 2011 or such further period or periods as our Directors together with the Underwriter in their absolute discretion may mutually decide, the Participating Financial Institution shall submit a magnetic tape containing its' respective customers' applications for the Shares to MIH as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the closing date of the application.

You will be allowed to make an Electronic Share Application for the Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he/she has an account and its branches, subject to you making only one Application.

You must ensure that you use your own CDS account number when making an electronic share application. If you operate a joint account with any participating financial institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your Application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (a) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.

18. PROCEDURES FOR APPLICATION (Cont'd)

(b) You are required to confirm the following statements (*by depressing pre-designated keys (or buttons) on the ATM keyboard*) and undertake that the following information given are true and correct:

- You have attained 18 years of age as at the closing date of the Share application;
- You are a Malaysian citizen residing in Malaysia;
- You have read the relevant Prospectus and understood and agreed with the terms and conditions of the application;
- The application is the only one that you are submitting; and
- You thereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to you/yourself 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 you complete all the steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to MIH, or any relevant regulatory bodies.

- (c) You confirm that you are not applying for the Shares as nominee of any other person and that any Electronic Share Application that you make is made by you as beneficial owner. You shall only make one Electronic Share Application and shall not make any other Application for the Shares, whether at the ATMs of any Participating Financial Institution or on the prescribed Application Forms.
- (d) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. 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) You agree and undertake to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Shares or not to allot or allocate any Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (*by your action of pressing the designated key on the ATM*) of the number of Shares applied for shall signify, and shall be treated as, your acceptance of the number of Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (f) MIH, on the authority of our Directors reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

18. PROCEDURES FOR APPLICATION (Cont'd)

- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful application. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institution of the non-successful or partially successful application within 2 Market Days after the balloting date. You may check your account on the fifth market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within 2 Market Days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to you by MIH by way of cheques issued by MIH. The cheques will be issued to you not later than 10 market days from the day of the final ballot of the application. Should you encounter any problems in your application, you may refer to the Participating Financial Institution.

- (h) You request and authorise us:
- (i) to credit the Shares allotted to you into your CDS account; and
 - (ii) to issue certificate(s) representing such Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- (i) MIH or us do not receive your Electronic Share Application; and
 - (ii) Data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to MIH or us,

you shall be deemed not to have made an Electronic Share Application and you shall have no claim whatsoever against us, MIH or the Participating Financial Institution for the Shares applied for or for any compensation, loss or damage.

- (j) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

18. PROCEDURES FOR APPLICATION (Cont'd)

- (l) By making and completing an Electronic Share Application, you agree that:
- (i) in consideration of we agreeing to allow and accept the making of any application for the Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) we, 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 your Electronic Share Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of us, the acceptance of the offer made by you to subscribe for such Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities in respect of the said Shares;
 - (iv) you irrevocably authorises Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allocated to you; and
 - (v) in relation to any legal action or proceedings arising out of or in relation with the contract between the parties and/or the Electronic Share 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 we irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require you (*if your Application is successful*) to appear in person at the registered office of MIH within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) MIH, on the authority of our Directors reserves the right to reject applications, which do not conform to these instructions.
- (o) Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institutions.

18.7 Application using Internet Share Applications**(i) Steps for Internet Share Application through an Internet Participating Financial Institution's website**

The exact steps for Internet Share Application in respect of the 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 Shares via Internet Application may be as set out below. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

18. PROCEDURES FOR APPLICATION (Cont'd)

You must have a CDS account before you can make any Application for the Shares. Please note that the actual steps for Internet Share Applications contained in the Internet Financial Services website of the Internet Participating Financial Institutions may differ from the steps outlined below.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account.
- (b) Login to the Internet financial services facility by entering your 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 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 Shares counter, NRIC number, CDS account number, number of 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.

By confirming such information, you also undertake that the following information given are true and correct:

- (i) You have attained 18 years of age as at the date of the application for the Shares;
- (ii) You are a Malaysian citizen residing in Malaysia;
- (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
- (iv) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have 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 Offer Shares under the Retail Offering;
- (v) The Internet Share Application is the only application that you are submitting for the Offer Shares under the Retail Offering;
- (vi) You authorise the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Authorised Financial Institution;

18. PROCEDURES FOR APPLICATION (Cont'd)

- (vii) You give 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 your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) You are not applying for the Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus;
- (ix) You authorise 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 you 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 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 your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services;
- (h) Upon submission of your online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application money for the IPO.
- (i) As soon as your transaction is completed, a message from the Authorised Financial Institution pertaining to your payment status will appear on the screen of the website through which the online payment of your application money is being made.
- (j) Subsequent to the above, the Internet Participating Financial Institution shall confirm that your Internet Share Application has been completed, via the Confirmation Screen on its website.
- (k) You are advised to print out the Confirmation Screen for reference and retention.

(ii) Terms and conditions for Internet Share Application

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

You are advised not to apply for the Shares through any website other than the Internet Financial Services website of the Internet Participating Financial Institutions.

Internet Share Applications may be made through the Internet financial services website of Affin Bank Berhad at www.affinOnline.com, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Malayan Banking Berhad at www.maybank2u.com.my, RHB Bank Berhad at www.rhb.com.my or Public Bank Berhad at www.pbebank.com

18. PROCEDURES FOR APPLICATION (Cont'd)

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 the sequence for Internet Share Applications in respect of the Shares are as set out on the Internet Financial Services website of the Internet Participating Financial Institutions.

Please note that the actual terms and conditions outlined below supplement the additional terms and conditions for Internet Share 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) You can make an Internet Share Application if you fulfill all of the following:
- (i) You are an individual with a CDS account and in the case of a joint account an individual CDS account registered in your name which is to be issued for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name;
 - (ii) You have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification ("User ID") and Personal Identification Numbers ("PIN")/password for the relevant Internet financial services facilities; and
 - (iii) You are a Malaysian citizen and have a mailing address in Malaysia.

You 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 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) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:
- (i) You have attained 18 years of age as at the date of the application for the Shares;
 - (ii) You are a Malaysian citizen residing in Malaysia;
 - (iii) You have, prior to making your Internet Share Application, received and/or have had access to a printed/electronic copy of the Prospectus, the contents of which you have read and understood;
 - (iv) You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making your Internet Share Application for the Offer Shares under the Retail Offering;

18. PROCEDURES FOR APPLICATION (Cont'd)

- (v) Your Internet Share Application is the only application that you are submitting for the Offer Shares under the Retail Offering;
 - (vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (vii) You give 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 your information, your Internet Share Application or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - (viii) You are not applying for the Shares as a nominee of any other person and your application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (ix) You authorise 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 you 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 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 your information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have 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 your Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Shares applied for which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 18.7 herein.

- (e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making your Internet Share Application, to cover and pay for the Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which your 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.

18. PROCEDURES FOR APPLICATION (Cont'd)

- (f) You irrevocably agree and undertake to subscribe for and to accept the number of Shares applied for as stated on the Confirmation Screen or any lesser number of Shares that may be allotted to you in respect of the Internet Share Application. If our Company decides to allot any lesser number of such Shares or not to allot any Shares to you, you agree to accept any such decision of our Company as final.

In the course of completing your Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) Your acceptance of the number of Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) Your agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) You are fully aware that multiple or suspected multiple Internet Share Applications for the Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (h) If your Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. If your 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 your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within 2 market days after receipt of written confirmation from MIH.

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

If your Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of your application money in Ringgit Malaysia (without interest or any Shares of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution within 2 Market Days after receipt of written confirmation from MIH. However, a number of applications will be held in reserve to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve, and subsequently rejected, your application money (without interest or any Shares of revenue or other benefit arising therefrom) will be refunded to you by MIH by way of cheques issued by MIH. The cheques will be issued to you within 10 market days from the day of the final ballot of the applications list.

If your application is held in reserve and is 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 Shares of revenue or other benefit arising therefrom) into your account within 2 Market Days after receipt of written confirmation from MIH.

18. PROCEDURES FOR APPLICATION (Cont'd)

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application money from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult the Internet Participating Financial Institution through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Shares allotted, if any, before trading the Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 21 June 2011 or such other date(s) as the Directors of our Company together with the Underwriter may decide in their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) You irrevocably agree and acknowledge that your 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, we, MIH and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment therefore, or in the event that any data relating to your 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, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All of your particulars in the records of the relevant Internet Participating Financial Institution at the time of your Internet Share Application shall be deemed to be true and correct, and we, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

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

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:
 - (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institution acting as our agents, the Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register the Shares allotted to you for deposit into your CDS account;

18. PROCEDURES FOR APPLICATION (Cont'd)

- (iii) neither we 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 your Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any cause beyond their control;
 - (iv) you 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 your Internet Share Application by MIH, us and/or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (v) the acceptance of the offer made by you to subscribe for the Shares for which your 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 our behalf and not otherwise, notwithstanding the receipt of any payment by or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your Internet Share Application by us;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Underwriter, the Sole 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 you in making the Internet Share Application;
 - (viii) the acceptance of your Internet Share Application by us and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or RM5.00 for payment via Malayan Banking Berhad;
 - CIMB Bank (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;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - Public Bank Berhad (www.pbebank.com) – RM2.00; and
 - RHB Bank Berhad (www.rhb.com.my) – RM2.50.

No fee will be charged by Affin Bank Berhad for applications by their account holders.

18. PROCEDURES FOR APPLICATION (Cont'd)

18.8 Applications and acceptances

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

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

All Applications must be for 100 Shares or multiples thereof.

In the event of an oversubscription, acceptance of applications by Malaysian Public shall be subject to ballot to be conducted in a manner as approved by our Directors. Due consideration will be given to the desirability of distributing the Shares to a reasonable number of applicants with a view to broadening the shareholding base and establishing an adequate market in the Shares.

Pursuant to the Listing Requirements, at least 25% of the total number of Shares for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each. ECB is expected to achieve this at the point of listing. However, in the event that the above requirement is not met pursuant to this IPO, ECB may not be allowed to proceed with its listing plan. In the event thereof, monies paid in respect of all applications will be returned. The successful applicants will be selected in a manner to be determined by our Directors.

In the event of an undersubscription of the Malaysian Public portion of the Offer Shares under the Retail Offering, the unsubscribed portion will be made available to selected investors. Any further Offer Shares under the Retail Offering not subscribed for will be allocated to the Underwriter.

Where a successfully balloted Application is subsequently 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 to you within 10 market days from the date of the final ballot of the Applications by ordinary post or registered post respectively, to your address registered with Bursa Depository. MIH reserves the right to bank in all Application monies from unsuccessful Bumiputera applicants and partially successful applicant which would subsequently be refunded without interest to the applicant within 10 market days from the date of the final ballot of the Applications by registered post to your address registered with Bursa Depository at your own risk.

No Application shall be deemed to have been accepted by reason of the remittance having been presented for payment.

18.9 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 Shares 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 aforesaid Act and Rules of Bursa Depository.

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

18. PROCEDURES FOR APPLICATION (Cont'd)

You can only make an application by way of Application Form if you have a CDS account. You shall furnish your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or us. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee accounts, may result in the application being rejected. If a successful applicant fails to state his/her CDS account number, MIH under our instruction will reject the Application.

For applications by way of Electronic Share Application, you must have a CDS account and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number may result in the Application being rejected.

You can make an application by way of Internet Share Application, only if you have a CDS account. In certain cases, you can make an application by way of Internet Share Application only if you have a CDS account opened with the Internet Participating Financial Institution. Arising therewith, your CDS account number would automatically appear in the e-IPO online application form.

MIH on the authority of our Directors reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if your particulars provided in your Application Forms, or in the case of Electronic Share Applications, if the records of the Participating Financial Institutions at the time of making the Electronic Share Applications or in the case of Internet Share Applications, if the records of the Internet Participating Financial Institutions at the time of making the Internet Share Applications, differ from those in Bursa Depository's records, such as the NRIC number, name and nationality.

18.10 Notice of allotment

Shares allotted to you (*if your Application is successful or partially successful*) will be credited to your CDS account. A notice of allotment will be dispatched to you at your address last maintained with Bursa Depository at your own risk prior to our listing. For Electronic Share Application and Internet Share Application, the notice of allotment will be dispatched to you at your address last maintained with Bursa Depository at your own risk prior to our listing. This is the only acknowledgement of acceptance of the application.

You must inform Bursa Depository of your updated address promptly by adhering to the certain rules and regulation of Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository. You may also check the status of your application by logging on to the following MIH website or by calling your respective ADAs at the telephone number as stated in Section 19.1 or at the telephone number stated below between 5 to 10 market days (*during office hours only*) after the final balloting date:

MIH Enquiry Services	+603 7841 8000 or +603 7841 8289
MIH Website	www.mih.com.my

19. LIST OF ADAS**19.1 List of ADAs**

Below is the list of ADAs and their respective Broker Codes:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
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 & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th 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	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	052-009
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	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
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173319	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	052-015
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 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
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
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
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No: 03-80236518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 nd Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No :06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A – 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	052-016

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	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	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
PERAK DARUL RIDZUAN		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No :05-6232328	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
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	052-014

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1, 2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground ,1st & 2nd 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
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No.42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1st, 2nd & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Pemiagaan 2 Pusat Pemiagaan 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
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
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 Penang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Penang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	056-061
KEDAH DARUL AMAN		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No :04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666\	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
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
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 & 1st 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	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jemeh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
SARAWAK		
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	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	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

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 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

19. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SABAH		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No :088-328878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 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
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	056-057

[The rest of this page is intentionally left blank]