

11. FINANCIAL INFORMATION (Cont'd)

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

Stamped for the purpose of identification on: <div style="text-align: center; font-weight: bold; font-size: 1.2em;">25 APR 2012</div> SJ Grant Thornton
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.16 DEFERRED TAX LIABILITIES

The movement of the deferred tax liabilities is as follows:-

	RM
Deferred tax assets	(8,000)
Deferred tax liabilities	229,000
	221,000
At 31 December 2011/Proforma I to III	221,000

The deferred tax assets are in respect of deductible temporary difference between the carrying amount and tax base of provisions.

The deferred tax liabilities is made up of temporary differences arising from carrying amount of qualifying property, plant and equipment in excess of their tax base.

5.17 TRADE PAYABLES

The movement of trade payable is as follows:-

	RM
At 31 December 2011/Proforma I to III	14,865,582

The details of the trade payables are as follows:-

	RM
Trade payables	14,079,143
Retention sums on contracts	786,439
	14,865,582

The normal trade credit terms granted by the trade payables ranges from 14 days to 90 days.

11. FINANCIAL INFORMATION (Cont'd)

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AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****5.17 TRADE PAYABLES (CONT'D)**

The currency analysis of trade payables is as follows:-

	RM
RM	5,870,790
USD	6,942,572
EURO	450,985
JPY	1,097,112
LKR	331,869
Others	172,254
	14,865,582

5.18 OTHER PAYABLES

The movement of other payables is as follows:-

	RM
At 31 December 2011/Proforma I to III	2,315,092

The details of other payables are as follows:-

	RM
Other payables	1,458,989
Accruals	856,103
	2,315,092

The currency analysis of other payable is as follow:-

	RM
RM	2,017,726
EURO	129,126
Others	168,240
	2,315,092

11. FINANCIAL INFORMATION (Cont'd)

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PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****5.19 AMOUNT DUE TO CONTRACT CUSTOMERS**

The movement of amount due to contracts customers is as follows:-

	RM
At 31 December 2011/Proforma I to III	<u>1,577</u>

The details of amount due to contract customers are as follows:-

	RM
Actual cost incurred to date	115,508,909
Attributable profits	<u>30,428,001</u>
Progress billings received/receivables	145,936,910
	<u>(145,938,487)</u>
	<u>1,577</u>

The entire amount due to contracts customers is denominated in USD.

5.20 AMOUNT DUE TO DIRECTORS

The movement of the amount due to directors is as follows:-

	RM
At 31 December 2011/Proforma I to III	<u>2,445,155</u>

5.21 PROVISION FOR TAXATION

The movement of provision for taxation is as follows:-

	RM
At 31 December 2011/Proforma I to III	<u>1,298,628</u>

11. FINANCIAL INFORMATION (Cont'd)

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PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****5.22 NA PER SHARE**

Based on the Proforma Consolidated Financial Position of PESTECH Group as at 31 December 2011, the proforma NA per Share is calculated as follows:-

Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	<u>49,217,716</u>
Total number of fully issued and paid-up Shares	<u>85,880,000</u>
Proforma NA per Share (RM)	<u>0.57</u>

11. FINANCIAL INFORMATION (Cont'd)

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)

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AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS**

The following is the Proforma Consolidated Statement of Cash Flows of the PESTECH Group prepared for illustrative purpose based on the audited financial statements of PESTECH Group assuming that the PESTECH Group has been in existence throughout the financial year under review:-

	Note	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		16,683,082
Adjustments for:-		
Depreciation		821,339
Gain on disposal of plant and equipment		(249,999)
Interest income		(222,059)
Interest expenses		1,318,863
Unrealised foreign exchange gain		(354,979)
Operating profit before working capital changes		17,996,247
Changes in working capital:-		
Inventories		(4,332,728)
Receivables		11,308,657
Payables		(20,231,159)
Contract customers		967,370
Directors		1,818,906
Cash generated from operations		7,527,293
Interest paid		(1,318,863)
Interest received		222,059
Tax paid		(5,930,344)
Net cash from operating activities		500,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to jointly-controlled entity		(6,086)
Issuance of shares		2
Issuance of shares to non-controlling interest		25
Net movement of fixed deposit pledged to banks		(2,664,848)
Payment of listing expenses		(2,500,000)
Purchases of property, plant and equipment	A	(902,182)
Net cash used in investing activities		(6,073,089)

11. FINANCIAL INFORMATION (Cont'd)

PESTECH INTERNATIONAL BERHAD
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

	Note	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid		(324,975)
Drawdown of borrowings		52,527,167
Net movement of bank balances pledged to banks		(4,729,679)
Payment of finance lease liabilities		(270,043)
Proceeds from public issue		12,880,000
Repayment of borrowings		<u>(52,172,693)</u>
Net cash from financing activities		7,909,777
Effects of foreign exchange		<u>121,852</u>
CASH AND CASH EQUIVALENTS		
Net increase in cash		2,458,685
Cash and cash equivalent brought forward		<u>4,305,917</u>
Cash and cash equivalent carried forward	B	<u>6,764,602</u>

Notes to the Proforma Consolidated Statement of Cash Flows**A. Purchase of Property, Plant and Equipment**

Property, plant and equipment were acquired by the following means:-

	RM
Cash payments	902,182
Finance lease liabilities	<u>200,000</u>
	<u>1,102,182</u>

11. FINANCIAL INFORMATION (Cont'd)

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
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PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)****Notes to the Proforma Consolidated Statement of Cash Flows (cont'd)****B. Cash and Cash Equivalents**

Cash and cash equivalents included in the Proforma Consolidated Statement of Cash Flows comprise the following amounts:-

	RM
Cash and bank balances	21,267,615
Fixed deposits with licensed banks	11,152,761
Bank overdrafts	(5,123,797)
Less: Bank balances and fixed deposits pledged to banks	<u>(20,531,977)</u>
	<u>6,764,602</u>

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited consolidated financial statements of PESTECH and its subsidiaries and jointly-controlled entity as at 31 December 2011, with the assumption that the effects of acquisition and incorporation of subsidiaries, IPO and utilisation of proceeds have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited consolidated financial statements of the PESTECH Group.

←————— end of report —————→

11. FINANCIAL INFORMATION (Cont'd)

11.3 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Section 11.2 and Section 12 of this Prospectus respectively.

The following table shows our Group's capitalisation and indebtedness:-

- (i) Based on our Proforma Consolidated Statements of Financial Position as at 31 December 2011; and
- (ii) As adjusted for the Public Issue and utilisation of proceeds from the Public Issue.

	As at 31 December 2011 RM	After Public Issue and utilisation of proceeds RM
Indebtedness:-		
<u>Short term</u>		
Borrowings (secured)	15,358,048	9,708,048
Finance lease liabilities	54,632	54,632
<u>Long term</u>		
Borrowings (secured)	2,404,866	2,054,866
Finance lease liabilities	188,327	188,327
Total Indebtedness	18,005,873	12,005,873
Shareholders' equity	38,837,716	49,217,716
Total capitalisation and indebtedness	56,843,589	61,223,589

11.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our Group's financial conditions and results of operations should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus.

The discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

11. FINANCIAL INFORMATION (Cont'd)

11.4.1 Analysis of our Group's operating results

Our Group is an integrated electric power technology company. We are an investment holding company and provide comprehensive power system engineering and technical solutions for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets. We also manufacture proprietary power system components and equipment. Our ability to conduct in-house engineering and development of our own Products and engineering solutions has enabled us to expand our Product base, enhance our competitive strengths as a value added services provider and reduce cost.

Please refer to Section 5 of this Prospectus for our Group's detailed business overview.

(a) Segmental analysis

Based on the segmental analysis, our Group's revenue mainly comprises two (2) sources, i.e. Projects and Products.

Projects are currently the core contributor to our Group's revenue. In the breakdown of our revenue, Projects include Products that are used in the execution of our Projects.

Products comprise solely those that are manufactured, value added and sold to third parties (i.e. not for use in our Projects) and is inclusive of the following:-

- (i) Our own manufactured proprietary power system components and equipment; and
- (ii) Third party equipment integrated with our value added services i.e. configuration (programming and engineering), testing of functionality, after sales services (technical and products support) and where applicable installation of products ("**Third Party Products & Value Added Services**").

The sale of our Products to third parties is generally for use in projects undertaken by the third parties involving installation of substations. As the specifications and budget for each substation project are typically different, our Products are customised and engineered according to the different requirements of our customers.

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11. FINANCIAL INFORMATION (Cont'd)

The table below sets forth the breakdown of our Group's revenue and gross profit for the respective financial years:-

Revenue analysis:-**(i) Analysis of contribution to revenue by companies:-**

Company	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PSB	43,270	99.7	51,596	100.0	86,548	100.0	107,747	93.7	127,541	97.4
Xcell	112	0.3	-	-	-	-	-	-	52	#
Fomix	-	-	-	-	-	-	564	0.5	564	0.4
TPJV	-	-	-	-	-	-	7,709	6.7	12,654	9.7
PBSB	-	-	-	-	-	-	-	-	69	0.1
Total	43,382	100.0	51,596	100.0	86,548	100.0	116,020	100.9	140,880	107.6
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	100.0	51,596	100.0	86,548	100.0	114,982	100.0	130,947	100.0

Notes:-

- a. In accordance with paragraph 40 of FRS 131 Interests in Joint Ventures and paragraph 29 of FRS 128 Investments in Associates, our Group has discontinued recognising the share of losses in excess of our investment in our jointly-controlled entity namely, TPSB. Kindly refer to Section 7.7 of the Accountants' Report set out in Section 12 of this Prospectus for the historical performance of TPSB.
- b. There is no contribution from PSSB and PTL as they are newly incorporated subsidiary companies in 2012.
- # Negligible.

(ii) Analysis of contribution to revenue by core activities:-

Activities	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects [^]	21,583	49.8	38,964	75.5	75,662	87.4	96,852	84.2	128,732	98.3
Products [*]	21,799	50.2	12,632	24.5	10,886	12.6	18,604	16.2	11,584	8.9
Investment	-	-	-	-	-	-	564	0.5	564	0.4
Total	43,382	100.0	51,596	100.0	86,548	100.0	116,020	100.9	140,880	107.6
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	100.0	51,596	100.0	86,548	100.0	114,982	100.0	130,947	100.0

Notes:-

- [^] Projects include Products that were used in the execution of our Projects.
- ^{*} Products comprise proprietary Products and Third Party Products & Value Added Services (not for use in our Projects).

11. FINANCIAL INFORMATION (Cont'd)**(iii) Detailed breakdown of contribution to revenue by core activities:-**

Activities	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects:-										
Local	21,583	49.8	26,497	51.3	40,691	47.0	40,294	35.1	23,135	17.6
Overseas:-										
- Brunei	-	-	12,467	24.2	14,742	17.0	819	0.7	-	-
- PNG	-	-	-	-	20,229	23.4	3,819	3.3	-	-
- Sri Lanka	-	-	-	-	-	-	4,875	4.2	18,199	13.9
- Ghana	-	-	-	-	-	-	15,090	13.1	2,599	2.0
- Cambodia	-	-	-	-	-	-	31,955	27.8	84,799	64.8
	-	-	12,467	24.2	34,971	40.4	56,558	49.1	105,597	80.7
Total Projects[^]	21,583	49.8	38,964	75.5	75,662	87.4	96,852	84.2	128,732	98.3
Products:-										
Local	21,621	49.8	10,965	21.3	7,117	8.2	15,535	13.5	7,640	5.9
Overseas:-										
- Brunei	178	0.4	1,667	3.2	3,557	4.1	3,069	2.7	3,944	3.0
- Tanzania	-	-	-	-	212	0.3	-	-	-	-
	178	0.4	1,667	3.2	3,769	4.4	3,069	2.7	3,944	3.0
Total Products[*]	21,799	50.2	12,632	24.5	10,886	12.6	18,604	16.2	11,584	8.9
Investment	-	-	-	-	-	-	564	0.5	564	0.4
Total	43,382	100.0	51,596	100.0	86,548	100.0	116,020	100.9	140,880	107.6
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	100.0	51,596	100.0	86,548	100.0	114,982	100.0	130,947	100.0

Notes:-

[^] Projects include Products that were used in the execution of our Projects.

^{*} Products comprise proprietary Products and Third Party Products & Value Added Services (not for use in our Projects).

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11. FINANCIAL INFORMATION (Cont'd)**(iv) Detailed breakdown of Products revenue by proprietary Products and Third Party Products & Value Added Services**

Products	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proprietary Products	9,309	42.7	7,618	60.3	5,161	47.4	12,648	68.0	8,740	64.3
Third Party Products & Value Added Services	12,490	57.3	5,014	39.7	5,725	52.6	5,956	32.0	2,844	36.4
Total	21,799	100.0	12,632	100.0	10,886	100.0	18,604	100.0	11,584	100.7
Consolidation adjustment	-	-	-	-	-	-	-	-	(91)	(0.7)
	21,799	100.0	12,632	100.0	10,886	100.0	18,604	100.0	11,493	100.0

(v) Analysis of revenue by geographical location:-

Country	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	43,204	99.6	37,462	72.6	47,808	55.2	56,393	49.1	31,339	23.9
Cambodia	-	-	-	-	-	-	31,955	27.8	84,799	64.8
Sri Lanka	-	-	-	-	-	-	4,875	4.2	18,199	13.9
Ghana	-	-	-	-	-	-	15,090	13.1	2,599	2.0
PNG	-	-	-	-	20,229	23.4	3,819	3.3	-	-
Brunei	178	0.4	14,134	27.4	18,299	21.1	3,888	3.4	3,944	3.0
Tanzania	-	-	-	-	212	0.3	-	-	-	-
Total	43,382	100.0	51,596	100.0	86,548	100.0	116,020	100.9	140,880	107.6
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	100.0	51,596	100.0	86,548	100.0	114,982	100.0	130,947	100.0

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

Company	FYE 31 December									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
PSB	7,386	99.6	8,144	100.0	11,682	100.0	22,727	92.2	25,470	95.9
Xcell	31	0.4	-	-	-	-	-	-	23	0.1
Fomix	-	-	-	-	-	-	-	-	-	-
TPJV	-	-	-	-	-	-	1,927	7.8	1,001	3.8
PBSB	-	-	-	-	-	-	-	-	70	0.2
Total	7,417	100.0	8,144	100.0	11,682	100.0	24,654	100.0	26,564	100.0

Notes:-

- a. In accordance with paragraph 40 of FRS 131 Interests in Joint Ventures and paragraph 29 of FRS 128 Investments in Associates, our Group has discontinued recognising the share of losses in excess of our investment in our jointly-controlled entity namely, TPSB. Kindly refer to Section 7.7 of the Accountants' Report set out in Section 12 of this Prospectus for the historical performance of TPSB.
- b. There is no contribution from PSSB and PTL as they are newly incorporated subsidiary companies in 2012.

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

Activities ^	FYE 31 December									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects	2,103	28.4	4,288	52.7	7,915	67.8	18,127	73.5	24,228	91.2
Products	5,314	71.6	3,856	47.3	3,767	32.2	6,527	26.5	2,336	8.8
Total	7,417	100.0	8,144	100.0	11,682	100.0	24,654	100.0	26,564	100.0

Note:-

- ^ Gross profit for investment holding activity is not applicable.

(viii) Analysis of gross profit margin by core activities:-

Activities ^	FYE 31 December				
	2007	2008	2009	2010	2011
	%	%	%	%	%
Projects	9.7	11.0	10.5	18.8	20.3
Products	24.4	30.5	34.6	35.1	20.3
Group	17.1	15.8	13.5	21.4	20.3

Note:-

- ^ Gross profit for investment holding activity is not applicable.

11. FINANCIAL INFORMATION (Cont'd)**(b) Financial Commentaries*****FYE 31 December 2007***

For the financial year under review, our Group recorded revenue of RM43.382 million. Based on the analysis of revenue by core activities, our Projects and Products accounted for RM21.583 million and RM21.799 million, representing 49.8% and 50.2% of our total revenue respectively.

During the financial year, we shifted our Group's marketing focus from the domestic market to the regional market in order to expand our reach. As our growth depends on electricity demand, access to other markets allows us to minimise the risk of dependency on any specific economy. Recognising this situation and as part of our strategic plan to achieve sustainable growth, as well as with the support of comfortable secured order books in hand for our Products, we looked into expanding our presence in the regional markets. With our established position in the Malaysian market, we believe that it was timely for us to focus on our business expansion in the international markets using Malaysia as the platform, particularly in the emerging and developing economies, to tap into the growth potential of these countries. We began to venture overseas into the region focusing on Brunei, Sri Lanka and PNG due to the familiarity in business practices and similarity in culture. We channelled more sales and marketing resources towards securing overseas projects. As such, during the financial year, we participated in bid tenders from countries like Brunei, Sri Lanka, Cambodia and PNG. Our Group's effort paid off when we successfully penetrated a new market in the region with our first overseas contract for the supply of our Products to Brunei, worth RM1.799 million in October 2007 to be delivered in the FYE 31 December 2008.

During the financial year, we were awarded a new project by TNB at Ampang and a private project at Seberang Prai worth RM7.249 million and RM2.074 million respectively to be implemented in the FYE 31 December 2008. In March 2007, we also managed to procure and began the implementation of another new project at Kuala Selangor worth RM11.459 million.

A substantial portion of our Projects billings for the FYE 31 December 2007 included flow over from projects implemented and procured in the previous financial year, namely Muar, Cameron Highlands, Northern & Southern Region and Sabah projects amounting to RM20.885 million representing 96.8% out of total Projects revenue of RM21.583 million.

During the financial year, our Products revenue was contributed by proprietary Products and Third Party Products & Value Added Services of RM9.309 million and RM12.490 million respectively, representing 42.7% and 57.3% of our total Products revenue for the financial year. Our sales of Products in the current financial year consists of supply of products to projects belonging to Siemens AG, a Japanese company and a Sarawak private company for RM11.000 million which contributed 50.5% of the total revenue of RM21.799 million from this segment. The local and foreign Product billings contributed 49.8% and 0.4% respectively to our total Products revenue of 50.2% in the current financial year.

Our Group recorded gross profit of RM7.417 million representing a gross profit margin of 17.1%. For the Products segment, we achieved gross profit margin of 24.4% whilst the Projects segment recorded a gross profit margin of 9.7%. In this financial year, there was a higher proportion of contribution from sale of our Products which carried better gross profit margins as compared to Project segment.

During the financial year, we achieved PBT and PAT of RM3.338 million and RM2.360 million respectively, with a PBT margin and PAT margin of 7.7% and 5.4% respectively for the year.

11. FINANCIAL INFORMATION (Cont'd)

FYE 31 December 2008

We achieved a major breakthrough for our forays into the overseas markets when we procured two (2) sizeable contracts from Brunei and PNG via our JVs in the FYE 31 December 2008.

For the financial year under review, our revenue increased by RM8.214 million or 18.9% from RM43.382 million in the FYE 31 December 2007 to RM51.596 million in the FYE 31 December 2008. The increase in revenue was partly a result of the successful procurement of an overseas project from Brunei with a total project value of RM24.947 million for the design and construction of 66kV outdoor switchyard at Brunei's LPS, and 66kV underground cable links from LPS to the proposed BMC 66kV electrical substation, via a JV between SLCC of Brunei and us which was awarded by the BMC in Brunei to be completed within two (2) years. We billed a total of RM10.993 million of the total project value in the current financial year.

We also successfully procured a project from PPL in PNG via our JV for the design, manufacture, supply, construction, installation and commissioning of the Erap 132kV Grid Substation in PNG for the Erap – Hidden Valley Gold Mine Electrification Project worth RM22.612 million of which the project billings were only invoiced in the subsequent financial years.

The Projects billings for both local and overseas were RM26.497 million and RM12.467 million respectively representing 51.3% and 24.2% of our total revenue respectively. Projects revenue recorded in the current financial year for local Projects increased by RM4.914 million or 22.8% compared to the previous financial year.

During the financial year, having established ourselves as a key player in the industry, we continued to leverage on our track record and experience in implementing local projects and successfully procured four (4) new local Projects worth a total of RM55.663 million to be completed over a period of two (2) to three (3) years. One (1) of the new Projects were awarded by TNB at Banting, whilst the remaining three (3) were private Projects located at Klang, Tawau & Sandakan and Johor. The billings of Johor Project were only invoiced in the subsequent financial years whilst the billings from Banting, Klang and Tawau & Sandakan Projects contributed a total of RM5.592 million or 21.1% of our total local Projects revenue of RM26.497 million during the financial year. The remaining revenue of RM20.905 million comprise flow over from previous year Projects, where a substantial amount of RM19.042 million was from the Kuala Selangor, Seberang Prai and Ampang projects obtained in the FYE 31 December 2007 representing 71.9% of our local Projects revenue.

During the financial year, most of our Products manufactured were consumed internally and used in our Projects instead of being sold to third parties. Proprietary products and Third Party Products & Value Added Services recorded RM7.618 million and RM5.014 million, representing 60.3% and 39.7% of our total Products revenue respectively. We focused and channelled our resources towards the implementation of the substantial contracts in hand especially for our overseas Projects and as such, we were selective in the sale of Products and priced our Products with decent margins ("**Selective Strategy for Products**"). As such, revenue from Products decreased by RM9.167 million or 42.1% to RM12.632 million as compared to RM21.799 million in the FYE 31 December 2007. The local and foreign Product billings contributed 21.3% and 3.2% respectively to our total revenue.

Our Group's gross profit increased from RM7.417 million in the FYE 31 December 2007 to RM8.144 million in the FYE 31 December 2008 representing an increase of RM0.727 million or 9.8% due to the increase in revenue. However, gross profit margin decreased from 17.1% to 15.8% in the current financial year due to the following:-

11. FINANCIAL INFORMATION (Cont'd)

- (i) lower gross profit margin derived from our Projects in Brunei arising from underestimation of civil construction costs for the Project as a result of the learning curve effect for this maiden overseas project; and
- (ii) the increase in the proportion of contribution from the sale of our Projects to 75.5% of total revenue (from 49.8% in the previous FYE 31 December 2007) which carried lower gross profit margin as compared to Products segment which recorded a decrease in revenue.

Based on segmental analysis, we recorded gross profit margin of 30.5% in the Products segment as compared to 24.4% in the previous financial year. The increase in gross profit margin was due to the abovementioned Selective Strategy for Products as we continued our focus on Projects segment. As for the Projects segment, our gross profit margins increased from 9.7% in the previous financial year to 11.0% in the FYE 31 December 2008 due mainly to higher margins recorded for certain local Projects notwithstanding the additional civil construction costs arising from the Brunei project as mentioned above.

Our Group's PBT for the FYE 31 December 2008 was RM4.137 million as compared to RM3.338 million in the FYE 31 December 2007, representing an increase of RM0.799 million or 23.9%. The increase in PBT was mainly due to higher revenue recorded in the FYE 31 December 2008 as compared to the FYE 31 December 2007. In line with the increase in PBT, our Group's PAT also increased to RM3.263 million in the FYE 31 December 2008 from RM2.360 million in the FYE 31 December 2007 which represents an increase of RM0.903 million or 38.3%.

FYE 31 December 2009

For the financial year under review, we registered revenue of RM86.548 million, representing an increase of RM34.952 million or 67.7% as compared to RM51.596 million in the FYE 31 December 2008. The significant increase was mainly due to the increase in Projects billings both locally and overseas. For local project billings, revenue increased by RM14.194 million to RM40.691 million representing 53.6% increase whilst foreign project billings increased by RM22.504 million to RM34.971 million representing 180.5% increase as compared to the previous financial year.

During the financial year, we procured a foreign project from Sri Lanka's electricity board, namely Ceylon Electricity Board amounting to RM26.538 million. Furthermore, we via our JVs were also awarded two (2) local projects from TNB at Kepong 2 and Taiping amounting to RM38.577 million and RM7.696 million respectively. The billings for Sri Lanka and Taiping projects only commenced in the subsequent financial years whilst we began the implementation of Kepong 2 project in the current financial year. Substantial Project revenue was contributed by the flow over of Projects from previous financial years namely from Brunei, PNG, Banting and Tawau & Sandakan projects amounting to RM70.697 million or 93.4% of our total Projects revenue as major milestones were completed this financial year.

Similar to the FYE 31 December 2008, our Products were mainly consumed internally and used in our Group's projects during the financial year. We recorded a slight decrease in Products billings of 13.8% from RM12.632 million in the FYE 31 December 2008 to RM10.886 million in the FYE 31 December 2009. The local and foreign Product billings contributed 8.2% and 4.4% respectively to our total revenue. In addition, we recorded revenue from proprietary Products and Third Party Products & Value Added Services of RM5.161 million and RM5.725 million, representing 47.4% and 52.6% of the total Products revenue respectively. We also procured a significant order from a local customer to supply our Products amounting to RM6.54 million targeted to be delivered in the next financial year.

Our Group's gross profit increased from RM8.144 million in the FYE December 2008 to RM11.682 million in the FYE 31 December 2009 representing an increase of RM3.538

11. FINANCIAL INFORMATION (Cont'd)

million or 43.4% which was in line with the increase in revenue recorded. We recorded a gross profit margin of 13.5%, a decrease as compared to 15.8% in the FYE 31 December 2008. This was due to the following:-

- (i) the increase in our overall factory overhead as a result of the increase in revenue especially arising from the implementation of more Projects. This has in turn increased costs relating to Projects such as duty and sales tax, freight charges, insurance premium for projects and marine transportation and professional fees during the financial year; and
- (ii) the increase in the proportion of contribution from the sale of Projects to 87.4% of total revenue (from 75.5% in the previous FYE 31 December 2008) which carried lower gross profit margin as compared to Products segment.

Based on segmental analysis, we recorded gross profit margin of 34.6% in the Products segment which was higher than 30.5% achieved in the previous financial year due to our Selective Strategy for Products as we continued our focus on Projects segment. As for the Projects segment, our gross profit margins decreased slightly from 11.0% in the previous financial year to 10.5% in the FYE 31 December 2009 mainly due to the underestimation of civil construction costs for the Project in Brunei as mentioned in the FYE 31 December 2008.

Our Group's PBT for the FYE 31 December 2009 was RM5.214 million, an increase of RM1.077 million or 26.0% from RM4.137 million for the FYE 31 December 2008. The increase in PBT was mainly contributed by higher revenue recorded. Our Group's PAT increased by RM0.319 million or 9.8% to RM3.582 million from RM3.263 million recorded in the previous financial year despite the substantial increase in revenue due to higher taxation.

FYE 31 December 2010

For the financial year under review, we achieved a record high in our Group's revenue and profits with the contributions of two (2) new overseas projects in Cambodia and Ghana.

For the FYE 31 December 2010, our revenue significantly increased by RM28.434 million or 32.9% to RM114.982 million as compared to RM86.548 million in the FYE 31 December 2009. This was primarily due to the procurement and implementation of major overseas Projects and the increase in Products billings.

In respect of our revenue, our Projects billings increased by RM21.190 million or 28.0%. The local and foreign Projects billings amounted to RM40.294 million and RM56.558 million respectively. Local Project billings remained relatively stagnant whilst the billings from foreign Projects contributed a major portion with a substantial increase of RM21.587 million or 61.7% compared to previous financial year of RM34.971 million.

Having successfully executed the Projects in the abovementioned overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more overseas projects for our Group moving forward. During the financial year, we successfully procured the following two (2) major foreign Projects from Cambodia and Ghana:-

- (i) The Cambodia project involves the establishment of substations and a transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia by Cambodian Transmission Limited to be completed by 2013. During the financial year, this Project contributed RM31.955 million to our revenue; and
- (ii) As for the Ghana project, we are responsible for the design, supply, erect, test and commission of a 161kV single busbar substation at Ayanfuri to be

11. FINANCIAL INFORMATION (Cont'd)

completed in 2011. During the financial year, this Project contributed RM15.090 million to our revenue.

In addition, our Group also procured two (2) local projects from TNB at Georgetown and Muar (Extension) with a project value of RM6.988 million and RM3.360 million respectively. The billings of the new projects procured during the financial year contributed RM49.125 million or 50.7% of our total Projects revenue. The remaining billings of RM47.727 million comprise flow over from previous year projects, where a substantial amount of RM46.715 million was from the Kepong 2, Taiping, PNG, Sri Lanka and Banting projects.

Our Products billings significantly increased by RM7.718 million or 70.9% from RM10.886 million in the FYE 31 December 2009 to RM18.604 million in the FYE 31 December 2010. This was mainly due to the orders obtained for the supply of Products procured in the FYE 31 December 2009 which were supplied in the FYE 31 December 2010 as well as billings of Products for orders obtained during the financial year. The local and foreign product billings contributed 13.5% and 2.7% respectively to our total revenue. Furthermore, proprietary Products and Third Party Products & Value Added Services contributed RM12.648 million and RM5.956 million, representing 68.0% and 32.0% of our total Products revenue for the financial year.

The abovementioned increase in revenue coupled with our improved operating efficiencies had contributed to the increase in our profits. Our Group's gross profit increased from RM11.682 million in the FYE December 2009 to RM24.654 million in the FYE 31 December 2010 representing an increase of RM12.972 million or 111.0%. Our Group recorded a PBT of RM15.455 million in the FYE 31 December 2010, representing an increase of RM10.241 million or 196.4% as compared to previous financial year of RM5.214 million. Our PAT also increased by RM7.910 million or 220.8% to RM11.492 million in the FYE 31 December 2010 compared to RM3.582 million in the previous financial year.

In addition, our Group also registered an increase in gross profit margin from 13.5% in the FYE 31 December 2009 to 21.4% in the FYE 31 December 2010. The increase was mainly attributable to the following:-

- (i) higher margins gained by our Group in our overseas Projects in Cambodia, Ghana, PNG and Sri Lanka arising from better pricing which represented a substantial portion of our revenue. In the FYE 31 December 2010, we had extended our engineering responsibility for overseas Projects to include civil engineering for optimisation of design for both civil and electrical portions of the Project, as compared to the previous years where such civil portion was undertaken by our JV partners. This had contributed to the increase in gross profit margins for Projects from 10.5% in the previous financial year to 18.8% in the FYE 31 December 2010; and
- (ii) increase in our Product sales to 16.2% of total revenue (from 12.6% in the previous FYE 31 December 2009) which carried higher gross profit margins as compared to Projects segment. We recorded a slight increase in gross profit margin to 35.1% in the Products segment from 34.6% achieved in the previous financial year. Our strategy in the financial year remained the same as the previous years with Selective Strategy for Products as undertaking Projects would create a higher value for our Group.

11. FINANCIAL INFORMATION (Cont'd)***FYE 31 December 2011***

For the financial year under review, our Group registered another record high in revenue and profits mainly due to contributions from our existing Projects in Cambodia and Sri Lanka.

For the FYE 31 December 2011, we recorded a revenue of RM130.947 million representing an increase of RM15.965 million or 13.9% as compared to RM114.982 million in the FYE 31 December 2010. The significant increase in our revenue was primarily due to billings from the implementation of our major overseas Projects during the financial year.

During the financial year, our Projects billings have significantly increased from RM96.852 million in the previous financial year to RM128.732 million, representing an increase of RM31.880 million or 32.9%. The total local and overseas Projects billings amounted to RM23.135 million and RM105.597 million respectively for the financial year. Our local Projects billings decreased by RM17.159 million or 42.6% as compared to FYE 31 December 2010, whilst our overseas Projects billings contributed a substantial increase of RM49.039 million or 86.7% as compared to previous financial year of RM56.558 million. This was in line with our Group's focus to expand our reach to the overseas markets.

The substantial increase in our overseas Projects' revenue was mainly due to implementation and commissioning of our two (2) major overseas Projects in Cambodia and Sri Lanka which our Group has procured in the previous financial years. Our Projects in Cambodia and Sri Lanka have contributed RM84.799 million and RM18.199 million representing 64.8% and 13.9% of the total overseas Project billings respectively during the financial year. In addition, our overseas Projects billings from Ghana which was procured in 2010, recorded RM2.599 million or 2.0% of our total overseas Project billings for the financial year.

The billings from our local Projects were mainly flow over from Projects procured in previous financial years, with substantial contributions from Projects in Kepong 2, Georgetown and Muar amounting to RM18.548 million, representing 88.2% of our local Projects billings for the financial year. In the FYE 31 December 2011, our Group also managed to procure a new project in Gua Musang worth RM20.482 million to be implemented in FYE 31 December 2012.

For our Products billings, our Group recorded a decrease of RM7.020 million or 37.7% from RM18.604 million in the FYE 31 December 2010 to RM11.584 million in the FYE 31 December 2011. The decrease was due to a substantial portion of our Products being consumed internally and used in our Projects during the financial year instead of being sold as finished products to third parties. Our local and foreign Products billings contributed RM7.640 million and RM3.944 million or 5.8% and 3.0% of our total revenue respectively. In addition, we recorded revenue from proprietary Products and Third Party Products & Value Added Services of RM8.740 million and RM4.955 million, representing 63.8% and 36.2% of our total Products revenue respectively for the financial year.

Our Group's gross profit increased from RM24.654 million in the FYE 31 December 2010 to RM26.564 million in the FYE 31 December 2011, representing an increase of RM1.910 million or 7.7% which was in line with the increase in our total revenue. However, our Group recorded a decrease of 1.1% in gross profit margin from 21.4% in the FYE 31 December 2010 to 20.3% for the FYE 31 December 2011.

The decrease in the gross profit margin for Products segment from 35.1% in the previous financial year to 20.3% in the FYE 31 December 2011 was mainly attributable to:-

- (i) lower economies of scale due to a decrease in the volume of Products manufactured; and

11. FINANCIAL INFORMATION (Cont'd)

- (ii) the general price increase of raw material used in the manufacturing of our Products.

Our Group recorded a PBT of RM16.683 million in the FYE 31 December 2011, representing an increase of RM1.228 million or 7.9% from previous financial year, in line with higher revenue recorded during the financial year. Similarly, our Group's PAT in the current financial year also increased by RM0.509 million to RM12.001 million as compared to FYE 31 December 2010.

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

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

Cost of Sales

The components of our costs of sales are direct materials, direct labour and factory overhead. A breakdown of the components of our cost of sales for the past five (5) FYE 31 December 2007 to 2011 are as follows:-

Components	← FYE 31 December →									
	2007		2008		2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Projects:-										
Direct materials	18,435	51.3	30,439	70.1	58,711	78.4	68,710	76.1	93,398	89.5
Direct labour	459	1.3	1,450	3.3	2,626	3.5	3,737	4.1	4,974	4.7
Factory overhead	586	1.6	2,787	6.4	6,410	8.6	6,287	7.0	5,637	5.4
	19,480	54.2	34,676	79.8	67,747	90.5	78,734	87.2	104,009	99.6
Products:-										
Direct materials	15,429	42.9	7,402	17.0	5,819	7.8	10,141	11.2	8,227	7.9
Direct labour	465	1.3	470	1.1	378	0.5	722	0.8	479	0.5
Factory overhead	591	1.6	904	2.1	922	1.2	1,214	1.3	542	0.5
	16,485	45.8	8,776	20.2	7,119	9.5	12,077	13.3	9,248	8.9
Total	35,965	100.0	43,452	100.0	74,866	100.0	90,811	100.5	113,257	108.5
Consolidation adjustment	-	-	-	-	-	-	(483)	(0.5)	(8,874)	(8.5)
Total	35,965	100.0	43,452	100.0	74,866	100.0	90,328	100.0	104,383	100.0

Direct material

Our direct material cost represents the largest components of our cost of sales which primarily consists of equipment such as transformers, cables, circuit breaker, steel structures, surge arrestors, relays, earthing materials, RTU, NER and CRP. The civil engineering work consists of services performed such as foundation, civil engineering, design consultancy, erection, testing and commissioning of project. Our Group's direct material contributed 94.2%, 87.1%, 86.2%, 87.3% and 97.4% of our total cost of sales for the FYE 31 December 2007 to 2011 respectively.

The trend movement in the direct material was in line with the movement of our total revenue for the financial years under review where an increase in our revenue would result in an increase in our direct material and vice versa.

Direct labour

Our Group's direct labour primarily comprises salary and staff-related expenses for our staff that are directly involved in the projects and manufacturing and sales of products.

11. FINANCIAL INFORMATION (Cont'd)

The total direct labour costs constituted approximately 2.6%, 4.4%, 4.0%, 4.9% and 5.2% of the total cost of sales for the FYE 31 December 2007 to 2011 respectively.

Factory overhead

Our factory overhead mainly comprises the following:-

- (i) Direct project expenses;
- (ii) Duty and sales tax;
- (iii) Freight charges; and
- (iv) Insurance premium for projects and marine transportation.

Factory overhead constituted RM1.177 million, RM3.691 million, RM7.332 million, RM7.501 million and RM6.179 million of our total cost of sales for the FYE 31 December 2007 to 2011 respectively.

The significant increase in factory overhead for the FYE 31 December 2009 and the FYE 31 December 2010 was mainly due to higher duty and sales tax, freight charges, insurance premium for projects and marine transportation and professional fees attributed to our Projects during the said financial years mainly arising from the implementation of more Projects during the aforementioned financial years.

Notwithstanding the increase in our revenue for the FYE 31 December 2011, our total factory overhead decreased by RM1.322 million or 17.6% to RM6.179 million from RM7.501 million in the previous financial year mainly due to the following:-

- (i) Lower insurance premium for marine transportation as certain insurance requirement were borne by the suppliers;
- (ii) Lower duty and sales tax arising from lower revenue recorded from our local Projects during the financial year as compared to previous financial years; and
- (iii) Lower performance bond charges during the year.

Other Income

Our Group's other income were recorded at approximately RM0.069 million, RM1.431 million, RM0.278 million, RM0.296 million and RM1.852 million for the FYE 31 December 2007 to 2011 respectively. Our other income comprise mainly realised foreign exchange gain, unrealised foreign exchange gain and interest income on fixed deposit arising from the ordinary course of business.

The significant increase in our other income for the FYE 31 December 2008 was mainly attributable to realised foreign exchange gain on our foreign projects and interest income on fixed deposit. For the FYE 31 December 2011, our Group's other income increased significantly as compared to FYE 31 December 2010 mainly due to the following:-

- (i) Realised gain on foreign exchange of RM0.662 million;
- (ii) Unrealised gain on foreign exchange of RM0.355 million;
- (iii) Fixed deposit interest received of RM0.192 million; and
- (iv) Gain on disposal of fixed asset of RM0.250 million.

Administrative Expenses

Our Group's administrative expenses amounted to RM3.357 million, RM4.746 million, RM5.648 million, RM8.438 million and RM10.414 million for the FYE 31 December 2007 to 2011 respectively and mainly comprise depreciation of PPE, realised loss on foreign exchange, travelling and accommodation expenses, and salary and other staff related expenses.

11. FINANCIAL INFORMATION (Cont'd)*(i) Salary and staff related expenses*

Salary and staff related expenses amounted to approximately RM1.37 million, RM1.75 million, RM3.04 million, RM3.07 million and RM4.94 million for the FYE 31 December 2007 to 2011 respectively. The continuous increase in salary and staff related expenses from the FYE 31 December 2007 to the FYE 31 December 2011 were mainly due to additional recruitment of employees to cater for the increase in our Group's business activities locally and overseas as well as increase in employees' remuneration.

(ii) Realised loss on foreign exchange

Our Group's realised loss on foreign exchange amounted to approximately RM1.41 million and RM1.31 million of our total administrative expenses for the FYE 31 December 2009 and 2010 respectively. The realised loss on foreign exchange was due to conversion loss of USD and EURO on the purchase of raw components and sales generated from overseas projects and products arising from the strengthening of RM against the USD and EURO. However, for the FYE 31 December 2011, our Group recorded a realised gain on foreign exchange of RM0.66 million arising from the strengthening of USD and EURO against RM which was recognised under our Group's other income as mentioned above.

(iii) Depreciation of PPE

Depreciation of PPE amounted to approximately RM0.32 million, RM0.32 million, RM0.39 million, RM0.55 million and RM0.83 million for the FYE 31 December 2007 to 2011. The gradual increase in depreciation of PPE for the financial years under review was in line with the capital expenditure incurred during the aforesaid financial years. The increase in the depreciation of PPE in the FYE 31 December 2010 was due to commencement of depreciation of our new corporate office comprising our present factory and office building which was completed towards the end of the FYE 31 December 2009. Accordingly, we incurred further capital expenditure in the FYE 31 December 2010 for office equipment, tools and equipment as well as to accommodate our Group's business expansions which contributed to the increase in the depreciation of PPE for the FYE 31 December 2010. In the FYE 31 December 2011, the increase in depreciation was due to additions in our Group's motor vehicles and tools and equipment during the financial year. Our capital expenditure for the past three (3) FYE 31 December 2011 is disclosed in Section 5.6 of this Prospectus.

(iv) Travelling and accommodation expenses

We incurred travelling and accommodation expenses of RM0.29 million, RM0.30 million, RM0.16 million, RM0.34 million and RM0.52 million for the FYE 31 December 2007 to 2011 respectively. These expenses primarily comprise, amongst others, travelling expenses to project sites or overseas assignments and accommodation for staff assigned to overseas projects.

Apart from the major components above, the increase in our administrative expenses was also due to increase in various other items such as professional fees, withholding tax, insurance premium, upkeep of premises and entertainment expenses.

Finance Costs

Our Group's finance costs were mainly attributable to the interest expenses and bank charges arising from the utilisation of our financing facilities such as term loan, bank overdraft, trust receipt, letter of credit, bankers' acceptance, bank guarantee and finance lease interest from approved financial institutions. The utilisation of our bank borrowings were for the purchase of our raw components such as transformers, relays and switchgears for our projects.

11. FINANCIAL INFORMATION (Cont'd)

Taxation

The Malaysian statutory tax rates applicable to the FYE 31 December 2007 and 2008 were 27% and 26% respectively whilst FYE 31 December 2009 to 2011 was 25%.

For the FYE 31 December 2008, our Group recorded a lower effective tax rate as compared to the statutory tax rate due to non-assessable foreign income.

For the FYE 31 December 2007 and 2010, our Group's effective tax rates were higher than the statutory tax rates mainly due to effect of expenses not deductible for tax purposes and deferred tax liabilities. For the FYE 31 December 2009 and 2011, our effective tax rate of 31.3% and 28.1% respectively were significantly higher than the statutory tax rate mainly due to effect of higher expenses not deductible for tax purposes.

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

Based on the segmental information of our total revenue by geographical area disclosed in Section 11.4.1(a) of this Prospectus, our Group's revenue contribution from overseas markets (after taking into consideration consolidation adjustment) to total revenue increased for the past five (5) financial years under review from 0.4% in the FYE 31 December 2007 to 76.5% in the FYE 31 December 2011. Our overseas sales transactions were mainly conducted in the currencies of USD and EURO. In addition, we also sourced key components such as transformers, relay panels, cables and circuit breakers from overseas suppliers, which were mostly denominated in USD, EURO or Japanese Yen.

Starting from 2011, we do, from time to time, enter into currency forward hedging for certain transactions against any fluctuation in the foreign exchange. We maintain foreign currency bank accounts to handle foreign currency transactions i.e. EURO and USD. Some of our foreign currency earnings are maintained in the respective foreign currency accounts, which are later used to make payments in the respective foreign currencies. This approach reduces the cost of currency conversions, and forms a natural hedge to protect our Company against being materially affected by any unfavourable foreign currency movements. As at 31 December 2011, our Group has hedged approximately RM8.825 million representing 80.0% of our foreign currency denominated trade receivables using foreign currency forward contract. In addition, we also leverage on the natural hedge through the matching of our sales and purchases which are mostly denominated in EURO and USD. For the FYE 31 December 2011, our total foreign currency bank borrowings amounted to RM6.864 million of which RM5.578 million is denominated in USD.

Our Directors will continue to constantly monitor our Group's foreign currency exposure and may hedge our material foreign exchange transactions after considering the foreign currency amount, exposure period and transaction costs. Notwithstanding the above, there is no assurance that such aforementioned hedging would totally or significantly mitigate the risk that arises from foreign currency fluctuation which may have material adverse impact on our financial condition or operating results.

In the FYE 31 December 2009 and 2010, our Group incurred realised foreign exchange loss of RM1.41 million and RM1.31 million respectively, whilst for the FYE 31 December 2011, our Group recorded a realised foreign exchange gain of RM0.662 million. Save for FYE 31 December 2009 and 2010, our Group has not experienced any material adverse effect on our financial condition or operating results arising from foreign currency fluctuations.

For further details on our exposure to foreign exchange risk, please refer to Section 4.1.2 of this Prospectus. In addition, please refer to the above commentaries on Administrative

11. FINANCIAL INFORMATION (Cont'd)

Expenses for further information on our Group's realised loss on foreign exchange for the relevant financial years under review.

Interest Rates

As at 31 December 2011, our Group's total bank borrowings amounted to RM18.006 million comprising term loans, bank overdrafts, trust receipts and finance lease at the effective interest rates ranging from 2.71% to 8.35% per annum. Although our Group intends to utilise approximately RM6.000 million from the proceeds of the Public Issue for the repayment of outstanding bank borrowings, we may still incur additional bank borrowings in the future to facilitate our working capital and future projects.

Our Group's interest rate management objective is to manage the interest rate expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuations. To achieve such objective, our Group targets a mixture of floating and fix debts based on assessment of our existing exposure and desired interest rate profile.

There is no material impact of the fluctuations of interest rate on our historical profits for the past five (5) FYE 31 December 2007 to 2011.

Inflation

There was no material impact of inflation on our Group's financial results for the past five (5) FYE 31 December 2007 to 2011.

(d) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past five (5) FYE 31 December 2007 to 2011.

(e) Government / Economic / Fiscal / Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in Section 4 of this Prospectus. Save as disclosed in Section 4, Section 6 and Section 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past five (5) FYE 31 December 2007 to 2011.

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11. FINANCIAL INFORMATION (Cont'd)**11.4.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external source of funds. Our Group's internal source of funds comprise cash generated from our operating activities and cash and bank balances, while external source of funds comprise mainly bank borrowings from financial institutions. The interest rates for our floating rate bank loans are based on the prevailing base lending rate or cost of funds plus a margin agreed upon with our bankers. The principal use of these funds is for our Group's working capital purposes such as purchase of raw components for our projects, payment of trade payables and operating expenses.

The table below sets out the proforma consolidated statement of cash flows of our Group for the FYE 31 December 2011:-

	Proforma consolidated statement of cash flows for the FYE 31 December 2011 RM'000
Net cash from operating activities	500
Net cash used in investing activities	(4,723)
Net cash from financing activities	1,030
Effects of foreign exchange rate changes on cash and cash equivalents	122
Net decrease in cash and cash equivalents	(3,071)
Cash and cash equivalents at beginning of year	4,306
Cash and cash equivalents at end of year	1,235
Represented by:-	
Cash and bank balances	15,738
Fixed deposits with financial institutions	11,153
Less: Bank overdrafts	(5,124)
Less: Amount pledged to financial institutions	(20,532)
	1,235

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company.

11. FINANCIAL INFORMATION (Cont'd)**Net cash from operating activities**

For the FYE 31 December 2011, the amount generated from operations before working capital changes were approximately RM17.996 million. After accounting for items such as below, our net cash generated from operating activities was approximately RM0.500 million:-

- (i) a decrease in payables (i.e. higher repayment) of approximately RM20.231 million;
- (ii) a decrease in receivables (i.e. lower collection) and amount due to contract customers of approximately RM11.309 million and RM0.967 million respectively;
- (iii) interest and tax paid of approximately RM1.139 million and RM5.930 million respectively; and
- (iv) an increase in inventories of approximately RM4.333 million.

Net cash used in investing activities

For the FYE 31 December 2011, our Group recorded net cash used in investing activities of approximately RM4.723 million. The net cash used in investing activities was mainly due to net movement of fixed deposit pledged to banks and payment of our listing expenses of approximately RM2.665 million and RM1.150 million respectively as well as capital expenditure incurred for the purchase of property, plant and equipment of approximately RM0.902 million during the financial year.

Net cash from financing activities

For the FYE 31 December 2011, our Group registered net cash used in financing activities of approximately RM1.030 million comprising mainly net repayment of our bank borrowings, drawdown of borrowings and bank balances pledged to financial institutions amounting to RM46.173 million, RM52.527 million and RM4.730 million respectively.

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

11.4.3 Borrowings and financial instruments

As at 31 December 2011, our total outstanding bank borrowings consist of term loans, bank overdrafts, trust receipts, bankers' acceptances and finance lease which amounted to approximately RM18.006 million.

Our total borrowings, all of which interest-bearing can be analysed further as follows:-

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Bank borrowings (secured):-			
- Term loan	298	2,405	2,703
- Bank overdrafts	5,124	-	5,124
- Trust receipts and bankers' acceptances	9,936	-	9,936
Finance lease liabilities	55	188	243
Total	15,413	2,593	18,006
Gearing ratio as at 31 December 2011 (times)			0.46

11. FINANCIAL INFORMATION (Cont'd)

For the FYE 31 December 2011, our foreign currency bank borrowings are as follows:-

Currency	RM'000
USD	5,578
Euro	559
Swiss Franc	562
Singapore Dollar	137
British Pound	28
Total	6,864

Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at 31 December 2011, a total of RM15.413 million of our borrowings are to be repaid within 12 months whilst the remaining RM2.593 million is to be repaid after 12 months.

Our Group intends to utilise approximately RM6.000 million from the proceeds of Public Issue for the repayment of our bank borrowings. Hence, this will reduce our Group's gearing ratio.

Our Group has not defaulted on payments of either interest and/or principal sum in respect of any bank borrowings throughout the past one (1) financial year and up to the LPD. As at 31 December 2011, our Group has hedged approximately RM8.825 million representing 80.0% of our foreign currency denominated trade receivables using foreign currency forward contract.

11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan

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

11.4.5 Material Commitment

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

11.4.6 Contingent Liabilities

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

11. FINANCIAL INFORMATION (Cont'd)

11.4.7 Trend Information

(a) Business and financial prospects

In respect of the FYE 31 December 2012 and 2013, our Directors have observed the following trends based on the revenue and operations of our Group based on our track records for the past financial years under review:-

- (i) We recorded significant growth in revenue for the past four (4) FYE 31 December 2011. Going forward, we believe that we are in a position to sustain and grow our revenue in view of, inter-alia, the following:-
- Promising industry prospects for system design, engineering and infrastructure in the power transmission and distribution industry of the countries in which we operate as set out in Section 6 of this Prospectus. It is important to note that electricity is the foundation for modernisation and the industry is expected to continue growing concurrent to the continuous modernisation of the region which we are operating in. This is especially prevalent in the developing countries where there is a demand to develop, improve and build up the electricity transmission and distribution assets towards modernisation of the country.
 - As at the LPD, our outstanding secured contracts in hand amounted to RM82.203 million. Subsequent to the LPD, we received two (2) letters of award amounting to a total of RM105.729 million via JV arrangements.
 - Our continuous sales and marketing efforts to secure new projects and orders in line with our Group's future plan to expand our presence to other developing countries where there is a demand for the development, improvement and build up of electricity transmission and distribution assets.

Having successfully executed various Projects in the overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more projects for our Group moving forward. We will leverage on our competitive strengths to procure more jobs in the industry.

Nonetheless, we take cognisance of the challenges moving forward in respect of, amongst others, project risk, operation risks, foreign exchange risk as well as changes in economic, political and regulatory risk that we may encounter which could impact our Group's performance and operations. Notwithstanding the above, we believe that we are well positioned to diversify the above risks taking into consideration our increasing market reach which may render us less reliant on any particular country. In addition, we believe we are equipped with project experiences that have provided us with the relevant technical and execution know-how to undertake complex projects.

- (ii) Generally, our cost of materials for primary equipment which comprise a major portion of our direct materials are based on market prices not within our control. However, we believe that we are able to manage the cost of primary equipment with the availability of many alternative reliable suppliers where we can source the primary equipment at competitive price. In addition, we will continue to focus on the E&D and expansion of our secondary equipments product base. This will enable us to better control project margins as we will be able to manage a portion of the cost

11. FINANCIAL INFORMATION (Cont'd)

through the manufacturing and usage of our own secondary equipment Products in our Projects. Our Directors expect such trend to continue in the near future moving forward; and

- (iii) Our main components of administrative expenses include salary and staff related expenses, depreciation of PPE and travelling and accommodation expenses. Such expenses are generally expected to move in line with the growth of our business, as we increase our expenditure on recruitment of staff, increasing sales and marketing activities and penetrating new markets.

(b) Outstanding contracts

As at the LPD, we have procured outstanding contracts amounting to RM82.203 million. Subsequent to the LPD, we received two (2) letters of award amounting to RM105.729 million via JV arrangements. However, the contracts are subject to cancellation, deferral or re-scheduling by our customers. As such, our outstanding contracts as at any particular date may not be indicative of our Group's revenue for any succeeding period.

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

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

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

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11. FINANCIAL INFORMATION (Cont'd)**11.4.8 Other key financial ratios**

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

	←-----FYE 31 December-----→				
	2007	2008	2009	2010	2011
Trade receivables					
Revenue (RM'000)	43,382	51,596	86,548	114,982	130,947
Trade receivables (RM'000)	14,926	21,310	31,851	29,860	21,088
Less: Retention sum (RM'000)	(892)	(2,768)	(5,455)	(9,196)	(13,551)
Trade receivables (excluding retention sum) (RM'000)	14,034	18,542	26,396	20,664	7,537
Trade receivables (excluding retention sum) turnover period (months)	3.88	4.31	3.66	2.16	0.69
Trade payables					
Cost of sales (RM'000)	35,965	43,452	74,866	90,328	104,383
Trade payables (RM'000)	3,854	11,598	27,617	28,948	14,866
Less: Retention sum (RM'000)	-	-	-	(913)	(786)
Trade payables (excluding retention sum) (RM'000)	3,854	11,598	27,617	28,035	14,080
Trade payables turnover period (months)	1.29	3.20	4.43	3.72	1.62
Inventories					
Cost of sales (RM'000)	35,965	43,452	74,866	90,328	104,383
Closing inventories (RM'000)	5,133	7,789	11,216	13,150	17,483
Inventories turnover period (months)	1.71	2.15	1.80	1.75	2.01
Current ratio (times) ^ #	1.46	1.35	1.20	1.43	1.87
Gearing ratio (times) ^ * #	0.50	1.60	1.03	0.40	0.46

Notes:-

[^] The ratios are computed based on proforma consolidated financial information which has been prepared based on the audited financial statements of our subsidiaries and jointly-controlled entity for the FYE 31 December 2007 to 2011 using the bases, format and accounting principles consistent with those adopted in the financial statements of our Group, after giving effect to the proforma adjustments which are considered appropriate.

^{*} Borrowings include short-term and long-term bank borrowings and finance lease liabilities.

[#] For the purpose of better comparison and in view that the amount due to directors was eventually converted into share capital, a proforma adjustment has been made to capitalise the amount due to directors in that year as share capital for each year under review.

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

As at 31 December 2011, the trade receivables (excluding retention sum) of our Group amounted to RM7.537 million, the ageing of which can be analysed as follows:-

	Within credit period 1-60 days	Exceed credit period	Total
Trade receivables (excluding retention sum) (RM'000)	7,390	147	7,537
% of total trade receivables	98.0	2.0	100.0

Trade receivables are non-interest bearing and the normal credit term granted to regular customers ranges from 30 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case by case basis. In deciding whether credit shall be extended, our Group will take into consideration factors such as the relationship with our customer, its payment history and credit worthiness. Our Group subjects new customers to credit verification procedures. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually. In addition, debt monitoring procedures are performed in an on-going basis and as a result that our Group's exposure to bad debts is not significant.

Our Group's trade receivables turnover period increased from 3.88 months in the FYE 31 December 2007 to 4.31 months in the FYE 31 December 2008 mainly due to higher invoices issued towards the end of the financial year which increased total trade receivables. This was the result of certain milestones in our Projects which were completed towards the end of the relevant financial years. The billings with respect of the aforementioned milestones amounted to RM12.397 million.

For the FYE 31 December 2010, the trade receivables decreased by 21.7% from RM26.396 million in the FYE 31 December 2009 to RM20.664 million. This has also significantly improved our trade receivables turnover period from 3.66 months to 2.16 months in the FYE 31 December 2010 as compared to the FYE 31 December 2009. As at 31 December 2011, our Group's trade receivables decreased by RM13.127 million or 63.5% as compared to the FYE 31 December 2010 of RM20.664 million. The substantial decrease has resulted in an improved trade receivables turnover period from 2.16 months to 0.69 month for the current financial year due to higher revenue recorded from foreign Projects. The decreasing trend of our trade receivables turnover period for the FYE 31 December 2009 to 2011 was due mainly to higher revenue generated from foreign Projects over the financial years as most of our foreign Projects have specific payment and/or credit terms, e.g. payment through letter of credit.

Our Group seeks to maintain a strict control over our outstanding trade receivables and to monitor our debtors aging regularly. In addition, our outstanding balances of trade receivables are reviewed regularly by our management.

As at 31 December 2011, 98.0% of our trade receivables fall within the credit period granted whilst only 2.0% has exceeded the credit period granted. As at the LPD, 66.6% representing RM5.017 million of the trade receivables of RM7.537 million has been collected.

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

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

As at 31 December 2011, the trade payables (excluding retention sum) of our Group amounted to RM14.080 million the ageing of which can be analysed as follows:-

	←—Within credit period—→				Exceed credit period	Total
	1-30 days	31-60 days	61-90 days	>90 days (Others)*		
Trade payables (excluding retention sum) (RM'000)	4,477	1,326	2,601	4,164	1,512 [^]	14,080
% of total trade payables	31.8	9.4	18.5	30.6	9.7	100.0

Notes:-

* Consisting transactions of longer credit terms with certain suppliers.

[^] Consisting RM1.150 million which was related to an agreement established with our supplier to align the timing of payment with the warranty services provided by the supplier.

Our trade payables consist mainly of amount due to suppliers of components and power equipments such as transformers, relays, surge arrestors and others components. Trade payables are non-interest bearing and the normal trade credit term granted by our Group's suppliers ranges from 14 to 90 days whilst there were other longer credit terms granted for some transactions.

During the past five (5) financial years under review, our Group's trade payables turnover period ranges between 1.29 months to 4.43 months. As at 31 December 2011, our Group's trade payables decreased mainly due to repayment made to suppliers during the financial year.

As at 31 December 2011, 90.3% of our trade payables falls within the credit period granted. As at the LPD, RM0.329 million of the trade payables that exceeded credit period has been paid. After excluding the amount related to an established agreement of RM1.150 million set out in Note [^] above, the remaining RM0.362 million of the trade payables that exceeded credit period consists of the following:-

- (i) Amount owing to related parties for supply of products and services of RM0.226 million; and
- (ii) Payment to suppliers of RM0.136 million which were put on hold due to ongoing discussion on the accuracy of the claims, which represents delay damages as the supplier could not meet the customer's requirements within a reasonable timeframe and hence resulted in a delay in our implementation schedule.

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

Inventories

Our inventories comprise consumable goods and work in progress for our Products and Projects. Work in progress mainly consist of primary equipment such as transformers, cables, circuit breakers and surge arrestors as well as secondary equipment such as relays, RTU, NER and CRP. There is no specific trend in respect of inventories turnover period as our inventory level is dependent on the project cycle and relevant milestones.

For the FYE 31 December 2007, our inventories turnover period stood at 1.71 months as fewer purchases were made towards year end in tandem with the project cycle.

11. FINANCIAL INFORMATION (Cont'd)

In the FYE 31 December 2008, our inventories turnover period increased from 1.71 months in the previous year to 2.15 months due to higher purchase of inventories made during the year end of the financial year which has also resulted in higher trade payables recorded during the financial year. However, in the FYE 31 December 2009 and 2010, our inventories turnover period gradually decreased to 1.80 months and 1.75 months respectively as compared to 2.15 months in the FYE 31 December 2008 as fewer purchases were made towards year end in tandem with the project cycle. In the FYE 31 December 2011, our inventories turnover period increased from 1.75 months in the previous year to 2.01 months mainly due to higher purchase of inventories made towards the end of the financial year .

We generally maintain inventory turnover of not more than three (3) months depending on the nature of the inventory and to maintain additional equipment for our projects in the event of faulty equipments or replacement required.

Current ratio

For the financial years under review, our current ratio was fairly consistent ranging between 1.20 times and 1.87 times.

Our current ratio decreased from 1.5 times in the FYE 31 December 2007 to 1.4 times in the FYE 31 December 2008 as a result of a proportionately higher increase in trade payables and borrowings as compared to the increase in trade receivables. Similarly in the FYE 31 December 2009, our current ratio decreased to 1.2 times due to a higher increase in trade and other payables as compared the increase in inventories, trade receivables and cash and bank balances.

In the FYE 31 December 2010 and 2011, our current ratio gradually increased to 1.4 times and 1.8 times arising from an increase in inventories and fixed deposits pledged whilst the increase in borrowings was offset by decrease in trade and other payables.

Gearing ratio

Our borrowings comprise mainly:-

- (i) bankers' acceptances and trust receipts, that are generally utilised as project financing for the purchase of equipment for our Projects e.g. transformers and circuit breakers;
- (ii) bank overdraft, for working capital purposes;
- (iii) term loans, for the construction of our Shah Alam headquarters; and
- (iv) finance lease liabilities, for purchase of motor vehicles.

The utilisation of project financing for purchase of equipment are dependent on the relevant milestones in our Projects as at the end of the respective financial year. Accordingly, there was no identifiable trend in the level of our borrowings as compared to revenue recorded for the year.

In the FYE 31 December 2007, our gearing ratio stood at 0.50 time due to a reduction in financing required for the Projects in the financial year as most projects are flow over from the previous year. In the FYE 31 December 2008, our gearing ratio increased to 1.60 time as there was a substantial increase in trust receipts and bankers' acceptances compared to the previous financial year arising from implementation of projects which required financing in the purchase of equipment in the form of trust receipts normally requested by equipment suppliers.

Subsequent thereto, our gearing ratio decreased to 1.03 time in the FYE 31 December 2009 mainly due to a reduction in trust receipts. In the FYE 31 December 2010, our gearing ratio substantially decreased to 0.4 time due to the reduction in borrowings as

11. FINANCIAL INFORMATION (Cont'd)

well as a substantial increase in the shareholders' funds of our Group as a result of the profit after tax recorded in the financial year. The gearing ratio improvement for FYE 31 December 2010 was also due to more favourable payment schedule for Ghana and Cambodia project which supported our working capital requirements. In FYE 31 December 2011, our gearing ratio marginally increased to 0.46 time as compared to 0.40 time in FYE 31 December 2010.

11.5 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration amongst others the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

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

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

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12. ACCOUNTANTS' REPORT



Grant Thornton

(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

25 April 2012

The Board of Directors
PESTECH International Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

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PESTECH INTERNATIONAL BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of PESTECH International Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

2. ABBREVIATIONS

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

AUS	Australian Dollar
BND	Bruneian Dollar
CHF	Swiss Franc
EPS	Earnings per share
EURO	Euro
FORNIX	Fornix Sdn. Bhd.
FPE	Financial period ended
FYE	Financial year ended
GHS	Ghanaian Cedi
JPY	Japanese Yen
LAT	Loss after tax
LBT	Loss before tax
LKR	Sri Lanka Rupee
LPS	Loss per share
NA	Net assets
NL	Net liabilities

12. ACCOUNTANTS' REPORT (Cont'd)**2. ABBREVIATIONS (CONT'D)**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

PAT	Profit after tax
PBT	Profit before tax
PBSB	Pestech (Brunei) Sdn. Bhd.
PESTECH or Company	PESTECH International Berhad
PESTECH Group or Group	PESTECH, PSB Group and XCELL, collectively
PESTECH Share(s) or Share(s)	Ordinary shares of RM0.50 each in PESTECH
PGK	Papua New Guinean Kina
PSB	Pestech Sdn. Bhd.
PSB Group	PSB and its subsidiaries, namely FORNIX, TPJV, PSSB, PTL, PBSB, and its jointly-controlled entity, namely TPSB
PSSB	Pestech (Sarawak) Sdn. Bhd.
PTL	Pestech Transmission Limited
RM	Ringgit Malaysia
SGD	Singapore Dollar
SGP	Share grant plan
TPJV	Tajri-Pestech JV Ltd.
TPSB	Tajri-Pestech JV Sdn. Bhd.
USD	USD Dollar
XCELL	Xcell ATS (M) Sdn. Bhd.

3. GENERAL INFORMATION**3.1 Background**

PESTECH was incorporated in Malaysia under the Companies Act, 1965 on 10 June 2011 as a private limited company under the name of Pestech International Sdn. Bhd.. The Company was subsequently converted to a public limited liability company on 9 September 2011 and assumed its present name to facilitate its listing on the Main Market of Bursa Securities. PESTECH is principally engaged in the business of investment holding, general trading and provision of management services.

3.2 Floatation Exercise and SGP

In conjunction with, and as an integral part of the listing of PESTECH on the Main Market of Bursa Securities, the Company undertakes the following:-

3.2.1 Acquisition and Incorporation of Subsidiaries

On 2 April 2012, PSB acquired the entire issued and paid-up share capital of PSSB comprising 2 ordinary shares of RM 1 each for a cash consideration of RM2.

On 9 March 2012, PSB incorporated a wholly-owned subsidiary, PTL in Ghana with a total issued and paid up share capital of GHS96,000.

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.2 Floatation Exercise and SGP (cont'd)****3.2.2 Public Issue (cont'd)**

The Company undertakes a public issue of 12,880,000 new PESTECH Shares, representing approximately 15.00% of the enlarged issued and paid-up share capital of PESTECH, at an issue price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

a) Malaysian Public

6,000,000 new PESTECH Shares, representing approximately 6.99% of the enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors.

b) Eligible Directors, employees and persons who have contributed to the success of the Group

5,367,000 new PESTECH Shares, representing approximately 6.25% of the enlarged issued and paid-up share capital, reserved for the eligible Directors, employees and persons who have contributed to the success of the Group.

c) Private placement to identified investors

1,513,000 new PESTECH Shares, representing approximately 1.76% of the enlarged issued and paid-up share capital, by way of placement to identified investors.

Upon completion of the Public Issue, the issued and paid-up share capital of the Company will increase to RM42,940,000 comprising 85,880,000 PESTECH Shares.

All the new PESTECH Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of the Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the allotment thereof.

3.2.3 Offer for Sale

The offerors undertake an offer for sale of existing 8,588,000 PESTECH Shares ("Offer Shares"), representing 10.00% of the enlarged issued and paid-up share capital of PESTECH, at an offer price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

a) 6,456,400 Offer Shares, representing approximately 7.52% of the enlarged issued and paid-up share capital, by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"); and**b) 2,131,600 Offer Shares, representing approximately 2.48% of the enlarged issued and paid-up share capital, by way of placement to identified investors.**

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.2 Floatation Exercise and SGP (cont'd)****3.2.3 Offer for Sale (cont'd)**

The breakdown of the Offer Shares offered by the respective offerors is as follows:-

Name	Material relationship	No. of Offer Shares	% of enlarged issued and paid-up capital
Lim Ah Hock	Executive Chairman	5,224,000	6.08
Lim Pay Chuan	Executive Director	3,364,000	3.92
Total		8,588,000	10.00

All the Offer Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of the Company, including the voting rights and rights to all dividends and distributions that may be declared, made or paid subsequent to the date of the transfer thereof.

3.2.4 Listing of and Quotation for PESTECH Shares

PESTECH seeks admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of PESTECH of RM42,940,000 comprising 85,880,000 PESTECH Shares, on the Main Market of Bursa Securities.

3.2.5 SGP

In conjunction with the Listing, PESTECH will also implement a SGP involving up to 15% of the issued and paid-up share capital of PESTECH at any time during the existence of the SGP, to be granted and/or issued to the eligible Directors and executives of the Group.

3.3 Share Capital History of the Company

The changes in the Company's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM0.50 each	Cumulative total	
		No. of ordinary shares	RM
10 June 2011	4	4	2
17 August 2011	99,999,996	100,000,000	50,000,000

The changes in the Company's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM0.50 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 June 2011	4	Cash	4	2
17 August 2011	72,999,996	Otherwise than cash (Acquisition of PSB)	73,000,000	36,500,000
Upon listing	12,880,000	Cash (Public Issue)	85,880,000	42,940,000

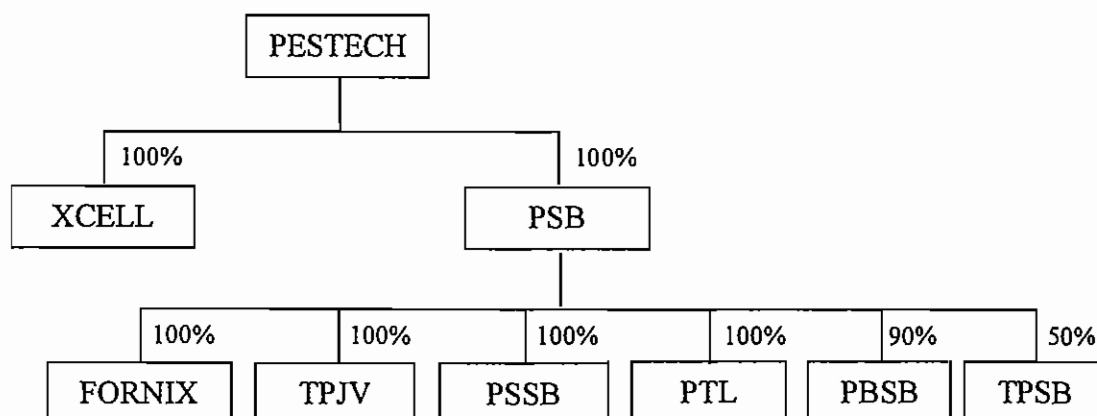
12. ACCOUNTANTS' REPORT (Cont'd)



3. GENERAL INFORMATION (CONT'D)

3.4 The Structure of PESTECH Group

As at the date of this report, the structure of the Company and its subsidiaries and joint-controlled entity is as follows:-



The details of the subsidiaries and jointly-controlled entity are as follows:-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
Direct				
PSB	RM3,333,000	100%	10 July 1991, Malaysia	Investment holding, provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacturing of proprietary power system components and equipment.
XCELL	RM300,000	100%	25 January 2000, Malaysia	Provision of design and supply of remote control system and data communication products.
Indirect - held through PSB				
FORNIX	RM100,000	100%	4 August 2005, Malaysia	Investment holding.
TPJV	KHR4,000,000	100%	5 February 2010, Cambodia	Construction of electrical substation and transmission line.
PSSB	RM2	100%	10 February 2012, Malaysia	Provision of electrical mechanical and civil engineering, subcontracting and engineering. It is currently inactive.
PTL	GHS96,000	100%	9 March 2012, Ghana	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commission and civil works. It is currently inactive.

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.4 The Structure of PESTECH Group (cont'd)**

The details of the subsidiaries and jointly-controlled entity are as follows (cont'd):-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
Indirect - held through PSB (cont'd)				
PBSB	BND100	90%	17 March 2011, Brunei	Provision of electrical engineering services, specialising in transmission and distribution specifically but not limited to include the design, manufacturing, trading, installing, commissioning and testing, repairs, and maintenance of equipment at substations for public and private amenities.
TPSB	RM25,000	50%	13 July 2001, Malaysia	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity**3.5.1 PSB**

The changes in PSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
10 July 1991	25,000	25,000	25,000
15 May 2000	475,000	500,000	500,000
25 February 2003	500,000	1,000,000	1,000,000
29 December 2010	4,000,000	5,000,000	5,000,000

The changes in PSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 July 1991	2	2 (Cash)	2	2
17 February 1993	9,998	9,998 (Cash)	10,000	10,000
28 March 1997	15,000	15,000 (Cash)	25,000	25,000
15 May 2000	195,000	195,000 (Cash)	220,000	220,000
26 February 2003	330,000	330,000 (Cash)	550,000	550,000
22 December 2004	275,000	275,000 (Bonus Issue)	825,000	825,000
23 December 2004	175,000	175,000 (Cash)	1,000,000	1,000,000
29 December 2010	2,333,000	2,333,000 (Cash)	3,333,000	3,333,000

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)****3.5.2 XCELL**

The changes in XCELL's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each.	Cumulative total	
		No. of ordinary shares	RM
25 January 2000	100,000	100,000	100,000
31 December 2000	400,000	500,000	500,000

The changes in XCELL's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
25 January 2000	10	10 (Cash)	10	10
22 February 2001	199,990	199,990 (Cash)	200,000	200,000
15 May 2001	50,000	50,000 (Cash)	250,000	250,000
15 August 2001	50,000	50,000 (Cash)	300,000	300,000

3.5.3 FORNIX

The changes in FORNIX's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
4 August 2005	100,000	100,000	100,000

The changes in FORNIX's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
4 August 2005	2	2 (Cash)	2	2
12 October 2007	99,998	99,998 (Cash)	100,000	100,000

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)****3.5.4 TPJV**

The changes in TPJV's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of KHR4,000 each	Cumulative total	
		No. of ordinary shares	USD
5 February 2010	1,000	1,000	1,000

The changes in TPJV's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of KHR4,000 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	USD
5 February 2010	1,000	USD1,000 (Cash)	1,000	1,000

3.5.5 PSSB

The changes in PSSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
10 February 2012	100,000	100,000	100,000

The changes in PSSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 February 2012	2	2 (Cash)	2	2

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)****3.5.6 PTL**

The changes in PTL's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares	Cumulative total	
		No. of ordinary shares	GHS
9 March 2012	1,000,000	1,000,000	1,000,000

The changes in PTL's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	GHS
9 March 2012	96,000	96,000 (Cash)	96,000	96,000

3.5.7 PBSB

The changes in PBSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of BND1.00 each	Cumulative total	
		No. of ordinary shares	BND
17 March 2011	500,000	500,000	500,000

The changes in PBSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of BND1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	BND
17 March 2011	100	100 (Cash)	100	100

12. ACCOUNTANTS' REPORT (Cont'd)**3. GENERAL INFORMATION (CONT'D)****3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)****3.5.8 TPSB**

The changes in TPSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
13 July 2001	100,000	100,000	100,000

The changes in TPSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
13 July 2001	2	2 (Cash)	2	2
16 November 2001	24,998	24,998 (Cash)	24,998	25,000

4. FINANCIAL STATEMENTS AND AUDITORS

PSSB and PTL were incorporated on 10 February 2012 and 9 March 2012 respectively. Hence, there is no audited financial statements have been prepared.

The auditors of the Company, its subsidiaries and jointly-controlled entity for the relevant financial years/periods are as follows:-

Company	FYE/FPE	Auditors	Auditors' report
PESTECH	FYE 2011	SJ Grant Thornton	Appendix I
PSB	FYE 2007	Deloitte KassimChan	Appendix II
	FYE 2008	Deloitte KassimChan	
	FYE 2009	Deloitte KassimChan	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	
XCELL	FYE 2007	WH Hau & Co	Appendix III
	FYE 2008	WH Hau & Co	
	FYE 2009	WH Hau & Co	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	
FORNIX	FYE 2007	WH Hau & Co	Appendix IV
	FYE 2008	WH Hau & Co	
	FYE 2009	WH Hau & Co	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	

12. ACCOUNTANTS' REPORT (Cont'd)**4. FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

The auditors of the Company, its subsidiaries and jointly-controlled entity for the relevant financial years/periods are as follows (cont'd):-

Company	FYE/FPE	Auditors	Auditors' report
TPJV	FPE 2010 FYE 2011	Grant Thornton Law & Associate Grant Thornton Cambodia	Appendix V
PBSB	FPE 2011	Lee & Raman	Appendix VI
TPSB	FYE 2007 FYE 2008 FYE 2009 FYE 2010 FYE 2011	WH Hau & Co WH Hau & Co WH Hau & Co SJ Grant Thornton SJ Grant Thornton	Appendix VII

The auditors' report on the respective financial statements included in this report, where applicable, were not subject to any qualification except for the financial statements of XCELL for the FYE 31 December 2007 to 2009 and the financial statements of FORNIX for the FYE 31 December 2006 which contained modified opinion with an emphasis of matter on the subsidiaries' ability to continue as a going concern in view of their net liabilities position.

There were no exceptional items in all the financial years under review.

5. FOREIGN EXCHANGE RATE

In preparing this report, the Group has converted all figures stated in USD and BND into RM based on the following exchange rate:-

	Statement of Financial Position at closing rate	Statement of Comprehensive Income at average rate
FPE 2010	USD1 : RM3.0860	USD1 : RM3.2169
FPE 2011	USD1 : RM3.1685 BND1 : RM2.4378	USD1 : RM3.0542 BND1 : RM2.4372

The translation from USD and BND in this report is to comply with the requirements of Prospectus Guidelines - Paragraph 13.12 where all financial statements prepared in currency other than RM must be translated into RM.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES****6.1 Basis of Preparation****6.1.1 Statement of compliance**

Except for the audited financial statements of PSB, XCELL, FORNIX and TPSB for the FYE 31 December 2007 to 2009, the financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"), the approved accounting framework issued by the Malaysian Accounting Standards Board ("MASB") and the Companies Act, 1965 in Malaysia as disclosed in Section 6.1.4 of this report.

The audited financial statements of PSB, XCELL, FORNIX and TPSB for the FYE 31 December 2007 to 2009 have been previously prepared in accordance with Private Entity Reporting Standards ("PERs"), the approved accounting framework issued by the MASB and the Companies Act, 1965 in Malaysia. These subsidiaries and jointly-controlled entity have adopted FRS effective FYE 31 December 2010 and reflected such adoption of the FRS for the FYE 31 December 2007 to 2010 in this report. There is no material difference as compared to FRS which required adjustments to the audited figures. PIB, TPJV, PBSB and PSSB have adopted FRSs since their incorporation.

6.1.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

6.1.3 Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

6.1.4 Adoption of FRSs and IC Interpretations ("IC Int")

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Statement of Cash Flows

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.4 Adoption of FRSs and IC Int (cont'd)**

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011 (cont'd):-

FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Reporting Period
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 123	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 133	Earnings Per Share
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property
FRS 201 ²⁰⁰⁴	Property Development Activities
FRS 204 ²⁰⁰⁴	Accounting for Aquaculture
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance - No Specific Relation to Operating Activities
IC Int 112	Consolidation - Special Purpose Entities
IC Int 113	Jointly Controlled Entities - Non Monetary Contributions by Venturers
IC Int 115	Operating Leases - Incentives
IC Int 121	Income Taxes - Recovery of Revalued Non-Depreciable Assets
IC Int 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Disclosure - Service Concession Arrangements
IC Int 131	Revenue - Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets - Web Site Costs
IC Int 201	Preliminary and pre-operating Expenditure

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.4 Adoption of FRSs and IC Int (cont'd)**

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011(cont'd):-

IC Int 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation
IC Int 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment
IC Int 7	Applying the Restatement Approach under FRS 129 2004 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

FRS 4, 6, 120, 129, 201 2004, 204 2004, IC Int 110, 131, 7 and 13 are not relevant to the operations of the Group and the Company.

6.1.5 Standards issued but not yet effective**New MASB Approved Accounting Standards**

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.5 Standards issued but not yet effective (cont'd)****New MASB Approved Accounting Standards (cont'd)**

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Group and the Company :

MFRSs effective on 1 January 2012:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.5 Standards issued but not yet effective (cont'd)****New MASB Approved Accounting Standards (cont'd)**

IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly controlled Entities – Non – Monetary Contribution by Ventures
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements: Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

Amendments to MFRSs effective on 1 March 2012

MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (International Financial Reporting Standards (“IFRS”) 9 issued by International Accounting Standards Board (“IASB”) in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.
MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.5 Standards issued but not yet effective (cont'd)****New MASB Approved Accounting Standards (cont'd)****Amendments to MFRS effective on 1 July 2012:**

MFRS 101 Presentation of Financial Statements. Amendments in Relation to Presentation of Items of Other Comprehensive Income.

MFRSs effective on 1 January 2013:

MFRS 9 Financial Instruments (IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128 Investments in Associates and Joint Ventures (as amended by IASB in 2011)
IC Int 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS effective on 1 January 2013

MFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS effective on 1 January 2014

MFRS 132 Offsetting Financial Assets and Financial Liabilities

MFRSs effective on 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Group and the Company has not selected which optional exemption from the retrospective application to be applied under MFRS 1-First-time Adoption of Malaysian Financial Reporting Standards. As such, the Directors are unable to anticipate the effects of the adoption of MFRS 1 and the other relevant MFRSs and IC Int on the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.5 Standards issued but not yet effective (cont'd)****New MASB Approved Accounting Standards (cont'd)**

A number of new standards, amendments to standards and IC Int are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Int to have a significant effect on the financial statements of the Group and of the Company, except for the followings:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

MFRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. It addresses the classification, measurement and recognition of financial assets and financial liabilities with only two classification categories: fair value and amortised cost.

The Group and the Company expect changes to arise from the adoption of MFRS in terms of the classification and measurement of the financial assets. However, the extent of the impact has not been determined.

MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes the requirements relating to consolidated financial statements in FRS 127 Consolidated and Separate Financial Statements and IC Int 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the FRS 131 Interest in Joint Ventures. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, FRS 131's option of using proportionate consolidation for joint ventures has been eliminated. MFRS 11 now requires the use of the equity accounting method, which is currently used for investment in associates.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1 Basis of Preparation (cont'd)****6.1.5 Standards issued but not yet effective (cont'd)****New MASB Approved Accounting Standards (cont'd)**

A number of new standards, amendments to standards and IC Int are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Int to have a significant effect on the financial statements of the Group and of the Company, except for the followings (cont'd):

MFRS 13 Fair Value Measurement

MFRS 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced the disclosures about fair value measurements. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosures, but apply to all assets and liabilities measured at fair value, not just financial ones.

MFRS 127 Separate Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

MFRS 127 now only deals with separate financial statements, whereby the consolidated financial statements have been included in the new MFRS 10. MFRS 128 includes investments in associates and investments in joint ventures, to be equity accounted following the issue of MFRS 11.

6.1.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual result may differ from these estimates.

(a) Key sources of estimation uncertainty

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

12. ACCOUNTANTS' REPORT (Cont'd)**Grant Thornton****6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1.6 Significant accounting estimates and judgements (cont'd)****(a) Key sources of estimation uncertainty (cont'd)**Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 2 to 96 years and review the useful lives of depreciable assets at each reporting date. At 31 December 2011 management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

Impairment of non-financial assets

The Group and the Company carry out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units to which the non-financial assets are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

Impairment of loans and receivable

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

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Income tax/Deferred tax liabilities

The Group and the Company are exposed to income taxes. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.1.6 Significant accounting estimates and judgements (cont'd)****(b) Judgements made in applying accounting policies**

The following is the significant judgement in applying the accounting policies of the Group that have the most significant effect to the financial statements:-

Construction contracts

The carrying amount of construction contracts and revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group's management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

6.2 Significant Accounting Policies**6.2.1 Basis of consolidation**

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries and jointly-controlled entity, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.1 Basis of consolidation (cont'd)**

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 6.2.5. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Common control business combination

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

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

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

12. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.2 Property, plant and equipment and depreciation

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

All property, plant and equipment, except for land and building, are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

Depreciation is recognised on the straight line method in order to write off the cost. Leasehold land with finite life is depreciated over its estimated useful life. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long-term leasehold land	96 years
Buildings	2%
Motor vehicles	20%
Tools and equipment	10%
Office equipment	10% - 30%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.3 Leases****(a) Finance leases**

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

(b) Operating leases

Leased payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the financial year in which they incurred.

6.2.4 Investment property

Investment properties, including the investment property under construction, are treated as long-term investment and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.5 Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition. Goodwill arising on the acquisition of subsidiary companies is presented separately in the statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

6.2.6 Subsidiaries

A subsidiary is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is included in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.7 Jointly-controlled entities**

Jointly-controlled entities are corporations, partnership of other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Company's interests in jointly controlled entities are brought to account in the consolidated financial statements using the equity method. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated statement of comprehensive income. The Group's interest in jointly controlled entities is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition unappropriated profits or accumulated losses and other reserves as well as goodwill on acquisition.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly-controlled entity.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's statement of financial position, investments in jointly-controlled entities are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in the profit or loss.

6.2.8 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment by comparing the carrying amount with the recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flow (cash generating units).

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 written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

An impairment loss is recognised as an expense in the profit or loss immediately.

12. ACCOUNTANTS' REPORT (Cont'd)

**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.8 Impairment of non-financial assets (cont'd)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

6.2.9 Financial instruments

Financial assets and financial liabilities are recognised when the Group or the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

(a) Financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity investments; and
- (d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.9 Financial instruments (cont'd)****(a) Financial assets (cont'd)**

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

At the reporting date, the Group and the Company carried only loans and receivables on its statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

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.

(b) Financial liabilities

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. 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 amount is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.9 Financial instruments (cont'd)****(b) Financial liabilities (cont'd)**Other financial liabilities

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

Other financial liabilities are 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 end of the reporting period.

(c) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives designated as hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as below :-

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedge forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity or profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.10 Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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

6.2.11 Inventories

Inventories comprising work-in-progress and general stock are stated at the lower of cost and net realisable value after adequate specific allowance has been made by the management for deteriorated, obsolete and slow-moving inventories.

Cost of general inventories is determined on a first-in-first-out method. The cost of work-in-progress comprises the cost of raw materials, direct labour and a proportion of production overheads.

The cost of general stock comprise the original purchase price plus the costs incurred in bringing the inventories to their present location and condition.

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.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd).****6.2.12 Construction contracts**

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts under current liabilities.

6.2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, short term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd).****6.2.14 Equity, reserves and dividend payments**

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 equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transaction with owners of the parent are recorded separately within equity.

6.2.15 Foreign currency transactions and translation

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 RM, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profits or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.15 Foreign currency transactions and translation (cont'd)**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the RM (the Group's presentation currency) are translated into RM upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into RM at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

On disposal of a foreign operation the cumulative translation differences recognised in equity (the exchange translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into RM at the closing rate.

6.2.16 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

6.2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.17 Financial guarantee contracts (cont'd)**

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statement of comprehensive income over the period of the guarantee. If the receivables fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate to the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

6.2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

6.2.19 Revenue recognition

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

(a) Construction contracts

Revenue relating to rendering of services under a contract is recognised when the outcome of a contract can be estimated reliably, by reference to the stage of completion of the services. Any anticipated loss will be recognised in full.

(b) Sale of goods

Revenue from sale of goods is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Interest income

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.20 Employees benefits****(a) Short-term benefits**

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

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution 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 the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

6.2.21 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.21 Income tax (cont'd)****(b) Deferred tax**

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

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

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

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

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax 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 by the end of the reporting period.

12. ACCOUNTANTS' REPORT (Cont'd)

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6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)**6.2 Significant Accounting Policies (cont'd)****6.2.21 Income tax (cont'd)****(b) Deferred tax (cont'd)**

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

6.2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

6.2.23 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs and such outflow is probable and can be measured reliably, they will then be recognised as a provision.

6.2.24 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

6.2.25 Financial Risk Management Objective and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit risks, liquidity risks, foreign currency risks and interest rate risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.25 Financial Risk Management Objective and Policies (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:

Receivables

As at the end of the reporting periods under review, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.25 Financial Risk Management Objective and Policies (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group provides unsecured advances to related parties and monitors the results of the related parties regularly.

As at the end of the reporting period, there was no indication that the advances to the related parties are not recoverable.

(b) Liquidity risk

Liquidity and cash flow risks are the risks that the Group or the Company will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing their exposures to liquidity and cash flow risks arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

(c) Foreign currency risk

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

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar (USD), Singapore Dollar (SGD), EURO (EUR), Langka Rupee (LKR), Papua New Guinea (Kina), Brunei Dollar (BND), Great Britain Pound (GBP), Swiss Franc (CHF) and Japanese Yen (JPY).

12. ACCOUNTANTS' REPORT (Cont'd)**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2 Significant Accounting Policies (cont'd)****6.2.25 Financial Risk Management Objective and Policies (cont'd)**

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign currency risk (cont'd)

The Group hedges approximate 80% of its foreign currency denominated trade receivables. At any point in time the Group also hedges its estimated foreign currency exposure in respect of forecast sales and purchases over the following six months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary the forward exchange contracts are rolled over at maturity.

(d) Interest rate risk

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

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

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The Group's and the Company's exposure of the above financial statement risks are disclosed in the respective notes the financial statements of individual sections, presented in Section 7.1 to 7.7 of this report.

6.2.26 Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of the Company's investment in subsidiaries and jointly-controlled entity due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Company does not intend to dispose of its investment in the subsidiaries and jointly-controlled entity in the near future.

12. ACCOUNTANTS' REPORT (Cont'd)

**6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****6.2.26 Fair value of financial instruments (cont'd)**

Annually, the Company reviews the carrying amount of its investment in subsidiaries and jointly-controlled entity for impairment in accordance with note 6.2.8.

6.2.27 Capital Management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

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

7. FINANCIAL INFORMATION

The financial information of PESTECH, PSB, XCELL, FORNIX, TPJV, PBSB and TPSB presented in Section 7.1 to Section 7.7 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

There is no audited financial statements prepared for PSSB and PTL as they were incorporated after FYE 31 December 2011.

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 except those in italics which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.1 PESTECH****7.1.1 Statements of Comprehensive Income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of PESTECH for FPE from 10 June 2011 to 31 December 2011.

FPE	Note	2011 RM
Revenue	1	-
Costs of sales		-
Gross profit		-
Administration expenses		<u>(75,467)</u>
Loss before taxation	2	(75,467)
Taxation	3	-
Loss after taxation		<u>(75,467)</u>
Total comprehensive loss for the financial period		<u>(75,467)</u>
<i>Weighted average number of ordinary shares issued</i>		20,500,000
<i>Gross EPS (RM)#</i>		(0.00)
<i>Net EPS (RM) #</i>		(0.00)

Based on weighted average number of ordinary shares issued during the financial period

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.1 PESTECH (CONT'D)

7.1.2 Statements of Financial Position

FPE	Note	2011 RM
ASSETS		
Non-current assets		
Investment in subsidiaries	4	36,500,003
Current assets		
Prepayments		1,149,535
Cash and bank balances		2
		<u>1,149,537</u>
Total assets		<u>37,649,540</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	5	36,500,000
Accumulated loss		(75,467)
Total equity		<u>36,424,533</u>
Current liabilities		
Accrual		15,000
Amount due to a subsidiary	6	1,210,002
Amount due to directors	7	5
Total liabilities		<u>1,225,007</u>
Total equity and liabilities		<u>37,649,540</u>
<i>NA</i>		36,424,533
<i>Number of ordinary shares</i>		36,500,000
<i>NA per share</i>		1.00

7.1.3 Statements of Changes in Equity

FPE	Share capital RM	Accumulated loss RM	Total RM
At date of incorporation	2	-	2
Issuance of share capital:			
- Acquisition of subsidiary	36,499,998	-	36,499,998
Total comprehensive loss for the financial period	-	(75,467)	(75,467)
Balance at 31 December 2011	<u>36,500,000</u>	<u>(75,467)</u>	<u>36,424,533</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.1 PESTECH (cont'd)****7.1.4 Statements of Cash Flows**

FPE	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(75,467)
Operating profit before working capital changes	
Payables	15,000
Net cash used in operating activities	<u>(60,467)</u>
Cash flows from investing activities	
Share issuance expenses paid	(1,149,535)
Advances from subsidiary	1,210,002
Net cash from investing activities	<u>60,467</u>
Cash flows from financing activities	
Proceeds from issuance of ordinary shares/Net cash from financing activities	<u>2</u>
Cash at bank	
Net increase	2
At date of incorporation	<u>-</u>
Carried forward	<u>2</u>

7.1.5 Notes to the financial statements**1. Revenue**

There was no revenue generated by PESTECH for the financial period under review.

2. Loss before taxation

Loss before taxation has been determined after charging amongst other items the following:-

FPE	2011 RM
Audit fee	<u>15,000</u>

3. Taxation

There was no provision for taxation for the financial period under review as PESTECH has no chargeable income.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.1 PESTECH (cont'd)****7.1.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE	2011 RM
Loss before taxation	(75,467)
Income tax at rate of 25%	18,867
Tax effect in respect of: Non-allowable expenses	(18,867)
	-

4. Investment in subsidiaries

FPE	2011 RM
Unquoted shares, at cost	36,500,003

Name of Company	Country of incorporation	Effective interest 2011
Pestech Sdn. Bhd.	Malaysia	100%
Xcell ATS (M) Sdn. Bhd.	Malaysia	100%

Acquisition of subsidiaries

On 17 August 2011, the Company acquired the entire issued and paid-up share capital of PSB comprising 3,333,000 ordinary shares of RM1 each for a total purchase consideration of RM36,499,998 to be satisfied through the issuance of 72,999,996 new PESTECH shares.

On the same day, the Company acquired the entire issued and paid-up share capital of XCELL comprising 300,000 ordinary shares of RM1 each for a cash consideration of RM5.

The above business combinations involved entities under common control and hence were accounted for in the consolidated financial statements of PESTECH Group by using the merger method.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****5. Share capital**

FPE	2011 RM
Authorised:- 100,000,000 ordinary shares of RM0.50 each Created upon incorporation/At 31 December	<u>50,000,000</u>
Issued and fully paid:- 73,000,000 ordinary shares of RM0.50 each	
Allotment during the period:	
Upon incorporation	2
Acquisition of a subsidiary	<u>36,499,998</u>
At 31 December	<u>36,500,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry only one vote per share without restrictions and rank equally with regard to the company residual assets.

6. Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

7. Amount due to directors

Amount due to directors is unsecured, interest free and repayable on demand.

12. ACCOUNTANTS' REPORT (Cont'd)**7.2 PSB (cont'd)****7.2.1 Statements of Comprehensive Income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of PSB for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	43,270,379	51,596,284	86,547,762	107,747,033	127,540,993
Cost of sales		(35,884,482)	(43,451,850)	(74,865,596)	(85,593,153)	(102,573,423)
Gross profit		7,385,897	8,144,434	11,682,166	22,153,880	24,967,570
Other income		69,272	1,430,458	278,184	747,759	2,289,895
Administration expenses		(3,320,860)	(4,714,118)	(5,618,071)	(7,939,556)	(9,443,877)
Finance cost		(791,214)	(692,379)	(1,098,231)	(1,057,357)	(1,315,208)
Profit before taxation	2	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Taxation	3	(978,030)	(873,967)	(1,631,596)	(3,628,879)	(4,498,987)
Profit after tax		2,365,065	3,294,428	3,612,452	10,275,847	11,999,393
Total comprehensive income for the financial year		2,365,065	3,294,428	3,612,452	10,275,847	11,999,393
<i>Gross profit margin (%)</i>		17.07	15.78	13.50	20.56	19.58
<i>PBT margin (%)</i>		7.73	8.08	6.34	12.89	12.94
<i>PAT margin (%)</i>		5.47	6.39	4.37	9.52	9.41
<i>Effective tax rate (%)</i>		29.26	20.97	31.11	26.10	27.27
<i>Weighted average number of ordinary shares issued</i>		1,000,000	1,000,000	1,000,000	1,019,175	3,333,000
<i>Gross EPS (RM)#</i>		3.34	4.17	5.24	13.64	4.95
<i>Net EPS (RM) #</i>		2.37	3.29	3.61	10.08	3.60

Based on weighted average number of ordinary shares issued during the financial year

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.2 Statements of Financial Position

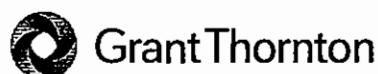
FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non-current asset						
Property, plant and equipment	4	734,971	925,675	2,311,161	2,488,848	2,813,211
Investment in subsidiaries	5	-	1	60,001	63,163	63,384
Investment in associates	6	60,000	60,000	90,000	90,000	-
Investment in a jointly-controlled entity	7	12,500	12,500	12,500	12,500	12,500
		<u>807,471</u>	<u>998,176</u>	<u>2,473,662</u>	<u>2,654,511</u>	<u>2,889,095</u>
Current assets						
Inventories	8	5,132,559	7,788,834	11,216,442	13,150,096	17,995,535
Trade receivables	9	14,817,826	21,309,679	31,851,923	29,509,620	20,451,007
Other receivables	10	1,277,698	5,809,229	445,439	933,940	1,019,967
Amount due from contract customers	11	-	-	2,044,983	-	-
Amount due from holding company	12	-	-	-	-	1,210,002
Amount due from subsidiaries	12	-	-	7,320,768	8,347,777	6,579,756
Amount due from a related company	12	-	-	-	-	253,704
Amount due from an associate	12	218,699	234,540	245,347	249,503	-
Amount due from a jointly controlled entity	12	-	-	5,000	5,000	11,086
Fixed deposits with licensed banks	13	511,682	4,596,747	7,088,144	8,487,913	11,152,761
Cash and bank balances	14	245,813	1,722,284	1,783,992	12,782,360	15,240,343
		<u>22,204,277</u>	<u>41,461,313</u>	<u>62,002,038</u>	<u>73,466,209</u>	<u>73,914,161</u>
Total assets		<u>23,011,748</u>	<u>42,459,489</u>	<u>64,475,700</u>	<u>76,120,720</u>	<u>76,803,256</u>
EQUITY AND LIABILITIES						
Equity						
Share capital	15	1,000,000	1,000,000	1,000,000	3,333,000	3,333,000
Retained earnings		6,046,875	9,267,303	12,804,755	23,005,602	34,755,020
Total equity		<u>7,046,875</u>	<u>10,267,303</u>	<u>13,804,755</u>	<u>26,338,602</u>	<u>38,088,020</u>
Non-current liabilities						
Deferred tax liabilities	16	-	-	151,000	221,000	221,000
Borrowings	17	-	590,126	3,033,971	2,708,860	2,404,866
Finance lease liabilities	18	311,502	346,739	224,292	174,586	188,327
		<u>311,502</u>	<u>936,865</u>	<u>3,409,263</u>	<u>3,104,446</u>	<u>2,814,193</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.2 Statements of Financial Position (cont'd)**

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Current liabilities						
Trade payables	19	3,746,256	11,517,524	27,536,623	27,680,951	14,175,616
Other payables	20	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829
Amount due to contract customers	11	-	-	-	47,708	-
Amount due to a subsidiary	12	-	-	-	469,331	1,826,914
Amount due to directors	21	737,000	823,000	1,552,703	44,403	1,410,224
Borrowings	17	3,292,885	16,089,266	12,583,423	7,898,768	15,358,048
Finance lease liabilities	18	106,711	138,072	131,533	138,416	54,632
Provision for taxation		185,089	62,549	668,278	2,281,085	978,780
		<u>15,653,371</u>	<u>31,255,321</u>	<u>47,261,682</u>	<u>46,677,672</u>	<u>35,901,043</u>
Total liabilities		<u>15,964,873</u>	<u>32,192,186</u>	<u>50,670,945</u>	<u>49,782,118</u>	<u>38,715,236</u>
Total Equity and Liabilities						
		<u>23,011,748</u>	<u>42,459,489</u>	<u>64,475,700</u>	<u>76,120,720</u>	<u>76,803,256</u>
<i>NA</i>		<i>7,046,875</i>	<i>10,267,303</i>	<i>13,804,755</i>	<i>26,338,602</i>	<i>38,088,020</i>
<i>Number of ordinary shares</i>		<i>1,000,000</i>	<i>1,000,000</i>	<i>1,000,000</i>	<i>3,333,000</i>	<i>3,333,000</i>
<i>NA per share</i>		<i>7.05</i>	<i>10.27</i>	<i>13.80</i>	<i>7.90</i>	<i>11.43</i>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.3 Statements of Changes in Equity**

	Note	Share capital RM	Retained earnings RM	Total RM
Balance at 1 January 2007		1,000,000	3,681,810	4,681,810
Total comprehensive income for the financial year		-	2,365,065	2,365,065
Balance at 31 December 2007		1,000,000	6,046,875	7,046,875
Total comprehensive income for the financial year		-	3,294,428	3,294,428
Dividends	22	-	(74,000)	(74,000)
Balance at 31 December 2008		1,000,000	9,267,303	10,267,303
Total comprehensive income for the financial year		-	3,612,452	3,612,452
Dividends	22	-	(75,000)	(75,000)
Balance at 31 December 2009		1,000,000	12,804,755	13,804,755
Issuance of share capital	15	2,333,000	-	2,333,000
Total comprehensive income for the financial year		-	10,275,847	10,275,847
Dividends	22	-	(75,000)	(75,000)
Balance at 31 December 2010		3,333,000	23,005,602	26,338,602
Total comprehensive income for the financial year		-	11,999,393	11,999,393
Dividends	22	-	(249,975)	(249,975)
Balance at 31 December 2011		3,333,000	34,755,020	38,088,020

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.4 Statements of Cash Flows**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit before taxation	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Adjustments for:-					
Depreciation	323,156	322,345	392,600	548,040	635,963
(Gain)/Loss on disposal of property, plant and equipment	(29,302)	(17,000)	11,396	-	(249,999)
Loss on disposal of an associate	-	-	-	-	59,999
Interest income	(26,652)	(134,889)	(102,345)	(662,547)	(659,574)
Interest expense	791,214	692,379	1,098,231	1,057,357	1,315,208
Unrealised gain on foreign exchange	-	(131,998)	(252)	(13,505)	(692,333)
Tax penalty	-	-	15,133	-	-
Operating profit before working capital changes	4,401,511	4,899,232	6,658,811	14,834,071	16,907,644
Inventories	6,796,505	(2,656,275)	(3,427,608)	(1,933,654)	(4,845,439)
Receivables	(9,987,091)	(11,042,133)	(6,732,554)	1,627,629	11,510,486
Payables	5,338,161	2,991,091	18,183,311	3,636,894	(19,704,211)
Contract customers	-	-	(2,044,983)	2,092,691	(47,708)
Subsidiaries	-	-	(5,831,668)	(557,678)	1,664,987
Associate	89,934	(15,841)	(10,807)	(4,156)	-
Directors	345,200	86,000	699,703	824,700	1,465,821
Cash generated from/(used in) operations	6,984,220	(5,737,926)	7,494,205	20,520,497	6,951,580
Interest paid	(791,214)	(692,379)	(1,098,231)	(1,057,357)	(1,315,208)
Interest received	26,652	134,889	102,345	662,547	659,574
Tax paid	(1,045,323)	(996,507)	(890,000)	(1,946,072)	(5,801,292)
Net cash from/(used in) operating activities	5,174,335	(7,291,923)	5,608,319	18,179,615	494,654
Cash flows from investing activities					
Acquisition of a subsidiary	-	(1)	-	(3,162)	(222)
Advances to holding company	-	-	-	-	(1,210,002)
Advances to a jointly-controlled entity	-	-	-	-	(6,086)
Advances to a related company	-	-	-	-	(4,201)
Proceeds from disposal of a subsidiary	-	-	-	-	1
Proceeds from disposal of an associate	-	-	-	-	30,001
Fixed deposits pledged to financial institutions	195,833	(4,085,065)	(2,491,397)	(1,399,769)	(2,664,848)
Proceeds from disposal of property, plant and equipment	330,000	33,000	55,000	-	-
Purchase of property, plant and equipment ("A")	(69,649)	(329,049)	(1,844,230)	(638,410)	(857,806)
Net cash from/(used in) investing activities	456,184	(4,381,115)	(4,280,627)	(2,041,341)	(4,713,163)

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.4 Statements of Cash Flows (cont'd)**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from financial activities					
Bank balance pledged to a financial institution	391,774	(496,665)	(1,123,212)	(3,029,660)	(4,729,679)
Repayment of finance lease liabilities	(408,445)	(133,402)	(128,986)	(132,823)	(270,043)
Drawdown from borrowings	10,440,137	29,573,599	2,813,265	14,701,155	52,527,167
Repayment of borrowings	(17,257,591)	(16,587,191)	(8,097,198)	(17,013,757)	(46,172,693)
Dividends paid	-	(74,000)	(75,000)	-	(324,975)
Net cash (used in)/from financing activities	(6,834,125)	12,282,341	(6,611,131)	(5,475,085)	1,029,777
Cash and cash equivalents					
Net (decrease)/increase	(1,203,606)	609,303	(5,283,439)	10,663,189	(3,188,732)
Effect of exchange differences	-	(29,596)	-	2,683	70,740
At beginning of year	(903,212)	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322
At end of year ("B")	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322	737,330

Notes to the Statements of Cash Flows**A. Purchase of Property, Plant and Equipment**

Property, plant and equipment were acquired by the following means:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash payments	69,649	329,049	1,844,230	638,410	857,806
Finance lease liabilities	-	200,000	-	90,000	200,000
	69,649	529,049	1,844,230	728,410	1,057,806

B. Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash and bank balances	245,813	1,722,284	1,783,992	12,782,360	15,240,343
Fixed deposits with licensed institutions	511,682	4,596,747	7,088,144	8,487,913	11,152,761
Bank overdrafts	(2,352,631)	(2,752,730)	(6,974,665)	(4,277,501)	(5,123,797)
	(1,595,136)	3,566,301	1,897,471	16,992,772	21,269,307
Less: Amount pledged to banks	(511,682)	(5,093,412)	(8,708,021)	(13,137,450)	(20,531,977)
	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322	737,330

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.4 Statements of Cash Flows (cont'd)****Commentaries on Statements of Cash Flows****Cash flows from Operating Activities**

In FYE2007, the Company's inventories registered a decrease of RM6.797 million and payables registered an increase of RM5.338 million. The abovementioned movements were offset by the increase in movement in receivables amounted to RM9.987 million. During the year, the Company completed a couple of major projects resulting in lower project work in progress which led to a significant reduction in inventories and increase in receivables. The increase in payables was due mainly to the increase in other payables arising from the provision of project material cost incurred. The above had contributed to the positive operating cash flow of RM5.174 million.

In year 2007, the Company started to switch its marketing focus in Project division from local market into regional market and channel more sales and marketing resources towards securing overseas jobs and to prepare the Company to penetrate into new markets. The regional expansion efforts were paid off when the Company eventually secured their first overseas contract in Brunei towards the end of FYE2007. During FYE2008, the Company continued its venture into overseas project market and at the same time successfully secured a few projects in the local market. Together with the flow over of projects secured in prior years, the Company recorded higher revenue from Project division, which represented 75.5% of its total revenue for the financial year, and this has resulted in a higher trade receivables (including retention sum) compared to FYE2007. The increase in receivables was also due to higher invoices issued towards the end of financial year. These invoices were subsequently settled by March 2009. The Company registered operating cash outflow in FYE2008.

The year 2007 recorded the Company's first venture into the overseas market. With the sustainability plans in place and continuous efforts, the Company began to reap fruitful results in the FYE2009 and FYE2010, as can be seen by the high net cash inflows from operating activities. During FYE 2009, the Company secured new projects in both local and regional markets and this has caused the increase in the revenue and operating expenses of the Company. Accordingly, the Company had also exercised a better capital management policy, resulting in an increase in the movements of payables by RM18.183 million. This movement was offset by the decrease in the movements of receivables of RM6.733 million, and the advances to the Company's subsidiary which was mainly for its capital expenditure purpose of RM4.213 million. As a result, these had contributed to a positive operating cash flows position for the FYE 2009.

The Company recorded a positive cash flow from operating activities for the FYE 2010 by virtue of the increased in business volume and better capital management policy.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.4 Statements of Cash Flows (cont'd)****Commentaries on Statements of Cash Flows (cont'd)****Cash flows from Operating Activities (cont'd)**

In FYE2011, the Company's inventories registered an increase of RM4.845 million and payables registered a decrease of RM19.704 million. The abovementioned movements were offset by the decrease in movement in receivables amounted to RM11.510 million. Arising from the few major projects which were completed in FYE 2010, the Company's collections from the receivables increased significantly. This is off-set by the significant amount of payments made to the suppliers as well. The decrease of payables in FYE 2011 was also due to the utilisation of advances collected from the contract customers in FYE 2010. The Company had made tax payment and instalments amounting to RM5.801 million in FYE 2011. The above had contributed to the operating cash flows of RM0.495 million.

Cash flows from Investing Activities

Company recorded net cash inflows for the FYE2007, mainly due to cash receipts from the withdrawal of fixed deposits with licensed bank (which were pledged to financial institutions for banking facilities secured) and proceeds from disposal of property, plant and equipment.

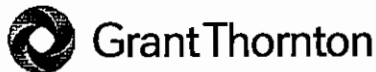
From FYE2008 to FYE2011, with the increasing borrowing facilities obtained from financial institutions to finance the expanding business operations, the Company is required to place certain amount of cash or fixed deposits as securities for the banking facilities granted. As such, placement of fixed deposits increased and net cash outflows were recorded. In addition, increased in advances to the holding company for FYE 2011 is mainly due to expenses paid on behalf.

Cash flows from Financing Activities

Financing activities mainly consists of drawdown or repayment of borrowings and repayment of finance lease liabilities. For FYE2008, net cash inflows from financing activities recorded, mainly due to higher drawdown of borrowings being offset with repayment of borrowings and finance lease liabilities.

For FYE2007, FYE2009 and FYE2010, the repayment of borrowings and finance lease liabilities are higher compared to the drawdown of borrowings. In addition, bank balances which were pledged to financial instructions for banking facilities granted increased from FYE2008 to FYE2010, causing the net cash outflows from financing activities.

In FYE 2011, bank balances which were pledged to financial institutions for banking facilities granted had further increased during the year. Company's drawdown of borrowings is higher as compared to its repayment of borrowings and finance lease liabilities, causing net cash inflows from its financial activities.

12. ACCOUNTANTS' REPORT (Cont'd)**Grant Thornton****7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.4 Statements of Cash Flows (cont'd)****Commentaries on Statements of Cash Flows (cont'd)****Year-end cash and cash equivalents balances**

As collaterals for banking facilities granted, the Company is required to pledge its bank balances and fixed deposits to the financial institutions. The bank balances pledged is for amongst others, bank guarantee facilities, comprising advance payment bond, performance bond and tender/bid bond, which are commonly required in the course of submitting tenders or as security to job completion once a project is awarded.

The amounts pledged to financial institutions are not considered cash and cash equivalents in accordance with FRS 107 Statement of Cash Flows, as the Company is barred from utilising the bank balances and fixed deposits unless approved by the financial institutions.

With the exclusion of the amounts pledged to financial institutions, the Company recorded a negative year-end cash and cash equivalents balances for FYE2007 to FYE2009.

For the FYE2010, supported by strong cash flows generated from operating activities, the effect of non-liquidity of bank and fixed deposits pledged to financial institutions was offset and resulted in a positive year-end cash and cash equivalents balances.

For FYE 2011, the increase of the total cash and cash equivalents was offset by the higher increase in the bank balances and fixed deposits pledged to financial institutions, resulting in a decrease in total cash and cash equivalents.

7.2.5 Notes to the financial statements**1. Revenue**

Revenue of the Company was derived from engineering, procurement, manufacturing, construction and commissioning of power substations, which also consist of sales of equipment and rendering of services under contract.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****2. Profit before taxation**

Profit before taxation has been determined after charging/(crediting) amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee					
- Current year	18,000	18,000	45,000	45,000	50,000
- Under provision in prior year	-	-	25,000	-	-
Depreciation	323,156	322,345	392,600	548,040	635,963
Directors' remuneration	523,052	616,140	589,308	843,379	1,347,348
Hire of equipment	-	27,520	21,076	26,312	15,009
Interest expenses	791,214	692,379	1,098,231	1,057,357	1,315,208
Loss on disposal of an associate	-	-	-	-	59,999
Realised (gain)/loss on foreign exchange	(7,318)	1,139,571	(1,268,389)	1,279,471	(662,097)
Rental expenses:					
- office	122,630	130,080	184,105	628,211	623,026
- motor vehicles	-	-	14,388	-	-
Staff costs	2,397,228	3,601,538	5,342,936	8,164,764	10,937,080
Unrealised loss/(gain) on foreign exchange	-	131,998	252	(13,505)	(692,333)
Interest income	(26,652)	(134,889)	(102,345)	(662,547)	(659,574)
Rental refund	-	-	-	(1,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(29,302)	(17,000)	11,396	-	(249,999)

The details of staff costs are as follows:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries, wages, bonuses and other emoluments	1,909,562	2,939,030	4,772,055	7,039,922	8,973,596
Social security contributions	22,687	29,612	37,937	60,264	77,088
Defined contribution plans	254,661	360,725	417,754	668,697	972,637
Other benefits	210,318	272,171	205,190	395,881	913,759
	2,397,228	3,601,538	5,432,936	8,164,764	10,937,080

Included in the staff costs are the following director emoluments:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries, wages, bonuses and other emoluments	323,600	371,000	357,680	580,380	945,400
Social security contributions	620	620	620	465	620
Defined contribution plans	38,832	44,520	31,008	62,534	41,328
Fee	160,000	200,000	200,000	200,000	360,000
	523,052	616,140	589,308	843,379	1,347,348

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

3. Taxation

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Income tax:-					
- Current tax	958,000	873,967	1,469,000	3,517,000	4,419,415
- Deferred tax	-	-	124,000	70,000	-
	958,000	873,967	1,593,000	3,587,000	4,419,415
Under provision in prior years:-					
- Current tax	20,030	-	11,596	41,879	79,572
- Deferred tax	-	-	27,000	-	-
	20,030	-	38,596	41,879	79,572
	978,030	873,967	1,631,596	3,628,879	4,498,987

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit before taxation	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Tax at Malaysian statutory tax rate	868,000	1,084,000	1,311,000	3,476,181	4,124,595
Tax effect in respect of:-					
Non-taxable income	-	(254,000)	-	(82,825)	(648)
Non-allowable expenses	81,000	76,967	307,000	123,644	320,468
Differential in tax rate	1,000	(33,000)	(25,000)	-	(25,000)
Transferred to deferred tax liabilities	-	-	-	70,000	-
Deferred tax liabilities not recognised	8,000	-	-	-	-
Under provision of income tax in prior years	20,030	-	11,596	41,879	79,572
Under provision of deferred tax in prior year	-	-	27,000	-	-
	978,030	873,967	1,631,596	3,628,879	4,498,987

The amount of estimated deferred tax liabilities of the Company arising from the taxable temporary differences on property, plant and equipment, calculated at applicable tax rate, which is not recognised in the financial statements, was RM4,000 for the financial year 2007.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its retained profits as at 31 December 2011.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilized or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

4. Property, plant and equipment

	Motor vehicles RM	Motor vehicles under finance lease RM	Factory equipment RM	Office equipment RM	Renovation RM	Total RM
Cost						
At 1 January 2007	103,000	582,100	211,727	577,562	4,319	1,478,708
Additions	-	400,478	21,073	48,568	-	470,119
Disposals	-	(375,872)	-	-	-	(375,872)
At 31 December 2007	103,000	606,706	232,800	626,130	4,319	1,572,955
Additions	101,092	250,000	40,199	137,758	-	529,049
Disposals	(80,000)	-	-	-	-	(80,000)
At 31 December 2008	124,092	856,706	272,999	763,888	4,319	2,022,004
Additions	217,129	-	195,148	1,162,611	269,342	1,844,230
Translation differences	-	-	-	280	-	280
Disposals	(68,685)	-	-	-	-	(68,685)
At 31 December 2009	272,536	856,706	468,147	1,926,779	273,661	3,797,829
Additions	-	117,918	82,610	418,661	109,221	728,410
Translation difference	(2,028)	-	-	(555)	(612)	(3,195)
At 31 December 2010	270,508	974,624	550,757	2,344,885	382,270	4,523,044
Additions	4,100	312,800	278,515	424,821	37,570	1,057,806
Disposals	-	(655,344)	-	-	-	(655,344)
Written-off	-	-	-	(2,800)	-	(2,800)
Translation difference	3,452	4,866	-	1,378	1,043	10,739
At 31 December 2011	278,060	636,946	829,272	2,768,284	420,883	4,933,445

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

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

	Motor vehicles RM	Motor vehicles under finance lease RM	Factory equipment RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation						
At 1 January 2007	52,600	140,391	70,828	324,455	1,728	590,002
Charge for the year	20,600	121,341	23,279	157,504	432	323,156
Disposals	-	(75,174)	-	-	-	(75,174)
At 31 December 2007	73,200	186,558	94,107	481,959	2,160	837,984
Charge for the year	24,818	171,341	27,299	98,455	432	322,345
Disposal	(64,000)	-	-	-	-	(64,000)
At 31 December 2008	34,018	357,899	121,406	580,414	2,592	1,096,329
Charge for the year	39,029	171,341	50,193	126,002	6,035	392,600
Disposals	(2,289)	-	-	-	-	(2,289)
Translation differences	-	-	-	28	-	28
At 31 December 2009	70,758	529,240	171,599	706,444	8,627	1,486,668
Charge for the year	54,193	153,265	47,164	257,272	36,146	548,040
Translation differences	(337)	-	313	(423)	(65)	(512)
At 31 December 2010	124,614	682,505	219,076	963,293	44,708	2,034,196
Charge for the year	50,324	161,026	56,833	328,815	38,965	635,963
Disposals	-	(550,477)	-	-	-	(550,477)
Written-off	-	-	-	(1,120)	-	(1,120)
Translation differences	1,092	-	-	364	216	1,672
At 31 December 2011	176,030	293,054	275,909	1,291,352	83,889	2,120,234
Net carrying amount						
31 December 2011	102,030	343,892	553,363	1,476,932	336,994	2,813,211
31 December 2010	145,894	292,119	331,681	1,381,592	337,562	2,488,848
31 December 2009	201,778	327,466	296,548	1,220,335	265,034	2,311,161
31 December 2008	90,074	498,807	151,593	183,474	1,727	925,675
31 December 2007	29,800	420,148	138,693	144,171	2,159	734,971

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

5. Investment in subsidiaries

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	-	1	60,001	63,163	63,384

Name of company	Country of incorporation	Effective interest				
		2007	2008	2009	2010	2011
		%	%	%	%	%
Fornix Sdn. Bhd.	Malaysia	-	-	60	60	100
Dayen-Pestech JV Ltd	Papua New Guinea	-	100	100	100	-
Tajri-Pestech JV Ltd	Cambodia	-	-	-	100	100
Pestech (Brunei) Sdn. Bhd.	Brunei	-	-	-	-	90

6. Investment in associates

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	60,000	60,000	90,000	90,000	-

Name of company	Country of incorporation	Effective interest				
		2007	2008	2009	2010	2011
		%	%	%	%	%
Xcell ATS (M) Sdn Bhd.	Malaysia	20	20	20	20	-
Mercula Sdn Bhd	Malaysia	-	-	16	16	-

7. Investment in jointly-controlled entity

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	12,500	12,500	12,500	12,500	12,500

Name of company	Country of incorporation	Effective interest				
		2007	2008	2009	2010	2011
		%	%	%	%	%
Tajri-Pestech JV Sdn. Bhd.	Malaysia	50	50	50	50	50

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****8. Inventories**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
At cost:-					
General stocks	122,962	755,137	1,652,146	2,468,802	2,033,585
Work-in-progress	5,009,597	7,033,697	7,067,852	10,681,294	15,961,950
Goods-in-transit	-	-	2,496,444	-	-
	<u>5,132,559</u>	<u>7,788,834</u>	<u>11,216,442</u>	<u>13,150,096</u>	<u>17,995,535</u>

9. Trade receivables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Trade receivables	13,925,537	18,541,461	26,396,373	20,664,474	7,404,571
Retention sum	892,289	2,768,218	5,455,550	8,845,146	13,046,436
	<u>14,817,826</u>	<u>21,309,679</u>	<u>31,851,923</u>	<u>29,509,620</u>	<u>20,451,007</u>

The currency analysis of the trade receivables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	14,802,627	19,689,193	26,140,760	22,126,238	10,107,577
USD	-	1,567,578	5,627,144	4,706,613	8,188,108
EURO	13,510	4,927	45,817	2,122,467	1,931,341
SGD	-	-	-	461,784	-
LKR	-	-	-	86,568	218,595
Others	1,689	47,981	38,202	5,950	5,486
	<u>14,817,826</u>	<u>21,309,679</u>	<u>31,851,923</u>	<u>29,509,620</u>	<u>20,451,007</u>

Trade receivables are non-interest bearing and the normal credit terms granted by the Company ranges from 30 days to 60 days (2007 to 2010: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Company has pledged trade receivables amounting to approximately RM1,820,797 (2010:RM3,136,033, 2007 to 2009: Nil) as security for bank borrowings.

As at 31 December 2011, trade receivables of the Company arising from export sales amounting to RM3,422,533 have been arranged for settlement via letter of credit issued by financial institutions in countries where the customer located.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****9. Trade receivables (cont'd)**

The ageing analysis of trade receivables other than retention sum is as follows:-

	2010 *	2011 *
	RM	RM
Not past due	20,385,933	7,257,620
Past due 61-90 days	98,223	-
Past due for more than 120 days	180,318	146,951
	<u>20,664,474</u>	<u>7,404,571</u>

* The comparative disclosures of 2007 to 2009 have not been presented by virtue of the exemption given in paragraph 44AA of FRS 7 Financial Instruments: Disclosures.

The trade receivables of past due but not impaired were related to a number of independent customers from whom there is no recent history of default.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

10. Other receivables

FYE	2007	2008	2009	2010	2011
	RM	RM	RM	RM	RM
Other receivables	1,182,887	3,639,629	63,000	355,808	565,619
Deposits	66,615	268,199	290,572	417,841	370,837
Prepayments	28,196	1,901,401	91,867	160,291	83,511
	<u>1,277,698</u>	<u>5,809,229</u>	<u>445,439</u>	<u>933,940</u>	<u>1,019,967</u>

The currency analysis of the other receivables is as follows:-

FYE	2007	2008	2009	2010	2011
	RM	RM	RM	RM	RM
RM	1,277,698	5,788,897	370,403	749,677	617,457
LKR	-	-	-	144,857	167,448
PGK	-	-	32,316	-	159,817
Others	-	20,332	42,720	39,406	75,244
	<u>1,277,698</u>	<u>5,809,229</u>	<u>445,439</u>	<u>933,940</u>	<u>1,019,967</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****11. Amount due from/(to) contract customers**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Contract costs incurred	-	1,246,144	4,652,016	4,053,026	106,626,449
Attributable profits	-	609,547	1,661,303	3,212,012	28,227,290
Progress billings received and receivable	-	1,855,691	6,313,319	7,265,038	134,853,739
	-	(1,855,691)	(4,268,336)	(7,312,746)	(134,853,739)
	-	-	2,044,983	(47,708)	-

12. Amount due from/(to) holding company, related company, subsidiaries, associate, and jointly-controlled entity

Amounts due from/(to) holding company, related company, subsidiaries, associate and jointly-controlled entity are unsecured and repayable on demand.

Interest expenses incurred by the Company on borrowings in providing the advances to FORNIX would be reimbursed. The amounts due from other subsidiaries are interest free.

13. Fixed deposits with licensed banks

Fixed deposits have been pledged to financial institutions for guarantee facilities granted to the Company and one of its subsidiaries and hence, are not available for general use.

The effective interest rates on fixed deposits ranged from 1.80% to 4.73% (2010: 1.80% to 4.73%, 2009: 2.00% to 3.10%, 2008: 2.99% to 3.70%, 2007: 1.53% to 1.72%) per annum. The average maturity period of the fixed deposits is 1 month (2010: 1 month, 2009: 1 month, 2008: 1 month, 2007: 1 month).

14. Cash and bank balances

The currency exposure profile of cash and bank balances of the company are as follows:

	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	235,930	811,963	1,718,545	1,936,306	153,195
USD	2,169	883,383	53,504	10,463,642	14,177,178
EURO	7,714	26,938	11,943	234,283	659,801
LKR	-	-	-	62,352	208,100
Others	-	-	-	85,777	42,069
	245,813	1,722,284	1,783,992	12,782,360	15,240,343

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****14. Cash and bank balances (cont'd)**

Bank balances amounting to RM9,379,216 (2010: RM4,649,537, 2009: RM1,619,877, 2008: RM496,665, 2007: Nil) have been pledged to financial institutions for guarantee facilities granted to the Company and hence, are not available for general use.

15. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Created during the year	-	-	-	4,000,000	-
At 31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid:-					
Ordinary shares of RM1 each					
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000	3,333,000
Allotment during the year	-	-	-	2,333,000	-
At 31 December	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>3,333,000</u>	<u>3,333,000</u>

16. Deferred tax liabilities

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
At 1 January	-	-	-	151,000	221,000
Transferred from profit or loss	-	-	151,000	70,000	-
At 31 December	<u>-</u>	<u>-</u>	<u>151,000</u>	<u>221,000</u>	<u>221,000</u>
Analysed into:					
Deferred tax assets	-	-	-	(8,000)	(8,000)
Deferred tax liabilities	-	-	151,000	229,000	229,000
	<u>-</u>	<u>-</u>	<u>151,000</u>	<u>221,000</u>	<u>221,000</u>

The deferred tax assets are in respect of deductible temporary difference between the carrying amount and tax base of provisions.

The deferred tax liabilities are in respect of taxable temporary differences between the carrying amount and tax base of property, plant and equipment and unrealised gain on foreign exchange.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****17. Borrowings**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Non-current liabilities					
Secured:-					
Term loans	-	590,126	3,033,971	2,708,860	2,404,866
Current liabilities					
Secured:-					
Term loans	-	-	268,896	291,545	297,921
Bank overdrafts	2,352,631	1,601,967	4,976,221	4,277,501	5,123,797
Bankers' acceptances	586,000	2,519,300	3,290,000	-	2,053,000
Trust receipts	354,254	10,817,236	2,049,862	3,329,722	7,883,330
	<u>3,292,885</u>	<u>14,938,503</u>	<u>10,584,979</u>	<u>7,898,768</u>	<u>15,358,048</u>
Unsecured:-					
Bank overdrafts	-	1,150,763	1,998,444	-	-
	<u>3,292,885</u>	<u>16,089,266</u>	<u>12,583,423</u>	<u>7,898,768</u>	<u>15,358,048</u>
Total borrowings	<u>3,292,885</u>	<u>16,679,392</u>	<u>15,617,394</u>	<u>10,607,628</u>	<u>17,762,914</u>

The currency analysis of the borrowings is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	3,292,885	16,679,392	15,617,394	9,920,071	10,899,005
USD	-	-	-	-	5,578,488
CHF	-	-	-	-	561,953
EURO	-	-	-	687,557	559,308
Others	-	-	-	-	164,160
Total borrowings	<u>3,292,885</u>	<u>16,679,392</u>	<u>15,617,394</u>	<u>10,607,628</u>	<u>17,762,914</u>

The details of the term loans are:-

- (a) Fifteen (15) years term loan of RM1,000,000 which is repayable by equal monthly installments commencing 1 May 2009.
- (b) Fifteen (15) years term loans of RM1,400,000 which is repayable by equal monthly installments commencing 9 August 2009.
- (c) Five (5) years term loan of RM1,000,000 which is repayable by equal monthly installments commencing 19 October 2009.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****17. Borrowings (cont'd)**

The maturity profile of the term loans is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Not later than one year	-	128,393	268,896	291,545	297,921
Later than one year but less than five years	-	298,713	1,102,703	973,976	813,215
Later than five years	-	163,020	1,931,268	1,734,884	1,591,651
	-	590,126	3,302,867	3,000,405	2,702,787

The borrowings obtained from local banks bear interest ranging from 2.71% to 8.35% (2010: 2.22% to 7.35%, 2009: 3.72% to 7.55%, 2008: 3.22% to 7.65%, 2007: 1.5% to 8.8%) per annum.

As at 31 December 2011, the term loans of the Company are secured by:-

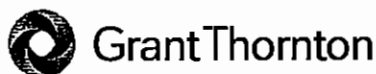
- Facilities Agreements;
- Third party chares over landed properties;
- Certain fixed deposits with licensed banks and bank balances of the Company;
- Subordinate of amount due to Directors; and
- Jointly and severally guaranteed by the Directors of the Company.

As at 31 December 2011, the other borrowings are secured by:-

- Facilities Agreements;
- Existing third party all monies legal charge over the property;
- Existing third party letter of set-off over fixed deposits;
- Certain deposits with licensed bank and bank balances of the Company;
- Subordinate of amount due to Directors; and
- Jointly and severally guaranteed by the Directors of the Company.

18. Finance lease liabilities

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Minimum lease payments					
- not later than one year	126,711	158,064	145,044	150,540	65,916
- later than one year but less than five years	335,881	379,336	234,292	185,084	203,550
	462,592	537,400	379,336	335,624	269,466
Less: Future finance charges	(44,379)	(52,589)	(23,511)	(22,622)	(26,507)
	418,213	484,811	355,825	313,002	242,959

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****18. Finance lease liabilities (cont'd)**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Present value of finance lease liabilities:-					
- not later than one year	106,711	138,072	131,533	138,416	54,632
- later than one year but less than five years	311,502	346,739	224,292	174,586	188,327
	<u>418,213</u>	<u>484,811</u>	<u>355,825</u>	<u>313,002</u>	<u>242,959</u>

Finance lease liabilities bears average interest of 2.65% to 2.90% (2010: 2.56%, 2009: 2.56%, 2008: 5.03%, 2007: 5.10%).

19. Trade payables

	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Trade payables	3,746,256	11,517,524	27,536,623	26,767,864	13,803,620
Retention sum on contracts	-	-	-	913,087	371,996
	<u>3,746,256</u>	<u>11,517,524</u>	<u>27,536,623</u>	<u>27,680,951</u>	<u>14,175,616</u>

The normal trade credit terms granted by the trade payables range from 14 days to 90 days (2010: 14 days to 90 days, 2009: 14 days to 90 days; 2008: 14 days to 90 days, 2007: 14 days to 90 days) term.

The currency analysis of the trade payables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	2,471,581	4,298,291	8,850,588	16,713,680	5,870,790
USD	707,088	5,146,156	16,508,116	3,227,981	6,252,606
JPY	-	595,505	832,304	3,659,136	1,097,112
EURO	5,970	366,458	617,031	2,797,778	450,985
AUS	561,617	3,065	205,505	-	-
BND	-	882,784	17,442	-	155,432
CHF	-	-	-	729,331	-
LKR	-	-	-	-	331,869
PGK	-	-	-	536,437	16,559
SGD	-	-	260,008	-	-
Others	-	225,265	245,629	16,608	263
	<u>3,746,256</u>	<u>11,517,524</u>	<u>27,536,623</u>	<u>27,680,951</u>	<u>14,175,616</u>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****20. Other payables**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	7,330,745	2,591,487	4,542,142	1,045,389	979,698
Advances received from contracts customers	-	19,972	39,200	6,279,969	322,972
Accruals	254,685	13,451	207,780	716,652	794,159
Dividend payable	-	-	-	75,000	-
	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829

The currency analysis of the other payables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	433,630	1,254,692	3,614,890	1,378,900	1,886,726
USD	7,151,800	1,366,400	-	3,577,857	3,753
EURO	-	-	-	2,907,872	129,126
PGK	-	-	876,107	-	-
LKR	-	-	296,886	231,970	59,367
Others	-	3,818	1,239	20,411	17,857
	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829

21. Amount due to directors

Amount due to directors is unsecured, interest free and no fixed terms of repayment.

22. Dividends

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Final dividend of 10%, less tax for financial year 2007	-	74,000	-	-	-
Final dividend of 10%, less tax for financial year 2008	-	-	75,000	-	-
Final dividend of 10%, less tax for financial year 2009	-	-	-	75,000	-
Final dividend of 10% less tax for financial year 2010	-	-	-	-	249,975
	-	74,000	75,000	75,000	249,975

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****23. Related party transactions**

Significant transactions with related companies are as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Sales to subsidiaries	-	-	-	26,789,311	61,452
Sales to a related company	-	-	-	-	29,403
Purchases from a subsidiary	-	-	-	164,760	9,278,483
Rental charges from a subsidiary	-	-	-	564,000	564,000
Interest charges to subsidiary	-	-	-	443,438	437,515

Significant transactions with related parties are as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Sales to related parties:-					
Mercula Systems Sdn. Bhd.	295,777	39,032	-	-	-
Merit Power Engineering Ltd.	150,596	1,474,333	4,262,498	-	-
Vestech Projects Sdn. Bhd.	-	-	1,232,825	-	-
Wylis Corporation Sdn. Bhd.	1,025,500	-	1,065,000	-	-
Purchases from related parties:-					
Itech Marketing & Services Sdn. Bhd.	1,287,025	1,363,552	1,380,570	2,585,075	-
Silver Mountain Engineering Sdn. Bhd.	70,000	300,000	210,000	370,000	31,800
Mercula Systems Sdn. Bhd.	604,847	461,494	643,090	779,577	283,423
Perunding CPM Services Sdn. Bhd.	-	-	-	1,020,622	1,740,900
Merit Power Engineering Ltd.	-	-	4,552,637	1,561,983	4,062,125
Vestech Engineering Sdn. Bhd.	18,000	-	-	-	-
Vestech Projects Sdn. Bhd.	-	548,900	2,210,593	6,032,462	3,242,709
Wylis Corporation Sdn. Bhd.	1,486,000	875,000	1,556,000	420,627	-
Rental expenses:-					
Ngow Yeng Mei	14,400	14,400	14,400	14,400	-

The Directors of Pestech Sdn. Bhd. are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

The remuneration of directors and other members of management personnel during the financial year were as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries and other short-term employee benefits	523,052	616,140	589,308	843,379	1,347,348

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.2 PSB (cont'd)****7.2.5 Notes to the financial statements (cont'd)****24. Contingencies**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
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Unsecured:-

Corporate guarantees given to suppliers by the Company for supply of goods to a related party

	-	200,000	200,000	-	-
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12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.3 XCELL****7.3.1 Statements of Comprehensive Income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of XCELL for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	111,200	-	-	-	52,000
Cost of sales		(80,000)	-	-	-	(29,403)
Gross Profit		31,200	-	-	-	22,597
Administration expenses		(18,602)	(13,739)	(12,302)	(3,921)	(11,324)
Profit/(Loss) before taxation	2	12,598	(13,739)	(12,302)	(3,921)	11,273
Taxation	3	-	-	-	-	-
Profit/(Loss) after taxation		12,598	(13,739)	(12,302)	(3,921)	11,273
Total comprehensive income/(loss) for the financial year		12,598	(13,739)	(12,302)	(3,921)	11,273
<i>Gross profit margin (%)</i>		28.06	-	-	-	43.46
<i>PBT margin (%)</i>		11.33	-	-	-	21.68
<i>PAT margin (%)</i>		11.33	-	-	-	21.68
<i>Effective tax rate (%)</i>		-	-	-	-	-
<i>Weighted average number of ordinary shares issued</i>		300,000	300,000	300,000	300,000	300,000
<i>Gross EPS/(LPS) (RM)#</i>		0.04	(0.05)	(0.04)	(0.01)	(0.04)
<i>Net EPS/(LPS) (RM) #</i>		0.04	(0.05)	(0.04)	(0.01)	(0.04)

Based on weighted average number of ordinary shares issued during the financial years

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL

7.3.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	2,226	991	496	2	2
Current assets						
Trade receivables	5	108,000	-	-	-	-
Deposits		3,050	3,050	3,050	3,350	1,050
Cash at bank		9,281	9,266	9,266	10,695	27,467
		120,331	12,316	12,316	14,045	28,517
Total assets		122,557	13,307	12,812	14,047	28,519
EQUITY AND LIABILITIES						
Equity						
Share capital	6	300,000	300,000	300,000	300,000	300,000
Accumulated losses		(618,494)	(632,233)	(644,535)	(648,456)	(637,183)
Total equity		(318,494)	(332,233)	(344,535)	(348,456)	(337,183)
Current liabilities						
Trade payables	7	108,394	80,000	80,000	80,000	-
Accruals		4,500	3,000	4,000	5,000	4,000
Amount due to holding company	8	300,157	234,540	245,347	249,503	-
Amount due to a related company	8	-	-	-	-	253,702
Amount due to a director	9	28,000	28,000	28,000	28,000	108,000
Total liabilities		441,051	345,540	357,347	362,503	365,702
Total equity and liabilities		122,557	13,307	12,812	14,047	28,519
<i>NL</i>		<i>(318,494)</i>	<i>(332,233)</i>	<i>(344,535)</i>	<i>(348,456)</i>	<i>(337,183)</i>
<i>Number of ordinary shares</i>		<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>	<i>300,000</i>
<i>NL per share</i>		<i>(1.06)</i>	<i>(1.11)</i>	<i>(1.15)</i>	<i>(1.16)</i>	<i>(1.12)</i>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.3 XCELL (cont'd)****7.3.3 Statements of Changes in Equity**

	Share capital RM	Accumulated losses RM	Total RM
Balance as at 1 January 2007	300,000	(631,092)	(331,092)
Total comprehensive income for the financial year	-	12,598	12,598
Balance at 31 December 2007	300,000	(618,494)	(318,494)
Total comprehensive loss for the financial year	-	(13,739)	(13,739)
Balance at 31 December 2008	300,000	(632,233)	(332,233)
Total comprehensive loss for the financial year	-	(12,302)	(12,302)
Balance at 31 December 2009	300,000	(644,535)	(344,535)
Total comprehensive loss for the financial year	-	(3,921)	(3,921)
Balance as at 31 December 2010	300,000	(648,456)	(348,456)
Total comprehensive income for the financial year	-	11,273	11,273
Balance as at 31 December 2011	300,000	(637,183)	(337,183)

7.3.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit/(Loss) before taxation	12,598	(13,739)	(12,302)	(3,921)	11,273
Adjustments for:-					
Depreciation	1,365	1,235	495	494	-
Operating profit/(loss) before working capital changes	13,963	(12,504)	(11,807)	(3,427)	11,273
Receivables	(108,000)	108,000	-	2,000	2,300
Payables	97,216	(95,511)	11,807	(1,300)	(81,000)
Net cash generated from/(used in) operating activities	3,179	(15)	-	(2,727)	(67,427)
Cash flows from financing activity					
Advances received from directors	-	-	-	-	80,000
Advance received from holding company	-	-	-	4,156	-
Advances received from a related company	-	-	-	-	4,199
Net cash from financing activities	-	-	-	4,156	84,199
Cash at bank					
Net increase/(decrease)	3,179	(15)	-	1,429	16,772
Brought forward	6,102	9,281	9,266	9,266	10,695
Carried forward	9,281	9,266	9,266	10,695	27,467

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.3 XCELL (cont'd)****7.3.5 Notes to the financial statements****1. Revenue**

There was no revenue generated by XCELL during the financial years 2008 to 2010. For the financial year 2007 and 2011, revenue represents total sales during the financial year after discounts allowed and goods returned.

2. Profit/(Loss) before taxation

Profit/(Loss) before taxation has been determined after charging amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee	2,000	1,000	1,000	1,000	2,000
Depreciation	1,365	1,235	495	494	-
Rental of office	6,000	6,000	6,000	-	-

3. Taxation

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

There was no provision for taxation for the five (5) financial years as XCELL has no chargeable income.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit/(Loss) before taxation	12,598	(13,739)	(12,302)	(3,921)	11,273
Tax at Malaysian statutory tax rate	2,520	(2,948)	(2,660)	(980)	2,818
Tax effect in respect of:-					
Non-allowable expenses	596	2,701	2,561	980	2,046
Deferred tax (assets)/ liabilities not recognised	(3,116)	247	99	-	-
Utilisation or previously unrecognised tax losses	-	-	-	-	(4,864)
	-	-	-	-	-

The unutilised tax losses which can be carried forward for offset against future taxable profit amounted to approximately RM426,000 (2010: RM446,000, 2009: RM446,000, 2008: RM434,000, 2007: RM421,000). However the amount is subject to the approval of the Inland Revenue Board Malaysia.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.3 XCELL ATS (M) SDN BHD (cont'd)****7.3.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

Deferred tax assets have not been recognised in respect of the unutilized tax losses due to the Company has a recent history of losses and therefore the Directors of the Company do not expect its utilisation in the foreseeable future.

4. Property, plant and equipment

	Office equipment RM	Computers RM	Signboard RM	Total RM
Cost				
At 1 January 2007 to 31 December 2011	8,696	25,915	4,950	39,561
Accumulated depreciation				
At 1 January 2007	7,085	25,915	2,970	35,970
Charge for the year	870	-	495	1,365
At 31 December 2007	7,955	25,915	3,465	37,335
Charge for the year	740	-	495	1,235
At 31 December 2008	8,695	25,915	3,960	38,570
Charge for the year	-	-	495	495
At 31 December 2009	8,695	25,915	4,455	39,065
Charge for the year	-	-	494	494
At 31 December 2010/31 December 2011	8,695	25,915	4,949	39,559
Net carrying amount				
31 December 2007	741	-	1,485	2,226
31 December 2008	1	-	990	991
31 December 2009	1	-	495	496
31 December 2010	1	-	1	2
31 December 2011	1	-	1	2

5. Trade receivables

Trade receivables were non-interest bearing and were generally on 30 to 60 days term.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.3 XCELL ATS (M) SDN BHD (cont'd)****7.3.5 Notes to the financial statements (cont'd)****6. Share capital**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January/31 December	500,000	500,000	500,000	500,000	500,000
Issued and fully paid:-					
Ordinary shares of RM1 each					
At 1 January/31 December	300,000	300,000	300,000	300,000	300,000

7. Trade payables

The normal trade credit terms granted by the trade payables range from 30 days to 90 days term.

8. Amount due to holding company/a related company

Amount due to holding company/a related company is unsecured, interest free and repayable on demand.

9. Amount due to a director

Amount due to a director is unsecured, interest free and repayable on demand.

10. Related party disclosure

During the FYE 2011, the Company purchased materials amounting to RM29,405 from its related company PSB.

The Directors are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial years under review.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX

7.4.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of FORNIX for FYE from 31 December 2007 to 31 December 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	-	-	-	564,000	564,000
Other income		-	-	-	-	1,298,454
Administration expenses		(18,064)	(18,067)	(18,065)	(151,383)	(29,262)
Finance costs		-	-	-	(443,438)	(437,515)
(Loss)/Profit before taxation	2	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677
Taxation	3	-	-	-	(20,270)	(21,442)
(Loss)/Profit after taxation		(18,064)	(18,067)	(18,065)	(51,091)	1,374,235
Total comprehensive loss/(income) for the financial year		(18,064)	(18,067)	(18,065)	(51,091)	1,374,235
<i>LBT/PBT margin (%)</i>		-	-	-	(5.46)	247.46
<i>LAT/PAT margin (%)</i>		-	-	-	(9.06)	243.66
<i>Effective tax rate (%)</i>		-	-	-	65.77	(1.53)
<i>Weighted average number of ordinary shares issued</i>		22,193	100,000	100,000	100,000	100,000
<i>Gross LPS/EPS(RM)#</i>		(0.81)	(0.18)	(0.18)	(0.31)	13.96
<i>Net LPS/EPS (RM) #</i>		(0.81)	(0.18)	(0.18)	(0.51)	13.74

Based on weighted average number of ordinary shares issued during the financial period/years

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.4 FORNIX (cont'd)****7.4.2 Statements of Financial Position**

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	1,713,249	3,171,999	7,333,718	-	-
Investment properties	5	-	-	-	7,201,546	8,500,000
Investment in an associate	6	30,000	30,000	30,000	30,000	-
		<u>1,743,249</u>	<u>3,201,999</u>	<u>7,363,718</u>	<u>7,231,546</u>	<u>8,500,000</u>
Current assets						
Deposits		12,480	12,480	46,480	46,480	46,480
Cash in hand		4,566	2,314	2,314	31,814	7,778
		<u>17,046</u>	<u>14,794</u>	<u>48,794</u>	<u>78,294</u>	<u>54,258</u>
Total assets		<u>1,760,295</u>	<u>3,216,793</u>	<u>7,412,512</u>	<u>7,309,840</u>	<u>8,554,258</u>
EQUITY AND LIABILITIES						
Equity						
Share capital	7	100,000	100,000	100,000	100,000	100,000
(Accumulated losses)/Retained earning		(39,059)	(57,126)	(75,191)	(126,282)	1,247,953
Total equity		<u>60,941</u>	<u>42,874</u>	<u>24,809</u>	<u>(26,282)</u>	<u>1,347,953</u>
Current liabilities						
Other payables and accruals	8	1,600	2,400	3,200	112,200	112,000
Amount due to holding company	9	1,055,908	2,529,673	6,742,657	6,549,806	6,466,209
Amount due to directors	10	641,846	641,846	641,846	653,846	623,846
Provision for taxation		-	-	-	20,270	4,250
Total liabilities		<u>1,699,354</u>	<u>3,173,919</u>	<u>7,387,703</u>	<u>7,336,122</u>	<u>7,206,305</u>
Total equity and liabilities		<u>1,760,295</u>	<u>3,216,793</u>	<u>7,412,512</u>	<u>7,309,840</u>	<u>8,554,258</u>
<i>NA/NL</i>		<i>60,941</i>	<i>42,874</i>	<i>24,809</i>	<i>(26,282)</i>	<i>1,347,953</i>
<i>Number of ordinary shares</i>		<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>	<i>100,000</i>
<i>NA/NL per share</i>		<i>0.61</i>	<i>0.43</i>	<i>0.25</i>	<i>(0.26)</i>	<i>13.48</i>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.4 FORNIX (cont'd)****7.4.3 Statements of Changes in Equity**

	Note	Share capital RM	Accumulated Losses/Retained Earning RM	Total RM
Balance at 1 January 2007		2	(20,995)	(20,993)
Issuance of share capital	7	99,998	-	99,998
Total comprehensive loss for the financial year		-	(18,064)	(18,064)
Balance at 31 December 2007		100,000	(39,059)	60,941
Total comprehensive loss for the financial year		-	(18,067)	(18,067)
Balance at 31 December 2008		100,000	(57,126)	42,874
Total comprehensive loss for the financial year		-	(18,065)	(18,065)
Balance at 31 December 2009		100,000	(75,191)	24,809
Total comprehensive loss for the financial year		-	(51,091)	(51,091)
Balance at 31 December 2010		100,000	(126,282)	(26,282)
Total comprehensive income for the financial year		-	1,374,235	1,374,235
Balance at 31 December 2011		100,000	1,247,953	1,347,953

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
(Loss)/Profit before taxation	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677
Adjustment for:-					
Interest expenses	-	-	-	443,438	437,515
Depreciation	17,264	17,265	17,265	-	-
Fair value gain of investment properties	-	-	-	-	(1,298,454)
Impairment of investment properties	-	-	-	132,172	-
Operating (loss)/profit before working capital changes	(800)	(802)	(800)	544,789	534,738
Deposits	(12,480)	-	(34,000)	-	-
Payables	800	1,417,043	800	5,000	(200)
Holding company	21,764	57,522	4,212,984	(88,851)	(83,597)
Directors	(9,998)	-	-	12,000	(30,000)
Cash (used in)/generated from operating activities	(714)	1,473,763	4,178,984	472,938	420,941
Interest paid	-	-	-	(443,438)	(437,515)
Tax paid	-	-	-	-	(37,462)
Net cash (used in)/ from operating activities	(714)	1,473,763	4,178,984	29,500	(54,036)
Cash flows from investing activities					
Progress payment to building development	(69,284)	(1,476,015)	(4,178,984)	-	-
Investment in an associate	(30,000)	-	-	-	-
Proceeds from disposal of an associate	-	-	-	-	30,000
Net cash (used in)/ from investing activities	(99,284)	(1,476,015)	(4,178,984)	-	30,000
Cash flows from financing activity					
Proceeds from issuance of shares/Net cash from financing activities	99,998	-	-	-	-
Cash at bank					
Net increase/(decrease)	-	(2,252)	-	29,500	(24,036)
Brought forward	4,566	4,566	2,314	2,314	31,814
Carried forward	4,566	2,314	2,314	31,814	7,778

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.4 FORNIX (cont'd)****7.4.5 Notes to the financial statements****1. Revenue**

There was no revenue generated by Fornix during the financial years 2007 to 2009. For the financial years 2010 and 2011, revenue represents rental income received from its holding company, PSB.

2. (Loss)/Profit before taxation

(Loss)/Profit before taxation has been determined after charging amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee					
- Current year	800	800	800	5,000	8,000
- Under provision in prior year	-	-	-	-	200
Depreciation	17,264	17,265	17,265	-	-
Fair value gain of investment properties	-	-	-	-	(1,298,454)
Impairment of investment properties	-	-	-	132,172	-
Interest on advances from the holding company	-	-	-	443,438	437,515

3. Taxation

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Income tax:-					
- Current	-	-	-	(20,270)	(20,000)
- Underprovision in prior year	-	-	-	-	(1,442)
	-	-	-	(20,270)	(21,442)

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
(Loss)/Profit before taxation	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.4 FORNIX (cont'd)****7.4.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows (cont'd):-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Tax at Malaysian statutory tax rate	(3,613)	(3,613)	(3,613)	(7,705)	348,919
Tax effect in respect of:-					
Non-taxable income	-	-	-	-	(324,613)
Non-deductible expense	3,613	3,613	3,613	33,043	2,408
Reduction in statutory tax rate on chargeable income up to RM500,000	-	-	-	(5,068)	(6,714)
Under provision of taxation in prior years	-	-	-	-	1,442
	-	-	-	20,270	21,442

4. Property, plant and equipment

	Long leasehold land RM	Building RM	Total RM
Cost			
At 1 January 2007	1,657,403	21,091	1,678,494
Additions	-	69,284	69,284
At 31 December 2007	1,657,403	90,375	1,747,778
Additions	-	1,476,015	1,476,015
At 31 December 2008	1,657,403	1,566,390	3,223,793
Additions	-	4,178,984	4,178,984
At 31 December 2009	1,657,403	5,745,374	7,402,777
Reclassified to investment properties	(1,657,403)	(5,745,374)	(7,402,777)
At 31 December 2010/31 December 2011	-	-	-
Accumulated depreciation			
At 1 January 2007	17,265	-	17,265
Charge for the year	17,264	-	17,264
At 31 December 2007	34,529	-	34,529
Charge for the year	17,265	-	17,265
At 31 December 2008	51,794	-	51,794
Charge for the year	17,265	-	17,265
At 31 December 2009	69,059	-	69,059
Reclassified to investment properties	(69,059)	-	(69,059)
At 31 December 2010/31 December 2011	-	-	-

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements (cont'd)

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

	Long leasehold land RM	Building RM	Total RM
Net carrying amount			
31 December 2011/31 December 2010	-	-	-
31 December 2009	1,588,344	5,745,374	7,333,718
31 December 2008	1,605,609	1,566,390	3,171,999
31 December 2007	1,622,874	90,375	1,713,249

5. Investment properties

	Long leasehold land RM	Building RM	Total RM
2011			
Fair value			
Reclassified from property, plant and equipment/At 31 December 2010	1,588,344	5,745,374	7,333,718
Fair value gain of investment properties	1,228,140	70,314	1,298,454
31 December 2011	2,816,484	5,815,688	8,632,172
Accumulated impairment			
Impairment for the year/At 31 December 2010/31 December 2011	17,265	114,907	132,172
Net carrying amount			
31 December 2011	2,799,219	5,700,781	8,500,000
31 December 2010	1,571,079	5,630,467	7,201,546

6. Investment in an associate

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	30,000	30,000	30,000	30,000	-

Name of company	Country of incorporation	Effective interest				
		2007 %	2008 %	2009 %	2010 %	2011 %
Mercula Sdn. Bhd.	Malaysia	16	16	16	16	-

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.4 FORNIX (cont'd)****7.4.5 Notes to the financial statements (cont'd)****7. Share capital**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:- Ordinary shares of RM1 each					
At 1 January/31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid:- Ordinary shares of RM1 each					
At 1 January	2	100,000	100,000	100,000	100,000
Allotment during the year	99,998	-	-	-	-
At 31 December	100,000	100,000	100,000	100,000	100,000

8. Other payables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	-	-	-	104,000	104,000
Accruals	1,600	2,400	3,200	8,200	8,000
	1,600	2,400	3,200	112,200	112,000

9. Amount due to holding company

The amount due to holding company is unsecured and payable on demand. Interest expenses incurred by the holding company on borrowings in providing the advances to the Company would be reimbursed.

10. Amount due to directors

Amount due to directors is unsecured, interest free and repayable on demand.

11. Related party disclosures

Significant transactions with the holding company were as follows:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Holding companies:-					
Rental income	-	-	-	564,000	564,000
Interest expenses	-	-	-	443,438	437,515

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial years under review.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements (cont'd)

12. Contingencies

A third party fixed charge and a basic factory debenture over the Company's properties have been created in favor of a bank as securities for the bank facilities granted to the holding company amounting to RM3,500,000.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV****7.5.1 Statements of Comprehensive Income**

The following table sets out the summary of the financial results prepared based on the audited financial statements of TPJV for FPE from 5 September 2010 to 31 December 2011 and FYE 31 December 2011:-

FPE/FYE	Note	2010 RM	2011 RM
Revenue	1	7,709,352	12,653,882
Costs of sales		(5,781,857)	(11,157,695)
Gross profit		1,927,495	1,496,187
Administration expenses		(343,236)	(739,952)
Finance cost		-	(3,656)
Profit before taxation	2	1,584,259	752,579
Taxation	3	(313,535)	(161,264)
Profit after taxation		1,270,724	591,315
Other comprehensive income:- Foreign currency translation		(51,785)	2,415
Total comprehensive income for the financial year		1,218,939	593,730
<i>Gross profit margin (%)</i>		25.00	11.82
<i>PBT margin (%)</i>		20.55	5.95
<i>PAT margin (%)</i>		16.48	4.67
<i>Effective tax rate (%)</i>		19.79	21.43
<i>Weighted average number of ordinary shares issued</i>		1,000	1,000
<i>Gross EPS (RM)#</i>		1,584.27	752.58
<i>Net EPS (RM) #</i>		1,270.43	591.32

Based on weighted average number of ordinary shares issued during the financial period/years

12. ACCOUNTANTS' REPORT (Cont'd)

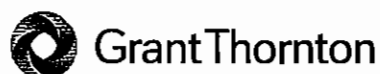


7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV

7.5.2 Statements of Financial Position

FPE/FYE	Note	2010 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	263,035	260,916
Current assets			
Trade receivables	5	350,492	636,675
Other receivables and deposits	6	156,667	154,002
Amount due from contract customers	7	1,023,049	-
Amount due from holding company	8	469,331	1,826,913
Cash and bank balances		408,086	380,128
		<u>2,407,625</u>	<u>2,997,718</u>
Total assets		<u>2,670,660</u>	<u>3,258,634</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	3,162	3,162
Retained earnings		1,270,724	1,862,039
Foreign translation reserve	10	(51,785)	2,415
Total equity		<u>1,222,101</u>	<u>1,867,616</u>
Current liabilities			
Trade payables	11	1,187,036	691,544
Accruals		24,472	79,218
Amount due to customer		-	1,578
Amount owing to a director	12	-	303,080
Provision for taxation		237,051	315,598
Total liabilities		<u>1,448,559</u>	<u>1,391,018</u>
Total equity and liabilities		<u>2,670,660</u>	<u>3,258,634</u>
<i>NA</i>		<i>1,222,101</i>	<i>1,867,616</i>
<i>Number of ordinary shares</i>		<i>1,000</i>	<i>1,000</i>
<i>NA per share</i>		<i>1,222.10</i>	<i>1,867.62</i>

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV (cont'd)****7.5.3 Statements of Changes in Equity**

	Share capital RM	Foreign translation reserve RM	Retained earnings RM	Total RM
At date of incorporation	3,162	-	-	3,162
Total comprehensive income for the financial period	-	(51,785)	1,270,724	1,218,939
Balance at 31 December 2010	3,162	(51,785)	1,270,724	1,222,101
Total comprehensive income for the financial year	-	54,200	591,315	645,515
Balance as at 31 December 2011	3,162	2,415	1,862,039	1,867,616

7.5.4 Statements of Cash Flows

FPE/FYE	2010 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,584,259	752,579
Adjustments for:-		
Depreciation	35,270	53,204
Interest expense	-	3,656
Operating profit before working capital changes	1,619,529	809,439
Receivables	(507,159)	(260,473)
Payables	1,211,508	(467,215)
Contract customer	(1,023,049)	1,015,078
Holding company	(469,331)	(1,297,789)
Amount due to directors	-	303,080
Cash generated from operating activities	831,498	102,119
Interest paid	-	(3,656)
Tax paid	(76,484)	(91,590)
Net cash generated from/(used in) operating activities	755,014	6,874
Cash flows from investing activities		
Purchase of property, plant and equipment/Net cash used in investing activities	(296,873)	(44,376)
Cash flows from financing activities		
Proceeds from issuance of shares/Net cash from financing activities	3,162	-
Effects of foreign currency translation	(53,217)	9,544
Cash at bank		
Net increase/(decrease)	408,086	(27,958)
Brought forward	-	408,086
Carried forward	408,086	380,128

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV (cont'd)****7.5.5 Notes to the financial statements****1. Revenue**

Revenue relating to sale of retails goods is recognised net of returns and discounts when the transfer of risks and rewards has been completed.

2. Profit before taxation

Profit before taxation has been determined after charging amongst other items the following:-

FPE/FYE	2010 RM	2011 RM
Audit fee	12,868	16,815
Depreciation	35,270	53,204
Rental of premises	26,732	96,057

3. Taxation

According to Cambodian Law on Taxation, the Company has an obligation to pay either Tax on Profit at the rate of 20% or Prepayment of Tax on Profits whichever is higher. Prepayment of Tax on Profits equal to 1% of monthly turnover inclusive of all taxes excepts Value Added Tax.

FPE/FYE	2010 RM	2011 RM
Income tax:- Current year	313,535	161,264

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE/FYE	2010 RM	2011 RM
Profit before taxation	1,584,258	752,579
Income tax at rate of 25%	396,065	188,145
Tax effect in respect of:		
Non-taxable income	(15,474)	(19,154)
Non-allowable expenses	12,157	29,902
Difference of tax rate	(79,213)	(37,629)
	313,535	161,264

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which are subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV (cont'd)****7.5.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

These facts may create tax risks in Cambodia, substantially more significant than that in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant since the incorporation of the Company.

4. Property, plant and equipment

	Tools and equipment RM	Motor vehicles RM	Office equipment RM	Total RM
Cost				
Additions/At 31 December 2010	89,802	182,383	24,688	296,873
Additions	-	25,982	20,006	45,988
Foreign translation differences	2,401	4,875	660	7,936
At 31 December 2011	92,203	213,240	45,354	350,797
Accumulated depreciation				
Charge for the year/At 31 December 2010	5,238	26,128	2,472	33,838
Charge for the year	8,897	37,807	6,500	53,204
Foreign translation differences	464	2,075	299	2,838
At 31 December 2011	14,599	66,010	9,271	89,880
Net carrying amount				
31 December 2011	77,604	147,230	36,083	260,917
31 December 2010	84,564	156,255	22,216	263,035

5. Trade receivables

FPE/FYE	2010 RM	2011 RM
Trade receivables	-	132,221
Retention sum on construction contracts	350,492	504,454
	350,492	636,675

Trade receivables are non-interest bearing and are generally on 30 to 60 days term. They are recognized at their original invoice amounts which represent their fair values n initial recognition.

The entire trade receivables are denominated in USD.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV (cont'd)****7.5.5 Notes to the financial statements (cont'd)****5. Trade receivables (cont'd)**

As at the reporting date, trade receivables of past due for 0 to 30 days but not impaired amounting to RM132,221 (2010: RM Nil), and were related to a number of independent customers from whom there is no recent history of default.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

6. Other receivables and deposits

FPE/FYE	2010 RM	2011 RM
Other receivables	146,483	91,414
Deposits	10,184	12,991
Prepayments	-	49,597
	<u>156,667</u>	<u>154,002</u>

Other receivables and deposits are denominated in USD.

7. Amount due from/(to) contract customers

FPE/FYE	2010 RM	2011 RM
Contract cost incurred	5,738,460	8,882,460
Attributable profit	1,927,496	2,200,710
	7,665,956	11,083,170
Progress billings received and receivables	<u>(6,642,907)</u>	<u>(11,084,748)</u>
	<u>1,023,049</u>	<u>(1,578)</u>

Amount due from/(to) contract customers is denominated in USD.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.5 TPJV (cont'd)****7.5.5 Notes to the financial statements (cont'd)****8. Amount due from holding company**

Amount due to from holding company is unsecured, interest free, repayable on demand and is denominated in USD.

9. Share capital

FPE/FYE	2010 RM	2011 RM
Authorised:- 1,000 ordinary shares of USD1 each		
Upon incorporation/1 January	-	3,162
Issued during the period	3,162	-
At 31 December	<u>3,162</u>	<u>3,162</u>
Issued and fully paid:- 1,000 ordinary shares of USD1 each		
Upon incorporation/1 January	-	3,162
Allotment during the period	3,162	-
At 31 December	<u>3,162</u>	<u>3,162</u>

10. Foreign translation reserve

The foreign translation reserve represents foreign exchange differences arising from translation of the financial statements from its functional currency, USD into the presentation currency, RM.

11. Trade payables

The normal trade credit terms granted by the trade payables range from 30 to 90 days term and is denominated in USD.

12. Amount due to directors

Amount due to directors is unsecured, interest free, repayable on demand and is denominated in USD.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB

7.6.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PBSB for FPE from 17 March 2011 to 31 December 2011

FPE	Note	2011 RM
Revenue	1	69,460
Costs of sales		<u>(60,930)</u>
Gross profit		8,530
Administration expenses		<u>(42,561)</u>
Loss before taxation	2	(34,031)
Taxation	3	<u>-</u>
Loss after taxation		(34,031)
Other comprehensive income:- Foreign currency translation		<u>(10)</u>
Total comprehensive loss for the year		<u><u>(34,041)</u></u>
<i>LBT margin (%)</i>		<i>(48.99)</i>
<i>LAT margin (%)</i>		<i>(48.99)</i>
<i>Effective tax rate (%)</i>		<i>-</i>
<i>Weighted average number of ordinary shares issued</i>		<i>100</i>
<i>Gross LPS (RM)#</i>		<i>(340.31)</i>
<i>Net LPS (RM) #</i>		<i>(340.31)</i>

Based on weighted average number of ordinary shares issued during the financial period/years

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB (CONT'D)

7.6.2 Statements of Financial Position

FPE	Note	2011 RM
ASSETS		
Current assets		
Prepayment	4	3,657
Cash and bank balances	4	82,361
		<u>86,018</u>
Total assets		<u>86,018</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	5	246
Accumulated loss		(34,031)
Foreign translation reserve	6	(10)
Total equity		<u>(33,795)</u>
Current liabilities		
Accruals	7	6,472
Amount due to holding company	8	85,323
Amount due to a related company	8	28,018
Total liabilities		<u>119,813</u>
Total equity and liabilities		<u>86,018</u>
<i>NL</i>		(33,795)
<i>Number of ordinary shares</i>		100
<i>NL per share</i>		(337.95)

7.6.3 Statements of Changes in Equity

	Share capital RM	Foreign translation reserve RM	Accumulated loss RM	Total RM
Balance at date of incorporation	246	-	-	246
Total comprehensive loss for the financial period	-	(10)	(34,031)	(34,041)
Balance at 31 December 2011	246	(10)	(34,031)	(33,795)

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.6 PBSB (cont'd)****7.6.4 Statements of Cash Flows**

FPE	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(34,031)
Operating loss before working capital changes	
Receivables	(3,657)
Payables	6,472
Holding company	88,963
Net cash generated from operating activities	<u>57,747</u>
Cash flows from financing activities	
Proceeds from issuance of shares	246
Related party	24,378
Net cash generated from financing activities	<u>24,624</u>
Exchange translation differences	<u>(10)</u>
Cash at bank	
Net increase	82,361
Brought forward	-
Carried forward	<u>82,361</u>

7.6.5 Notes to the financial statements**1. Revenue**

The Company is engaged in electrical engineering contractor, specialising in transmission and distribution.

2. Loss before taxation

Loss before taxation has been determined after charging amongst other items the following:-

FPE	2011 RM
Audit fee	4,387
Rental expenses	3,656
Pre-operating expenses	<u>11,589</u>

3. Taxation

According to the Laws of Brunei, company which is considered a tax resident in Brunei is subject to 23.5%.

There was no provision for taxation for the financial period as PBSB has no chargeable income.

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.6 PBSB (cont'd)****7.6.5 Notes to the financial statements (cont'd)****3. Taxation (cont'd)**

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE	2011 RM
Loss before taxation	(34,041)
Income tax at rate of 25%	(8,510)
Tax effect in respect of: Non-allowable expenses	9,020
Difference of tax rate	(510)
	<u>-</u>

4. Prepayment and Cash and bank balances

The amounts are denominated in BND.

5. Share capital

FPE	2011 RM
Authorised:- 500,000 ordinary shares of BND 1 each Created during the period/At 31 December	<u>1,230,000</u>
Issued and fully paid:- 100 ordinary shares of BND 1 each Allotment during the period/At 31 December	<u>246</u>

6. Foreign translation reserve

The foreign translation reserve represents foreign exchange differences arising from translation of the financial statements from its functional currency, BND into the presentation currency, RM.

7. Accruals

The amount is denominated in BND.

8. Amount due to holding company/related company

Amount due to holding company/related company are unsecured, interest free and repayable on demand and are denominated in BND.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB (cont'd)

7.6.5 Notes to the financial statements (cont'd)

9. Related party disclosures

During the FPE 2011, the Company purchased materials amounting to RM61,453 from its holding company, PSB.

The Directors are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial year under review.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB

7.7.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of TPSB for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	8,271,521	-	-	-	-
Cost of sales		(8,233,307)	-	-	-	-
Gross profit		38,214	-	-	-	-
Other income		-	-	-	2,500	2,000
Administration expenses		(2,488)	(803)	(800)	(1,650)	(6,909)
Profit/(Loss) before taxation	2	35,726	(803)	(800)	850	(4,909)
Taxation	3	-	-	-	-	-
Profit/(Loss) after taxation		35,726	(803)	(800)	850	(4,909)
Total comprehensive income/(loss) for the financial year		35,726	(803)	(800)	850	(4,909)
<i>GP margin (%)</i>		0.46	-	-	-	-
<i>PBT margin (%)</i>		0.43	-	-	-	-
<i>PAT margin (%)</i>		0.43	-	-	-	-
<i>Effective tax rate (%)</i>		-	-	-	-	-
<i>Weighted average number of ordinary shares issued</i>		25,000	25,000	25,000	25,000	25,000
<i>Gross EPS/(LPS) (RM) #</i>		1.53	(0.03)	(0.03)	0.03	(0.2)
<i>Net EPS/(LPS) (RM) #</i>		1.43	(0.03)	(0.03)	0.03	(0.2)

Based on weighted average number of ordinary shares issued during the financial years

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB (cont'd)

7.7.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Current asset						
Trade receivables	4	1,655	-	-	-	-
Cash at bank		11,880	11,882	11,882	11,032	5,290
Total asset		13,535	11,882	11,882	11,032	5,290
EQUITY AND LIABILITIES						
Equity						
Share capital	5	25,000	25,000	25,000	25,000	25,000
Accumulated losses		(32,235)	(33,038)	(33,838)	(32,998)	(37,897)
Total equity		(7,235)	(8,038)	(8,838)	(7,988)	(12,897)
Current liabilities						
Trade payables	6	3,670	2,020	2,020	2,020	-
Other payables	7	7,100	7,900	8,700	7,000	2,101
Amount due to a venture company	8	10,000	10,000	10,000	10,000	16,086
Total liabilities		20,770	19,920	20,720	19,020	18,187
Total equity and liabilities		13,535	11,882	11,882	11,032	5,290
<i>NL</i>		<i>(7,235)</i>	<i>(8,038)</i>	<i>(8,838)</i>	<i>(7,988)</i>	<i>(12,897)</i>
<i>Number of ordinary shares</i>		<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>	<i>25,000</i>
<i>NL per share</i>		<i>(0.29)</i>	<i>(0.32)</i>	<i>(0.35)</i>	<i>(0.32)</i>	<i>(0.52)</i>

7.7.3 Statements of Changes in Equity

	Share capital RM	Accumulated loss RM	Total RM
Balance as at 1 January 2007	25,000	(67,961)	(42,961)
Total comprehensive income for the financial year	-	35,726	35,726
Balance at 31 December 2007	25,000	(32,235)	(7,235)
Total comprehensive loss for the financial year	-	(803)	(803)
Balance at 31 December 2008	25,000	(33,038)	(8,038)
Total comprehensive loss for the financial year	-	(800)	(800)
Balance at 31 December 2009	25,000	(33,838)	(8,838)
Total comprehensive income for the financial year	-	850	850
Balance as at 31 December 2010	25,000	(32,988)	(7,988)
Total comprehensive loss for the financial year	-	(4,909)	(4,909)
Balance as at 31 December 2011	25,000	(37,897)	(12,897)

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.7 TPSB (cont'd)****7.7.4 Statements of Cash Flows**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit/(Loss) before taxation	35,726	(803)	(800)	850	(4,909)
Adjustment for:- Waiver of debts	-	-	-	-	(2,000)
Operating profit/(loss) before working capital changes	-	-	-	850	(6,909)
Receivables	113,709	1,655	-	-	-
Payables	(149,183)	(850)	800	(1,700)	(4,919)
Venturer company	-	-	-	-	6,080
Net cash generated from/(used in) operating activities	252	2	-	(850)	(5,742)
Cash at bank					
Net increase/(decrease)	252	2	-	(850)	(5,742)
Brought forward	11,628	11,880	11,882	11,882	11,032
Carried forward	11,880	11,882	11,882	11,032	5,290

7.7.5 Notes to the financial statements**1. Revenue**

There was no revenue generated by TPSB during the financial years 2008 to 2011. For the financial year 2007, revenue represents total sales during the financial year after discounts allowed and goods returned.

2. Profit/(Loss) before taxation

Profit/(Loss) before taxation has been determined after charging/(crediting) amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee	1,800	800	800	800	2,000
Waiver of debts	-	-	-	-	(2,000)

3. Taxation

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

12. ACCOUNTANTS' REPORT (Cont'd)



7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB (cont'd)

7.7.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

There was no provision for taxation for the five (5) financial years as TPSB has no chargeable income.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit/(Loss) before taxation	35,726	(803)	(800)	850	4,909
Tax at Malaysian statutory tax rate	7,145	(161)	(160)	213	(1,227)
Tax effect in respect of:-					
Non-deductible expenses	-	161	160	412	638
Utilisation of previously unrecognised tax assets	(7,145)	-	-	(625)	-
Deferred tax assets not recognised	-	-	-	-	589
	-	-	-	-	-

The Company's unutilised tax losses, which can be carried forward to offset against future taxable profit amounted to approximately RM27,000 (2010: RM25,000, 2007 to 2009: RM28,000). However, the above amount is subject to the approval of the Inland Revenue Board of Malaysia.

Deferred tax assets have not been recognised in respect of the unutilised tax losses due to Company has a recent history of losses and the Directors of the Company do not expect its utilisation in the foreseeable future.

4. Trade receivables

Trade receivables were non-interest bearing and were generally on 30 to 60 days term.

5. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January/31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid:-					
Ordinary shares of RM1 each					
At 1 January/31 December	25,000	25,000	25,000	25,000	25,000

12. ACCOUNTANTS' REPORT (Cont'd)**7. FINANCIAL INFORMATION (CONT'D)****7.7 TPSB (cont'd)****7.7.5 Notes to the financial statements****6. Trade payables**

The normal trade credit terms granted by the trade payables ranged from 30 to 90 days term.

7. Other payables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	6,100	6,900	2,500	-	-
Accruals	1,000	1,000	6,200	7,000	2,101
	<u>7,100</u>	<u>7,900</u>	<u>8,700</u>	<u>7,000</u>	<u>2,101</u>

8. Amount due to venturer company

The amount due to venturer company is unsecured, interest free and repayable on demand.

9. Related party disclosures

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial year under review.

12. ACCOUNTANTS' REPORT (Cont'd)



Yours faithfully,

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton'.

SJ GRANT THORNTON
No. AF: 0737
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Hooi Kok Mun'.

HOOI KOK MUN
No: 2207/01/14 (J)
Partner



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PESTECH INTERNATIONAL BERHAD
(FORMERLY KNOWN AS PESTECH INTERNATIONAL SDN. BHD.)
(Incorporated in Malaysia)
Company No: 948035-U**

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Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
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T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech International Berhad (formerly known as Pestech International Sdn. Bhd.), which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2011, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 72.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix I (2/2)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2012

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 220578-T

Appendix II (1/10)

Deloitte.

Deloitte Kassim Chan (AF 0080)
Chartered Accountants
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**REPORT OF THE AUDITORS TO THE MEMBERS OF
PESTECH SDN. BHD.**
(Incorporated in Malaysia)

We have audited the accompanying balance sheet as of December 31, 2007 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

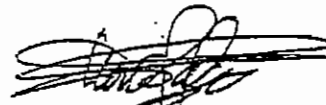
We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia for Private Entities so as to give a true and fair view of:
- (i) the state of affairs of the Company as of December 31, 2007 and of the results and the cash flows of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



CHONG LEE LEE
1973/8/09(J)
Partner

June 6, 2008

Audit, Tax, Consulting, Financial Advisory. - 5 -

Member of
Deloitte Touche Tohmatsu

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 220578-T

Appendix II (2/10)



Deloitte KassimChan (AF 0080)
Chartered Accountants
21, Jalan Tun Abdul Razak
Susur 1/1
80000 Johor Bahru
Johor
Malaysia

Tel : +60 7 2225968
Fax : +60 7 2247508
myjb@deloitte.com
www.deloitte.com/my

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PESTECH SDN. BHD.**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 31.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (3/10)

Company No. 220578-T

DELOITTE KASSIMCHAN

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- (a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 1965;
- (b) we are satisfied that the accounts of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (c) the auditors' report on the accounts of the subsidiary company was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



CHONG LEE LEE
Partner - 1973/8/11 (J)
Chartered Accountant

Johor Bahru
September 16, 2009

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 220578-T

Appendix II (4/10)

Deloitte.

Deloitte Kassin Chan (AF 0080)
Chartered Accountants
87, Jalan Sultan Abdul Jalil
30450 Ipoh, Perak
Malaysia
Tel: +60 5 253 1358
Fax: +60 5 241 5392
+60 5 253 0090
myipoh@deloitte.com
www.deloitte.com/my

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PESTECH SDN. BHD.**
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2009 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 45.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

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

(Forward)

12. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (5/10)

Company No. 220578-T

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

- (a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 1965;
- (b) we have considered the financial statements and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 10 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;

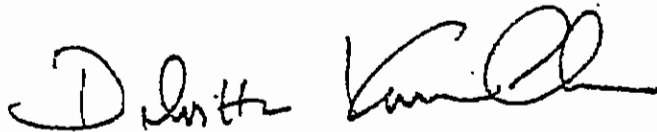
(Forward)

12. ACCOUNTANTS' REPORT (Cont'd)

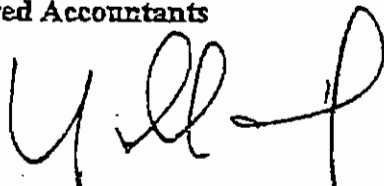
Appendix II (6/10)

Company No. 220578-T

- (c) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



YEOH SIEW MING
Partner - 2421/05/11(J/PH)
Chartered Accountant

June 15, 2010



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PESTECH SDN. BHD.
(Incorporated in Malaysia)
Company No: 220578-T

SJ Grant Thornton (M)
Level 11, Faber Imperial City
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2010, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 71.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (8/10)

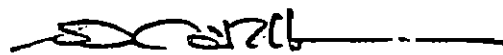
Company No: 220578-T**Report on Other Legal and Regulatory Requirements**

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

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


Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
28 June 2011



HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
PESTECH SDN. BHD.**

(Incorporated in Malaysia)

Company No: 220578-T

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the Statement of Financial Position as at 31 December 2011 of the Company, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 61.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Appendix II (10/10)

Company No: 220578-T

Report on the Financial Statements (cont'd)*Opinion*

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton'.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2012

A handwritten signature in black ink, appearing to read 'Hooi Kok Mun'.

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

12. ACCOUNTANTS' REPORT (Cont'd)

Company No: 503755 - H

WH HAU & CO
Approved Chartered Accountants
(Firm No: AF 1076)

No. 7, 19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-2162421

REPORT OF THE AUDITORS TO THE MEMBERS OF
XCELL ATS (M) SDN.BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 5 to 16 of Xcell ATS (M) Sdn. Bhd. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Auditing Standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.


In our opinion:


- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 31 December 2007 and of the results and cash flows of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to the Company's accumulated losses of RM 618,494 (2006:RM 631,092) which exceeds its issued and paid up share capital of RM 300,000 (2006:RM 300,000) as at balance sheet date. As stated in Note 2 to the financial statements, the accompanying financial statements have been prepared on the going concern basis as the shareholders and directors intend to provide all necessary financial support to the Company as and when required to enable the Company to continue its operation as a going concern.

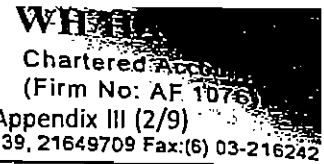

WH HAU & CO.
[No : AF-1076]
Chartered Accountants


HAU WAN HOCK
[No : 1703/02/09(J)]
Partner

Date: 12 JUN 2008
Kuala Lumpur

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 503755-B



No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-216242

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
XCELL ATS (M) SDN.BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No: 503755 - H

Appendix III (3/9)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM14,739 during the year ended 31 December 2008, and as of that date, the Company's current liabilities exceeded its current assets by RM334,224, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO.
[No : AF-1076]
Chartered Accountants

Date: 28 MAY 2009
Kuala Lumpur, Malaysia



HAU WAN HOCK
[No: 1703/02/11(J)]
Partner

12. ACCOUNTANTS' REPORT (Cont'd)

Company No: 503755 - H

Wong HAU & CO
Chartered Accountants
(Firm No: AF 1076)

7. 19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
XCELL ATS (M) SDN.BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No: 503755 - H

Appendix III (5/9)

Emphasis of Matter

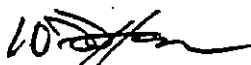
Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM13,302 during the year ended 31 December 2009, and as of that date, the Company's current liabilities exceeded its current assets by RM347,031, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO.
[No : AF-1076]
Chartered Accountants

Date: 27 MAY 2010
Kuala Lumpur, Malaysia



HAU WAN HOCK
[No: 1703/02/11(J)]
Partner

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix III (6/9)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**XCELL ATS (M) SDN. BHD.**

(Incorporated in Malaysia)

Company No: 503755 - H

SJ Grant Thornton (AF-D)
Level 11, Faber Imperial Cour
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysi
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix III (7/9)

Company No: 503755 - H

Report on the Financial Statements (cont'd)

Opinion

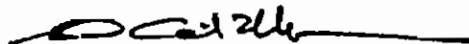
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows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


Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS


HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 June 2011

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF****XCELL ATS (M) SDN. BHD.**

(Incorporated in Malaysia)

Company No: 503755 - H

SJ Grant Thornton (AF:0737)Level 11, Sheraton Imperial Cour
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022

F +603 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 35.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix III (9/9)

Company No: 503755 - H

Report on the Financial Statements (cont'd)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton", written over a horizontal line.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2012

A handwritten signature in black ink, appearing to read "Hooi Kok Mun", written over a vertical line.

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

WH HAU & CO
Chartered Accountants
(Firm No: 18 F/1006)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217.

REPORT OF THE AUDITORS TO THE MEMBERS OF
FORNIX SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2007 and of its financial performance and cash flows for the year then ended.

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

Appendix IV (2/10)

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO
[No : AF-1076]
Chartered Accountants

Kuala Lumpur, Malaysia
Date : 28 MAY 2008



HAU WAN HOCK
[No : 1703/02/09(J)]
Partner

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

WH HAU & CO

Chartered Accountants
Approved (19/10)
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF
FORNIX SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

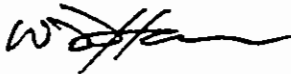
Appendix IV (4/10)

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO
[No : AF-1076]
Chartered Accountants



HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia

Date : 28 MAY 2009

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

WH HAU & CO
Chartered Accountants
(FARAFUDIAF 5010)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF
FORNIX SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 18.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 705247-A

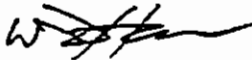
Appendix IV (6/10)

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO
[No : AF-1076]
Chartered Accountants

Kuala Lumpur, Malaysia
Date : 28 FEB 2010



HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix IV (7/10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**FORNIX SDN. BHD.**
(Incorporated in Malaysia)
Company No: 705247-A**SJ Grant Thornton (AF-07)**
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my**Report on the Financial Statements**

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 30.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix IV (8/10)

Company No: 705247-A

Report on the Financial Statements (cont'd)

Opinion

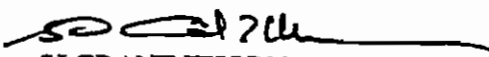
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows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

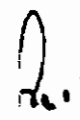
Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS


HOOI KÓK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur

20 JUN 2011

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**

FORNIX SDN. BHD.
(Incorporated in Malaysia)
Company No: 705247-A

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 36.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix IV (10/10)

Company No: 705247-A

Report on the Financial Statements (cont'd)

Opinion

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton".

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2012

A handwritten signature in black ink, appearing to read "Hooi Kok Mun".

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER



Independent auditors' report

Grant Thornton Law & Associates
Suite 14, Hotel Cambodiana
#313, Ssowath Quay, Phnom Penh,
Kingdom of Cambodia

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F +855 16 218 266
T +855 23 218 128
W www.gt.com

To the shareholders of Tajri-Pestech JV Limited

We have audited the accompanying financial statements of Tajri-Pestech JV Limited ("the Company") from pages 7 to 20, which comprise of the statement of financial position as at 31 December 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 5 February 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix V (2/4)

Opinion

In our opinion, the financial statements of Tajri-Pestech JV Limited are properly drawn up in accordance with Cambodian Accounting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and the results of its operations and its cash flows for the period from 5 February 2010 to 31 December 2010.

Grant Thornton Law & Associates.

Grant Thornton Law & Associates
Certified Public Accountants

Phnom Penh, Cambodia
Date: 28 June 2011



Independent Auditors' Report

Grant Thornton (Cambodia) Limited
2nd Floor, 99 Norodom Boulevard
Sangkat Beung Rang
Khan Duan Penh
Phnom Penh
Kingdom of Cambodia

T +855 23 966 520
www.gt.com.kh

To the Shareholders of Tajri-Pestech JV Limited

Introduction

We have audited the accompanying financial statements of Tajri-Pestech JV Limited ("the Company") which are comprised of the Balance Sheet as at 31 December 2011, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes from page 5 to 16.

Management's responsibility for the financial statements

Management are responsible for the preparation of the financial statements in accordance with Cambodian Accounting Standards, and design of internal control as Management determines is necessary to enable production of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

Basis of opinion

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

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

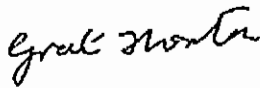
12. ACCOUNTANTS' REPORT (Cont'd)

Appendix V (4/4)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tajri-Pestech JV Limited at 31 December 2011 and of its financial performance, and its cash flows for the year then ended in accordance with Cambodian Accounting Standards.

GRANT THORNTON (CAMBODIA) LIMITED



Phnom Penh, Cambodia
Date: 31 March 2012

12. ACCOUNTANTS' REPORT (Cont'd)



LEE & RAMAN
Certified Public
Accountants
Brunei Darussalam
Registered Auditor

87, First Floor, Block B
Shahlin Complex
Kombong Kulap, B113 8
Bandar Seri Begawan,
Brunei Darussalam
Tel: 2237905, 2237906
Fax: 2237907
email: l@lraman.net.bn

Postal Address:
P.O. Box 507
Bandar Seri Begawan: BS8671
Brunei Darussalam

Page 3

PESTECH (BRUNEI) SDN BHD
(Incorporated in Brunei Darussalam)

INDEPENDENT AUDITOR'S REPORT
to the members of Pestech (Brunei) Sdn Bhd

We have audited the accompanying financial statements of Pestech (Brunei) Sdn Bhd (the "Company") which comprise the statement of financial position of the Company as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 13.

Directors' Responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 (the "Act") and accounting principles generally accepted in Brunei Darussalam. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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



PESTECH (BRUNEI) SDN BHD
(Incorporated in Brunei Darussalam)

INDEPENDENT AUDITOR'S REPORT
to the members of Pestech (Brunei) Sdn Bhd

Opinion

In our opinion,

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and accounting principles generally accepted in Brunei Darussalam so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Company for the financial period ended on that date, according to the best of our information and the explanations given to us, and as shown by the books of the Company; and
- (b) we have obtained all the information and explanations that we required.


LEE & RAMAN
Certified Public Accountants


LEE YUN CHIN
Brunei Darussalam Authorised Auditor

BRUNEI DARUSSALAM

Date: 22 MAR 2012

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 553143-U

WH HAU & CO

Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF
TAJRI-PESTECH JV SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 16 of Tajri-Pestech JV Sdn. Bhd..

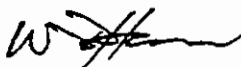
The preparation of the financial statements is the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Auditing Standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the overall presentation of information in the financial statements.

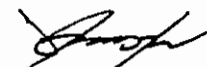
We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
 - (ii) the state of affairs of the Company as at 31 December 2007 and of the results of the operations changes in equity and cash flow of the Company for the financial year on that date;
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



WH HAU & CO
[No : AF-1076]
Chartered Accountants



HAU WAN HOCK
[No : 1703/02/09(J)]
Partner

Kuala Lumpur, Malaysia
Date : 30 MAY 2008

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 553143-U

W H HAU & CO
Appendix VII (2/9)
Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF
TAJRI-PESTECH JV SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 17.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 553143-U

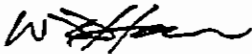
Appendix VII (3/9)

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



WH HAU & CO
[No : AF-1076]
Chartered Accountants

Kuala Lumpur, Malaysia
Date : 30 MAY 2009



HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 553143-U

WH HAU & CO
Appendix VII (4/9)
Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624211

REPORT OF THE AUDITORS TO THE MEMBERS OF
TAJRI-PESTECH JV SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 17.

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Auditors' Responsibility

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

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

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

Opinion

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No. 553143-U

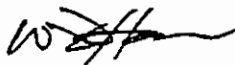
Appendix VII (5/9)

Report on Other Legal and Regulatory Requirements

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

Other Matters

~~This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.~~



WH HAU & CO
[No : AF-1076]
Chartered Accountants



HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia
Date: 30 MAY 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF****TAJRI-PESTECH JV SDN. BHD.**

(Incorporated in Malaysia)

Company No: 553143 - U

SJ Grant Thornton (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +603 2692 4022

F +603 2691 5229

www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)



Appendix VII (7/9)

Company No: 553143 - U

Report on the Financial Statements (cont'd)

Opinion

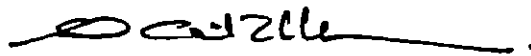
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows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


Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.


SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS


HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 June 2011

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****TAJRI-PESTECH JV SDN. BHD.**

(Incorporated in Malaysia)

Company No: 553143 - U

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 28.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Appendix VII (9/9)

Company No: 553143 - U**Report on the Financial Statements (cont'd)***Opinion*

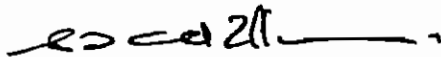
In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and cash flows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

Report on Other Legal and Regulatory Requirements

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


Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

Kuala Lumpur
9 April 2012



HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

13. DIRECTORS' REPORT



Date: 08 MAY 2012

The Shareholders of
PESTECH International Berhad
No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of PESTECH International Berhad ("PESTECH" or "Company"), I wish to report that, after making due enquiries in relation to the Company, its subsidiary companies and jointly-controlled entity ("Group") during the period between 31 December 2011, being the date on which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:-

- (a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;
- (b) in the opinion of the Board, there have been no circumstances, which have arisen since the date of the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the date of the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing in which the Board is aware of; and
- (f) since the date of the last audited financial statements of the Group, there has been 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
PESTECH International Berhad

A handwritten signature in black ink, appearing to read 'Lim Ah Hock', is written over a horizontal dotted line.

Lim Ah Hock
Executive Chairman

PESTECH INTERNATIONAL BHD. (948035-U)

No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, MALAYSIA
Tel: +603 7845 2186 / 2286 | Fax: +603 7845 2187 | Customer Care Line: 1700 81 9001 (Within Malaysia) | +6012 236 9226 (Outside Malaysia)
Website: www.pestech.com.my

14. BY-LAWS OF THE SGP**1. DEFINITIONS**

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:-

“Adviser”	: A corporate finance adviser that may act as a principal adviser under the Securities Commission’s Principal Adviser Guidelines (as amended from time to time)
“Award(s)”	: A performance share plan award referred to in By-Law 7.3
“Board”	: The Board of Directors of Company
“PESTECH or Company”	: PESTECH International Berhad and shall, where the context admits, include its successors in title
“PESTECH Group or Group”	: The Company and the Subsidiaries and its jointly-controlled entity
“PESTECH Shares(s) or Shares”	: Ordinary shares(s) in the capital of the Company which currently have a par value of RM0.50 each
“Bursa Securities”	: Bursa Malaysia Securities Berhad (Company No. 635998-W)
“Bursa Depository”	: Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
“By-Laws”	: By-Laws governing the Plan as amended from time to time.
“CDS”	: The Central Depository System governed under SICDA
“Chief Executive Officer”	: The principal executive officer of any corporation in the Group, by whatever name called, and whether or not he is a director
“Committee”	: The committee comprising directors and/or executives appointed by the Board pursuant to By-Law 12 implement and administer the Plan in accordance with these By-Laws
“Companies Act”	: Companies Act, 1965
“Grant Date”	: The last day of the Offer Period
“Effective Date”	: The date this Plan takes effect being the date on which the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with
“Eligible Executive”	: Such executive (including an Executive Director or a Chief Executive Officer) of the Group or any corporation in the Group as the Committee may determine who fulfils the conditions of eligibility as stipulated in By-Law 4 and includes any person who is later employed/ engaged/ appointed as an executive of the Group or any corporation in the Group

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

- “Executive Director”** : A natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any corporation in the Group
- “Listing Requirements”** : The Main Market Listing Requirements of Bursa Securities
- “Market Day”** : A day on which Bursa Securities is open for trading in securities
- “Maximum Allowable Allocation”** : The aggregate maximum number of Plan Shares that may be allocated to any one category/designation of Selected Executives pursuant to By-Law 5
- “Offer”** : An Offer made in writing by the Committee to the Selected Executive for an Award pursuant to By-Law 7
- “Offer Date”** : The date on which an Offer is made or deemed made by the Committee to a Selected Executive which shall be specified in the Offer as the Offer Date
- “Offer Period”** : The period of thirty (30) days from the Offer Date or such other period as may be determined by the Committee, having regard to the Terms of Reference and specified in the Offer, during which an Offer may be accepted.
- “Performance Targets”** : The financial and/or performance targets stipulated by the Board and/or Committee and set out in an Offer which are to be achieved by the Group and/or the Eligible Executive
- “Plan Participant”** : A Selected Executive who has duly accepted an Offer in accordance with these By-Laws
- “Plan Period”** : The period of the Plan as set out in By-Law 6.1
- “Plan Share(s)”** : New and/or existing PESTECH Shares to be made available for purpose of the Plan
- “RM and sen”** : Ringgit Malaysia and sen respectively
- “Selected Executive”** : An Eligible Executive selected by the Committee or by the Board to whom an Offer is/is to be made pursuant to By-Law 7
- “SGP or Plan”** : The PESTECH International Berhad Share Grant Plan set up under and governed by these By-Laws
- “SICDA”** : Securities Industry (Central Depositories) Act, 1991
- “Subsidiaries”** : Subsidiaries of PESTECH within the meaning of Section 5 of the Companies Act and shall include such subsidiaries which are as at the Effective Date and those subsequently acquired or incorporated at any time during the Plan Period save and except for those determined by the Board and/or Committee to fall outside the expression “Subsidiaries” pursuant to By-Law 25

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

- “Term of Reference”** : The terms of reference which the Board may establish to regulate and govern the Committee's functions and/or responsibilities under these By-Laws as amended from time to time.
- “Trust”** : The trust established to facilitate the implementation of the Plan
- “Trust Deed”** : The trust deed constituting the Trust
- “Trustee”** : The trustee for the time being appointed to be the trustee for this Plan pursuant to By-Law 18.2
- “Unvested Plan Shares”** : Plan Shares or any part thereof which have not been vested in the Plan Participant pursuant to an Award, as the case may be, at the relevant time
- “Vesting Conditions”** : The Performance Targets determined by the Board and/or Committee and stipulated in the Offer in respect of an Award which must be fulfilled for the Plan Shares to be vested in a Plan Participant
- “Vesting Date”** : The date on which Plan Shares granted pursuant to an Award vest in the Plan Participant pursuant to By-Law 10.1 as may be stipulated by the Committee in the Offer
- 1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender shall include all genders.
- 1.3 The headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws.
- 1.4 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.5 Any liberty, power or direction which may be exercised or any decision or determination which may be made hereunder by Committee (including any selection) may be exercised in the Committee's sole and absolute discretion having regard only to the Terms of Reference (where applicable) and the Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 2. THE PLAN**
- 2.1 The Plan shall be called the “PESTECH International Berhad Share Grant Plan”.
- 3. MAXIMUM NUMBER OF PLAN SHARES AVAILABLE UNDER THE PLAN**
- 3.1 Subject to By-Law 3.2, the maximum of number Plan Shares which may be made available under the Plan shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up ordinary

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

share capital (excluding treasury shares) of the Company at any point of time during the Plan Period ("**Maximum Plan Shares Available**").

- 3.2 In the event that the Company purchases or cancels its own shares in accordance with the provisions of Section 67A of the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, the following provisions shall apply in respect of future Offers but all the Plan Shares granted prior to such purchases and/or the reduction/adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid or exercisable in accordance with the provisions of the Plan as if that reduction/adjustment had not occurred:
- (a) If, after such purchase, cancellation or reduction, the aggregate number of Plan Shares in respect of the Awards granted by the Company as at the date of purchase, cancellation or reduction of shares is greater than the Maximum Plan Shares Available, no further Offers shall be made by the Committee until such aggregate number of Plan Shares in respect of the Awards granted falls below the Maximum Plan Shares Available; and
 - (b) If, after such purchase, cancellation or reduction, the aggregate number of Plan Shares in respect of the Awards granted by the Company as at the date of purchase, cancellation or reduction of shares is less than the Maximum Plan Shares Available, the Committee may make further Offers but only until such aggregate number of Plan Shares in respect of the Awards granted is equivalent to the Maximum Plan Shares Available after such purchase, cancellation or reduction.
- 3.3 The Company will use all reasonable efforts to make available/ensure that the Trustee has available sufficient Plan Shares for vesting in the Plan Participants on the Vesting Dates during the Plan Period.

4. ELIGIBILITY

- 4.1 Any Eligible Executive who meets the following criteria shall be eligible for consideration and/or selection as a Selected Executive by the Committee:
- (a) If he has attained the age of eighteen (18) years and is not an undischarged bankrupt;
 - (b) If he is of Grade 8 above;
 - (c) If he is employed on a full time basis or if he is serving under an employment contract for a fixed duration and is on or prior to the Offer Date be on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;
 - (d) If his employment has been confirmed in writing on or prior to the Offer Date;
 - (e) If he is an executive director or a chief executive officer of the Company, the specific allocation of Plan Shares granted by the Company to him in his capacity as an Executive Director or Chief Executive Officer under the Plan has been approved or will be tabled to be approved by the shareholders of the Company at a general meeting; and
 - (f) If he fulfils any other criteria and/or falls within such category as may be set by the Committee from time to time;

Provided that nothing herein shall invalidate any selection of any Eligible Executive which may have been made by the Board on or prior to the Effective Date.

- 4.2 Eligibility for consideration under the Plan does not confer an Eligible Executive with any rights whatsoever under or to participate in the Plan.

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

- 4.3 The selection of any Eligible Executive for participation in the Plan shall be made by the Committee or shall be or shall have been made by the Board and notified to the Committee whose decision(s) shall be final and binding.

5. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

- 5.1 Subject to By-Law 5.2 and any adjustments which may be made under By-Law 15, the aggregate maximum number of Plan Shares that may be allocated to any one category/designation of Selected Executives shall be determined by the Committee ("**Maximum Allowable Allocation**") provided that the allocation to any individual Selected Executive who, either singly or collectively through persons connected with the Selected Executive (as defined in the Listing Requirements), holds twenty percent (20%) or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, shall not exceed ten percent (10%) (or such other percentage as the relevant authorities may permit) of the Maximum Plan Shares Available.

In the circumstance where the Maximum Allowable Allocation is amended by Bursa Securities or any other relevant authority from time to time, the Committee shall have the absolute discretion to make the necessary adjustments so that the number of Shares that may be offered to any one of the Eligible Executive shall be in accordance with the provisions of the Listing Requirements and the relevant authority prevailing during the Plan Period.

- 5.2 The Committee shall determine:

- (a) the number of Plan Shares to be granted to a Selected Executive after taking into consideration, amongst other things, the Selected Executive's position or intended position, ranking or intended ranking, performance (if applicable) and contribution and/or potential contribution to the continued success of the Group;
- (b) the actual number of Plan Shares to be vested in a Plan Participant on the Vesting Date under an Award after ascertaining the extent to which the Performance Targets and other Vesting Conditions, are fulfilled.

- 5.3 Unless no longer a requirement of the relevant authorities, the Company and/or Committee shall ensure that:-

- (a) the allocation of Plan Shares to Selected Executive is verified at the end of each financial year of the Company by the Company's audit committee; and
- (b) a statement by the audit committee, verifying such allocation, is included in the Company's annual report.

6. PLAN PERIOD AND TERMINATION OF THE PLAN

- 6.1 The Plan shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with ("**Effective Date**") and shall continue to be in force for a period of five (5) years from the Effective Date ("**Plan Period**"):-

- (i) approval of Bursa Securities for the listing of and quotation for any new PESTECH Shares to be issued pursuant to the Plan at any point in time during the Plan Period;
- (ii) approval of the shareholders of the Company;
- (iii) approval of Bursa Depository for the transfer of Plan Shares from the Trustee to the Plan Participants pursuant to this Plan at any point in time during the Plan Period;
- (iv) the submission to Bursa Securities of the final copy of the By-Laws;

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

- (v) any other relevant regulatory authorities' approval, where applicable; and
 - (vi) fulfilment of all conditions attached to the above approvals (if any).
- 6.2 Within five (5) Market Days from the Effective Date, the Company shall, through the Adviser, submit a confirmation to Bursa Securities of full compliance with the approvals and/or conditions set out in By-Law 6.1 stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Plan.
- 6.3 The Plan Period may be extended for a further period of five (5) years or any other duration that is allowed by the relevant authorities subject to the discretion of the Board, upon recommendation of the Committee.
- 6.4 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other regulatory authorities' guidelines or directives, the Company may, by notice in writing to all Plan Participants whose Plan Shares have not been vested in them ("**Said Plan Participants**"), terminate the Plan at any time during the Plan Period, provided that all of the following approvals/consents have been obtained prior to such termination:-
- (a) the consent of the Company's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of the termination; and
 - (b) the written consent of all the Said Plan Participants;
- whereupon any Unvested Plan Shares shall be deemed to have cancelled and be null and void on the date specified in the notice which shall be after the approvals/consents aforementioned have been obtained ("**Termination Date**") provided that the Committee may in its discretion, permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:-
- (i) the Vesting Date is not due or has not occurred; and/or
 - (ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.
- 7. OFFER OF AWARDS UNDER THE PLAN**
- 7.1 Pursuant to the Plan, the Committee may, from time to time during the Plan Period, make an Offer to a Selected Executive to participate in the Plan.
- 7.2 Upon acceptance of the Offer in accordance with By-Law 9.1, the Selected Executive shall be referred to as a **Plan Participant** for the purpose of these By-Laws.
- 7.3 Subject to By-Law 7.4, an Offer shall comprise an Award whereby a Plan Participant is granted the right to have Plan Shares vest in him on the Vesting Date specified in the Offer provided that the Vesting Conditions are duly and fully satisfied. The actual number of Plan Shares (if any) to vest in a Selected Participant is dependent on the extent to which the Performance Targets and other Vesting Conditions are fulfilled.
- 7.4 Nothing herein shall prevent the Committee from making more than one offer to any Selected Executive provided always that the aggregate number of Plan Shares in respect of the Awards granted shall not exceed the Maximum Allowable Allocation.

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

8. TERMS OF THE OFFER

- 8.1 The Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Executive.
- 8.2 The terms and conditions set out in the Offer relating to a Selected Executive must include:
- (a) The number(s) of Plan Shares to be vested on the Vesting Date if the Performance Targets are fully met and adjustments thereto if the Performance Targets are exceeded or not fully met;
 - (b) Offer Date;
 - (c) Offer Period;
 - (d) Vesting Conditions; and
 - (e) Vesting Date.
- 8.3 In the event of any error in the stating of any particulars referred to in By-Law 8.2 or otherwise in the Offer, the Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 8.2.

9. ACCEPTANCE OF THE OFFER

- 9.1 The Offer may only be accepted by the Selected Executive during the Offer Period in such form and manner as may be prescribed in the Offer and must be accompanied by the details of his CDS account number and a non-refundable sum of Ringgit Malaysia One (RM1.00) only. Notwithstanding the date of receipt by the Committee of such form together with such money, the date of the grant of an Award shall be the last day of the Offer Period ("**Grant Date**") provided always that such form together with such money is received by the Committee within the Offer Period.
- 9.2 Unless the Committee otherwise decides, in the event that the Selected Executive fails to accept the Offer in the manner prescribed within the Offer Period (including if the Committee fails to receive the prescribed form and/or money), the Offer shall automatically lapse and shall be than null and void provided that the Committee shall not be precluded from making a fresh Offer to the Selected Executive subsequently.

10. VESTING CONDITIONS AND SATISFACTION OF VESTING CONDITIONS

- The Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Executive.
- 10.1 The Plan Shares or such part thereof as may be specified in the Offer will only vest in the Plan Participants on the Vesting Date if the Vesting Conditions, are fully and duly satisfied, which includes, inter alia:-
- (a) the Plan Participant must remain in employment with any corporation in the Group as at the Vesting Date (whether employed on a full time basis or serving under an employment contract for a fixed duration) and shall not have given a notice to resign or received a notice of termination as at the Vesting Date; and

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

- (b) the Performance Targets are fully and duly satisfied.
- 10.2 The determination as to whether the Vesting Conditions have been fulfilled shall be made by the Committee.
- 10.3 Where the Committee has made the determination that the stipulated conditions have been fulfilled pursuant to By-Law 10.2 with respect to an Award, the Committee shall notify the Plan Participant of the number of Plan Shares vested/which will be vested in him on the Vesting Date.
- 10.4 Subject to By-Law 16, no Plan Participant shall have any right to or interest in the Plan Shares granted to him unless and until the Plan Shares are vested in him on and with effect from the Vesting Date(s), as the case may be.
- 10.5 The Committee shall procure the following, within eight (8) Market Days after the Vesting Date(s), as the case may be (or such period as may be prescribed or allowed by Bursa Securities):-
- (a) credit the relevant number of Plan Shares into the Plan Participant's CDS account as notified;
 - (b) despatch a notice of transfer of such Plan Shares to the Plan Participant; and
 - (c) make an application for the quotation of such relevant number of Plan Shares (where applicable).

11. DISCIPLINARY PROCEEDINGS

- 11.1 In the event a Selected Executive is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of services) after an Offer is made but before the acceptance thereof by such Selected Executive, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Selected Executive. Nothing herein shall prevent the Committee (but the Committee shall not be obliged to do so) from making a fresh Offer to such Selected Executive in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn provided that such Offer is made within the duration of the Plan Period.
- 11.2 In the event the Plan Participant is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of services), the right of the Plan Participant to have vested Plan Share shall be suspended pending the outcome of the disciplinary proceedings unless otherwise decided by the Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Plan Participant. Nothing herein shall prevent the Committee (but the Committee shall not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Plan Participant to have vested any Unvested Plan Shares in the event that such disciplinary actions are not against him or if such disciplinary actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Plan Period. If the disciplinary proceedings are not resolved or the Committee does not reinstate such right of the Plan Participant within six (6) months (or such other period as may be determined by the Committee) from the date of such suspension of right, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void and any Unvested Plan Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, unless the Committee determines otherwise.

14. BY-LAWS OF THE SGP (Cont'd)**12. TERMINATION OF OFFERS AND UNVESTED PLAN SHARES**

12.1 Subject to By-Laws 12.2 and 12.3, any unaccepted Offers in respect of a Selected Executive and/or any Unvested Plan Shares in respect of a Plan Participant shall forthwith lapse and/or deemed to be cancelled and/or cease to be capable of vesting in a Plan Participant as the case may be without any liability to or right to claim against the Company, the Committee and/or the Trustee upon the occurrence of any one of the following events:

- (a) service of notice to resign by the Selected Executive or Plan Participant, as the case may be;
- (b) service of a notice of termination on or termination or cessation of employment of the Selected Executive or Plan Participant with the Group, as the case may be, for any reason whatsoever; or
- (c) bankruptcy of the Selected Executive of Plan Participant, as the case maybe.

12.2 In the event of the termination or cessation of employment of the Plan Participant with the Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the Group's retirement policy;
- (b) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;
- (c) redundancy or voluntary separation plan;
- (d) any other circumstances which are acceptable to the Committee in its sole and absolute discretion;

the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time subject to such terms and conditions may be prescribed notwithstanding that:

- (i) the Vesting Date is not been fulfilled / satisfied;
- (ii) other terms and conditions set out in the Offer have not been fulfilled / satisfied;

Provided That unless the Committee in its sole discretion so permits such vesting by notice in writing to the Plan Participant, any unaccepted Offers in respect of a Selected Executive and/or Unvested Plan Share in respect of a Plan Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Plan Participant, without any liability to or right to claim against the Company, Committee and/or Trustee.

12.3 In the event of death of the Plan Participant, By-Law 12.2 shall apply mutatis mutandis to the Plan Participant's legal or personal representatives as if the Plan Participant's legal or personal representatives were the Plan Participant.

12.4 Any unaccepted Offers and/or Unvested Plan Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of acceptance and/or vesting, as the case may be, without any claim against the Company, Committee and/or Trustee upon the occurrence of one or more of the following events:-

- (a) winding-up or liquidation of the Company; or
- (b) termination of the Plan pursuant to By-Law 6.3.

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

13. TAKEOVER

13.1 In the event of:

- (a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer (“Offeror”) or any persons acting in concert with the Offeror);or
- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of PESTECH Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date;

the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant or the Plan Participant’s legal and personal representative, as the case may be, at any time subject to such terms and conditions as may be prescribed notwithstanding that:-

- (i) the Vesting Date is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

14.1 In the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies the Committee may permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant or the Plan Participant’s legal and personal representatives, as the case may be, at any time subject to such terms and conditions as may be prescribed notwithstanding that:-

- (i) the Vesting Date is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

15. ALTERATION OF CAPITAL

15.1 In the event of any alteration in the capital structure of the Company during the Plan Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of PESTECH Shares or reduction of capital or any other variation of capital being effected and/or the declaration of any special dividend or other distribution, the Committee may determine whether a material dilution or enlargement of the rights of the Selected Executives and/or Plan Participants would result from such alteration in the capital structure of the Company and/or such distribution during the Plan Period. If the Committee determines that a material dilution or enlargement of the rights of the Plan Participants would result therefrom, adjustments in the number of Plan Shares comprised in the Offer and/or the number of Unvested Plan Shares, shall be made in such manner as the Committee shall determine to prevent and/or to minimise such dilution or enlargement. The Committee shall notify the Plan Participants in writing of the adjusted number of Plan Shares comprised in the Offers and/or adjusted number of Unvested Plan Shares. In respect of an Offer which has not been accepted, the Committee shall make a new Offer(s) in respect of the adjusted number of Plan Shares comprised in the Offer(s)s which supersedes the earlier Offer(s).

15.2 If the Committee decides that no material dilution or enlargement of the rights of the Plan Participants would result from an alteration in the capital structure of the Company and no

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

adjustments will be made, the Committee shall inform the Plan Participants of this decision in such manner deemed appropriate by the Committee.

- 15.3 Any adjustment in the number of Plan Shares comprised in Offers and/or number of Unvested Plan Shares shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities and shall, where appropriate and to the extent possible, endeavour to give each Plan Participant the same proportion of the issued ordinary share capital of the Company as that to which he would previously been entitled to have granted and/or vested in him.
- 15.4 Notwithstanding anything set out in these By-Laws, any adjustments must be confirmed in writing either by an external auditor or an Adviser of the Company. Upon any adjustment being made pursuant thereto, the Committee shall, within such period deemed appropriate by it, notify the Plan Participants in writing informing him of the adjusted number of Plan Shares comprised in the Offers and/or adjusted number of Unvested Plan Shares.
- 15.5 The provisions of By-Laws 15.1 and 15.2 shall not apply where a change in the capital structure of the Company arises from:
- (i) the issue of PESTECH Shares or other securities convertible into PESTECH Shares or right to acquire or subscribe for PESTECH Shares in consideration or part consideration for any acquisition by the Group;
 - (ii) a special issue, restricted issue or private placement of PESTECH Shares;
 - (iii) a share buy-back arrangement by the Company and the cancellation of all or a portion of the PESTECH Shares pursuant to the relevant provisions of the Companies Act;
 - (iv) an issue of PESTECH Shares arising from the exercise of any conversion rights attached to securities convertible to PESTECH Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
 - (v) a special issue of new PESTECH Shares to Bumiputera investors by any government authority to comply with Government policy on Bumiputera capital participant; and
 - (vi) an issue of further Offers pursuant to the Plan and the allotment and issuance of PESTECH Shares for the purpose of satisfying Plan Shares.
- 15.6 In the event that a fraction of a PESTECH Share arises from the adjustments pursuant to this By-Law 15, the number of Plan Shares shall automatically be rounded down to the nearest whole number.
- 15.7 The provisions of By-Law 15 shall also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Selected Executive or withdrawn by the Committee.

16. RIGHTS ATTACHED TO PLAN SHARES

- 16.1 The Plan Shares to be allocated and granted pursuant to the Plan and held by the Trustee shall *rank pari passu* in all respects with the then existing issued and paid-up PESTECH Shares and shall be entitled to any rights, dividends, allotments and/or distributions ("**Rights**") attached thereto and/or which may be declared, made or paid to the Company's shareholders. The Trustee shall only exercise the voting rights attached to such Plan Shares in such manner and extent as may be directed by the Committee in writing. The Plan Shares that are purchased from the market by and held by the Trustee shall *rank pari passu* in all respects with the existing issued and paid-up PESTECH Shares and shall be entitled to any rights that may be declared, made or paid to the Company's shareholders subsequent to the date of transfer.

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

- 16.2 Notwithstanding By-Law 16.1, the Plan Participants shall not be entitled to any Rights (i) attached to the Plan Shares prior to the date on which the Plan Shares are credited into the Plan Participants' respective CDS accounts; or (ii) which may be declared, made or paid to the Company's shareholders, for which the entitlement date is prior to the date on which the Plan Shares are credited into the Plan Participant's respective CDS accounts.
- 16.3 For the purpose of these By-Laws, the phrase "rights of voting" and the word "vote" shall be deemed to include not only a vote at a meeting but any consent to or approval of any arrangement plan or resolution or any alteration in or abandonment of any rights attaching to any part of the Plan Shares held on trust (and which have not been transferred to/vested in Plan Participants) and the right to requisition or join in a requisition to convene a meeting or to give notice of any resolution or to circulate any statement or to consent to any short notice of any meeting.
- 16.4 For the purpose of these By-Laws, "entitlement date" shall mean the date as at the close of business on which the shareholders' names must appear in the record of depositors maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions.
- 16.5 The Plan Shares shall be subjected to all the provisions of the Articles of Association of the Company in relation to their transfer, transmission or otherwise.

17. ADMINISTRATION

- 17.1 The Plan shall be administered by the Committee consisting of such persons appointed by the Board from time to time.
- 17.2 The Committee shall administer the Plan in such manner as it shall in its discretion deem fit. For the purpose of administering the Plan, the Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Plan, as the Committee may in its discretion deem fit necessary and/or expedient for the implementation and administration of and to give full effect to, the Plan.
- 17.3 The Board shall have the power at any time and from time to time:
- (a) approve, rescind and/or revoke the appointment of any member of the Committee and appoint replacement members to the Committee; and
 - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the Committee pursuant to these By-Laws.

18. IMPLEMENTATION OF THE PLAN AND TRUST

- 18.1 In implementing the Plan, the Plan Shares shall be satisfied by way of
- (i) issuance of new PESTECH Shares;
 - (ii) purchase of existing PESTECH Shares from the market; or
 - (iii) a combination of both issuance of new PESTECH Shares and purchase of existing PESTECH Shares from the market.
- 18.2 The Company and/or Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for the purposes of subscribing for new PESTECH Shares or purchasing existing PESTECH Shares from the market and transferring them to Plan Participants at such time as the Committee shall direct. To enable

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

the Trustee to subscribe for new PESTECH Shares and/or purchasing existing PESTECH Shares from the market for the purpose of the Plan and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company, its subsidiaries and/or third parties.

18.3 The Trustee shall administer the Trust in accordance to the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the Committee may in its discretion direct for the implementation and administration of the Trust.

18.4 The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with provisions of the Trust Deed.

19. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE PLAN

19.1 Subject to By-Law 19.2 and in compliance with the Listing Requirements and the approvals of any other authorities (if required), the Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation provided that no such amendment and/or modification shall be made which would adversely affect the rights of the Plan Participants ("**Affected Plan Participants**") except with the approval of a majority in number of the Affected Plan Participants present and voting, at meetings called for this purpose whether by a show of hands or by poll. The quorum for such meetings of Affected Plan Participants shall be at least two (2) of the Affected Plan Participants, holding in the aggregate not less than twenty percent (20%) of the Unvested Plan Shares of the Affected Plan Participants.

19.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:

- (a) Alter to the advantage of any Eligible Executive to whom the Committee has made an Offer, the provision of the By-Laws 3.1, 3.2, 4.1, 5.1, 6.1, 6.3, 9.1, 12, 15, 16.1 and 16.2 of the Plan; or
- (b) Provide an advantage to any Plan Participant or group of Plan Participants or all the Plan Participants.

20. NON-TRANSFERABILITY

20.1 The rights of a Plan Participant to the vesting of Plan Shares shall be personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 12.3, 13.1 and 14.1 (where applicable) apply.

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

21. REFERENCE PRICE

- 21.1 The reference price to be used to determine the number of Plan Shares at the point of each Offer will be based on the fair value of the PESTECH Shares on the Offer Date but shall not in any event be lower than the nominal value of the PESTECH Shares.
- 21.2 In the event the Plan Shares are satisfied by way of issuance of new PESTECH Shares, such new PESTECH Shares shall be subscribed by the Trustee and allotted by the Company at a price no less than the par value of the PESTECH Shares.

22. DISPUTES

- 22.1 In the event of any dispute between the Committee and/or Trustee with an Eligible Executive, Selected Executive or Plan Participant, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respects.

23. PLAN NOT A TERM OF EMPLOYMENT

- 23.1 This Plan does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment of any Eligible Executive. This Plan shall not confer or be construed to confer on any Eligible Executive any special rights or privileges over the Eligible Executive's terms and conditions of employment in the Group or any rights in addition to compensation or damages that the Eligible Executive may be normally entitled to arising from the cessation of such employment.

24. COMPENSATION

- 24.1 No Eligible Executive, Selected Executive or Plan Participant who ceases/fails to commence to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Plan.
- 24.2 The Company, the Board, the Committee and/or the Trustee shall not be liable for any compensation, loss or damages of any claim, action of proceeding by any Selected Executive or Plan Participant or legal or personal representatives whatsoever and howsoever arising from the suspension or termination of rights to the vesting of Plan Shares pursuant to the provisions of these By-Laws.

25. SUBSIDIARIES OF THE COMPANY

- 25.1 The Board and/or Committee may determine, in its absolute discretion that a subsidiary of the Company (including those subsequently incorporated or acquired during the Plan Period) shall not fall within the expression "Subsidiaries" for the purpose of the Plan.

26. DIVESTMENT FROM THE GROUP

- 26.1 If a Plan Participant who held office or was in the employment with a corporation of the Group which has a ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time subject to terms and conditions as may be prescribed notwithstanding that:

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

- (i) the Vesting is not due or has not occurred; and/or
- (ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

27. TRANSFER TO OTHER SUBSIDIARIES NOT WITHIN THE GROUP

27.1 Notwithstanding By-Law 12.1, in the event a Plan Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to a subsidiary of the company which is not a Subsidiary within the meaning of these By-Laws or to a corporation related to the Company, the Plan Participant shall be entitled to continue to have a right in any Unvested Plan Shares upon the same terms and conditions as may be set out in the Offer as if the Plan Participant is still in employment with the Group for the purposes of the Plan Period.

28. COSTS, EXPENSES AND TAXES

- 28.1 The Company shall bear all fees, costs and expenses incurred in relation to the Plan including but not limited to the costs and expenses relating to the issue and allotment, purchase and/or transfer of the Plan Shares pursuant to an Award.
- 28.2 However, each Plan Participant shall be solely responsible for any taxes (including income tax) which may be levied on him arising out of or as a result of such issuance and allotment, purchase or transfer of Plan Shares referred to in By-Law 28.1.

29. ARTICLES OF ASSOCIATION

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

30. ERRORS AND OMISSIONS

- 30.1 If in consequence of an error or omission, the Committee discovers/determines that:
- (a) an Eligible Executive who was selected by the Committee as a Selected Executive, has not been given the opportunity to participate in the Plan on any occasion; or
 - (b) the number of Plan Shares allotted and granted and/or transferred to any Plan Participant on any occasion is found to be incorrect;

and such error or omission cannot be corrected, the Committee and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Executive, as the case may be, is given the opportunity to participate in the Plan and/or the aggregate number of Plan Shares to which the Plan Participant is correctly entitled to is credited into his CDS account.

31. NOTICE

31.1 Any notice under the Plan required to be given to or served upon the Committee and/or Trustee by an Eligible Executive, Selected Executive or a Plan Participant or any correspondence to be made between an Eligible Executive, Selected Executive or Plan Participant to the Committee and/or Trustee shall be given or made in writing and sent to the registered office of the Company or such other office which the Committee and/or Trustee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.

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

31.2 Unless otherwise provided in these By- Laws, any notice which under the Plan is required to be given to or served upon an Eligible Executive, Selected Executive or a Plan Participant or any correspondence to be made with an Eligible Executive, Selected Executive or a Plan Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile or post addressed to the Eligible Executive, Selected Executive or a Plan Participant the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out of the transmission indicating the date, time and transmission of all pages and if by post would in the ordinary course of post be delivered.

31.3 Notwithstanding By-Law 30.2, where any notice is required to be given by the Company or the Committee under these By-Laws in relation to matters which may affect all the Eligible Executives, Selected Executives or a Plan Participants, as the case may be, the Company or Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the Committee. Upon the making of such an announcement, the notice to be made under By-Law 30.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Executive, Selected Executive or a Plan Participants, as the case may be.

32. SEVERABILITY

32.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal void or unenforceable any other term, condition, stipulation or provision herein contained.

33. DISCLAIMER OF LIABILITY

33.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the Committee and the Company shall not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Plan Participant whether by reason of the Company, Committee or Trustee's delay in allotting and issuing new PESTECH Shares and/or applying for or procuring the listing of the new PESTECH Shares on Bursa Securities and/or transferring the Plan Shares in accordance with these By-Laws for any reason whatsoever.

34. DECISION OF THE COMMITTEE

34.1 Any decision and/or determination made by the Committee under these By-Laws shall, in the absence of any manifest of error, be final and binding.

35. GOVERNING LAW

35.1 The Plan shall be governed by and construed in accordance with the laws of Malaysia. The Plan Participant, by accepting the Offer in accordance with the By-Laws and terms of the Plan and the Articles of Association of the Company, irrevocably submit to the exclusive jurisdictions of the courts in Malaysia.

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

36. DELAY OF PERFORMANCE

36.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the reasonable control of the Company, the Committee or the Trustee.

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15 ADDITIONAL INFORMATION**15.1 SHARE CAPITAL**

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the pink form allocation pursuant to the Public Issue and the SGP.
- (vi) Save as disclosed in Section 3.5, Section 5.1.3, Section 5.2 and Section 5.3 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

15.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

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

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

(i) Transfer of shares**Article 27**

- (1) Subject to the restrictions imposed by these Articles, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.
- (2) Subject to any written law, the instrument of transfer of any security that is not a Deposited Security shall be in writing and in the prescribed form executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

15. ADDITIONAL INFORMATION (Cont'd)**Article 28**

In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

Article 29

- (i) The Directors may in their absolute discretion decline to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid.
- (ii) If in the exercise of its rights under this Article, the Directors refuse to register a transfer of a shares that is not a Deposited Security, they shall despatch to the lodging broker (if any) and the transferee written notice of the refusal and the precise reasons thereof within ten (10) Market Days after the date of which the transfer was lodged with the Company (or such period as may be prescribed by the Act and/or the Listing Requirements).

Article 30

Subject to the provisions of the Act, the Central Depositories Act, Rules and Listing Requirements, there shall be no restriction on the transfer of fully paid securities except where required by law or the transfer is in respect of a partly paid share in respect of which a call has been made and is unpaid.

Article 31

- (i) For the purpose of registration of a transfer of shares that are not Deposited Securities, every instrument of transfer shall be left at the office of the Registrar together with the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.
- (ii) All instruments of transfer in respect of shares that are not Deposited Securities which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.
- (iii) Before registering any transfer tendered for registration in respect of shares that are not Deposited Securities, the Directors may, if they think fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the registered office of the Company within ten (10) days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer.

Article 32

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares that are not Deposited Securities or for acting upon a transfer of shares registered by the Depository apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee be liable to be

15. ADDITIONAL INFORMATION (Cont'd)

set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title hereto.

Article 33

Subject to the Rules and Listing Requirements, the registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be closed for more than thirty (30) days in any year or such number of days as may be prescribed by Bursa Securities. The Company shall give Bursa Securities prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be at least ten (10) clear Market Days after the date of announcement to Bursa Securities or such number of days as may be prescribed by Bursa Securities. In relation to the closure, the Company shall give written notice in accordance with the Rules to the Depository to prepare the appropriate Record of Depositors.

Article 34

Subject to the provisions of these Articles, the Listing Requirements, the Central Depositories Act and the Rules, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 41

Where:-

- (a) the Securities of the Company are listed on an another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of the Securities.

(ii) Remuneration of Directors**Article 105**

- (i) The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.
- (ii) Executive director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine.

15. ADDITIONAL INFORMATION (Cont'd)

- (iii) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.
- (iv) Salaries and other emoluments payable to Executive Directors pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on, or percentage of turnover.
- (v) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him.

Article 106

- (i) The Directors shall be paid all their travelling, hotel and other expenses properly and necessarily incurred by them in connection with the business of the Company including attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company.
- (ii) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, he shall be entitled to receive such sum as the Directors may think fit either as a fixed sum or as percentage of profits or otherwise (other than by a sum to include commission on or percentage of turnover) as may be determined by the Board provided in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

(iii) Voting and borrowing powers of Directors

Article 109

The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in general meeting subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, not being inconsistent with these Articles or provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made or passed.

Article 110

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property or uncalled capital as the case may be, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party subject to the Act and the Listing Requirements.

15. ADDITIONAL INFORMATION (Cont'd)**Article 118**

Subject always to Sections 131, 132E, 132F of the Act, no Directors shall be qualified by reason of his office from holding any other office or place of profit under the Company (other than the office of auditor) or under any company in which the Company shall be a shareholder or otherwise has an interest in or from contracting with the Company or any company in which the Company is a shareholder or in which the Company otherwise has an interest either with respect to his/her tenure of any such office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company or any company as aforesaid in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the Director becomes so interested.

Article 119

Unless prohibited by the Listing Requirements, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Article 125

Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes, each Director having one vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote. However, where two (2) Directors form a quorum, the Chairman of a meeting, at which only such a quorum is present or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.

Article 128

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, and if he does so vote, his vote shall not be counted. Subject to Article 129, he shall not be counted in the quorum present at any meeting, but neither of these prohibitions shall apply to:-

- (i) any arrangement for giving the Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (ii) any contract or proposed contract which relates to any loan to the Company or any of its subsidiaries or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or
- (iii) any contract or proposed contract or arrangement with any other corporation in which he is interested only as a holder of shares or Securities or as creditor and such interest is not material; or
- (iv) any contract or proposed contract which has been or will be made with or for the benefit of or on behalf of a corporation (as defined in the Act) which by virtue of

15. ADDITIONAL INFORMATION (Cont'd)

Section 6 of the Act is deemed to be related to the Company that he is a director of that corporation; or

- (v) any contract or proposed indemnity or proposed contract indemnity against any loss which any director may suffer by reason of becoming or being a surety for a company; or
- (vi) any contract or proposed contract entered into or to be entered into by the Company or its subsidiary with another company in which the interest of the directors consist solely of:
 - (a) in him being a director of the company and the holder of shares not more than the number or value as is required to qualify him for the appointment as a director; or
 - (b) in him having an interest in not more than five per centum of its paid-up capital.

Article 129

A Director notwithstanding his interest, may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in anyway interested provided always that he has complied with Section 131 of the Act.

Article 139

All acts done by any meeting of the Directors or a committee of Directors or by any person acting as a Director shall in relation to persons dealing in good faith with the Company, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or and had been entitled to vote.

Article 140

A resolution in writing signed by a majority of the Directors for the time being present in Malaysia being entitled to receive notice of a meeting of Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Directors. The expressions "in writing" and "signed" includes approval by legible confirmed transmission by telefax, telex, cable or telegram or electronic communication (including but not limited to electronic mail).

15. ADDITIONAL INFORMATION (Cont'd)**(iv) Changes in capital and variations of class rights****Article 6**

- (a) 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 the Act, whether or not the Company is being wound up, be made, varied or abrogated, with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provision of these Articles relating to general meetings shall apply mutatis mutandis but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued share of the class and that any holder of the shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.
- (b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

Article 12

The Company must ensure that all new issues of Securities for which listing is sought on Bursa Securities are made in accordance with the Central Depositories Act and the Rules, and shall be by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees. Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company must allot the Securities and despatch notices of allotment to the allottees and make application for the quotation of such Securities within the stipulated time frame as may be prescribed by Bursa Securities.

Article 57

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

Article 60

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 61

The Company may from time to time by Ordinary Resolution:-

15. ADDITIONAL INFORMATION (Cont'd)

- (a) increase the share capital by the creation of new shares of such amount as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (c) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
- (d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (e) subject to the provisions of these Articles and the Act, convert and/or reclassify any class of shares into any other class of shares.

Article 63

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

Article 80

- (i) Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members and Article 68, each member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative and on a show of hands every person present who is a member or proxy or attorney or duly authorised representative of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or duly authorised representative shall have one (1) vote for each share he holds. Any proxy or attorney or duly authorised representative shall be entitled to vote both on a show of hands and on a poll, on any question, at any general meeting.
- (ii) On a resolution to be decided on a show of hands, each holder of an ordinary shares or each holder of a preference shares who has a right to vote must be entitled to one (1) vote.

Article 81

Where the capital of the Company consists of shares of different monetary denominations, voting rights 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.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

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

15. ADDITIONAL INFORMATION (Cont'd)**15.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fix it as a requirement in the general meeting.
- (iii) Save as disclosed in Section 7.2.6 of this Prospectus, the consideration paid pursuant to the Acquisition of PSB and Acquisition of Xcell (where applicable) and dividends paid to our shareholders, there has been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) There is no existing or proposed service agreement contract between our Group, and our Directors or key management.
- (v) The details of our Directors' and substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in Section 7.1.1 and Section 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors and financial information highlighted in Section 4 and Section 11 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

15.5 GENERAL INFORMATION

- (i) Save as disclosed in Section 9 of this Prospectus, neither we, our subsidiary companies nor jointly-controlled entity have acquired or proposed to acquire any property.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 5 of this Prospectus.
- (iii) The time of the opening of the IPO is set out in Section 3.2 and Section 16 of this Prospectus.
- (iv) The amount payable in full on application is RM1.00 per IPO Share.
- (v) The name and address of the auditors are set out in Section 1 of this Prospectus.
- (vi) Save for Brunei, Cambodia, Ghana and Sri Lanka, we have not established any place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 16 of this Prospectus.

15. ADDITIONAL INFORMATION (Cont'd)

15.6 EXPENSES

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment save as set out in Section 3.10 of this Prospectus.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities amounting to RM2.500 million as set out in Section 3.9 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 6,000,000 Issue Shares at the rate of one percent (1.0%) of the Issue Price.

15.7 MATERIAL LITIGATIONS

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

15.8 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- (i) On 15 August 2011, our Company had entered into a share sale agreement with the vendors of PSB, namely, Lim Ah Hock, Paul Lim, Ibrahim Bin Talib, Lim Pay Chin, Chang Mei Lun, Teh Bee Choo, Lim Hong Seng, Lee Kong Tee, Chong Kuen Wai, Han Fatt Juan and Tan Pu Hooi for the acquisition by our Company for the entire issued and paid-up share capital of PSB, comprising 3,333,000 ordinary shares of RM1.00 each in PSB for a purchase consideration of RM36,499,998 satisfied by the issuance of 72,999,996 PESTECH Shares. The transaction was completed on 17 August 2011;
- (ii) On 15 August 2011, our Company had entered into a share sale agreement with the vendors of Xcell, namely, PSB, Lim Ah Hock and Paul Lim for the acquisition by our Company for the entire issued and paid-up share capital of Xcell, comprising 300,000 ordinary shares of RM1.00 each in Xcell for a cash consideration of RM5.00. The transaction was completed on 17 August 2011;
- (iii) On 24 April 2012, our Company had entered into an Underwriting Agreement with the Sole Underwriter for the underwriting of 11,367,000 Issue Shares under the Public Issue, for underwriting commission at the rate set out in Section 3.10.2 of this Prospectus; and
- (iv) On 24 April 2012, our Company had entered into a Placement Agreement with the Placement Agent for the placement of 1,513,000 Issue Shares for placement management fees and placement agent fees at the rates set out in Section 3.10.3 of this Prospectus.

15. ADDITIONAL INFORMATION (Cont'd)

15.9 PUBLIC TAKE-OVERS

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

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

15.10 REPATRIATION OF CAPITAL AND PROFITS

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

15.11 CONSENTS

- (i) The written consents of the Principal Adviser, Sole Underwriter, Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iv) The written consents of Deloitte KassimChan, WH Hau & Co, GT Law & Associates, Lee & Raman and Grant Thornton (Cambodia) Limited for the inclusion in this Prospectus of their names in the form and context in which such names appear in the Accountants' Report have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

15.12 DOCUMENTS FOR INSPECTION

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

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in Section 12 and Section 13 of this Prospectus, respectively;
- (iii) The Reporting Accountants' letter relating to the Proforma Consolidated Financial Information of our Group as at 31 December 2011 referred to in Section 11.2 of this Prospectus;
- (iv) The letters of consent referred to in Section 15.11 of this Prospectus;
- (v) The audited financial statements of PSB, Xcell, Fornix and TPSB for the past five (5) FYE 31 December 2007 to 2011 and audited financial statements of TPJV for the period from 5 February 2010 (date of incorporation) to 31 December 2010 and FYE 31

15. ADDITIONAL INFORMATION (Cont'd)

December 2011 and audited financial statements of PBSB for the period from 17 March 2011 (date of incorporation) to 31 December 2011;

- (vi) The material contracts referred to in Section 15.8 of this Prospectus;
- (vii) The Independent Market Research Report by Frost & Sullivan; and
- (viii) The Executive Summary of the Independent Market Research Report referred to in Section 6 of this Prospectus.

15.13 RESPONSIBILITY STATEMENTS

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

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16 PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 10 May 2012 and will remain open until 5.00 p.m. on 18 May 2012 or for such further period or periods as our Directors and the Offerors, together with Sole Underwriter in their absolute discretion may mutually decide.

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

16.2 METHODS OF APPLICATIONS

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

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

16.3 PROCEDURES FOR APPLICATIONS

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

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

16.3.1 Applications by the Malaysian Public

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

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

Applications for the 5,367,000 Issue Shares made available for eligible Directors, employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application.

16.3.3 Application by placees under the private placement

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

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

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

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

White Application Forms together with copies of this Prospectus may be obtained at selected Bank Islam branches in Klang Valley (i.e. Shah Alam, Klang, Taman Melawati, Universiti Malaya, UIAM Gombak, Bandar Baru Bangi, Kajang, Taman Tun Dr Ismail, Subang Jaya, Ampang, Bandar Wawasan, Bukit Damansara, Kota Damansara, Jalan Tun Razak, New Town Petaling Jaya, Sri Gombak, Kelana Jaya, Menara Bank Islam, Wangsa Maju and Menara TM), participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH, subject to availability.

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

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

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

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

The amount payable in full on application is RM1.00 per Share. Persons submitting applications by way of Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

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

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

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

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

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

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

16.4.1 Terms and Conditions for Applications using Application Forms

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

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).
- Applicant who is an individual must have a CDS account and a correspondence address in Malaysia (Pink and Blue Application Forms only).
- (b) Applicant that is a corporation / institution incorporated in Malaysia, must have a CDS account and be subject to the following:-
- if the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - there is a majority of Malaysian citizens on the board of Directors / trustee.
- Applicant that is a corporation / institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink and Blue Application Forms only).
- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and must have a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in **Section 16.4.1(b) and (c)** above or the trustees thereof.
- (e) Applications for the Issue Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein, or which are illegible will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-
- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

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

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

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 527" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

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

- (g) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIH / COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Directors reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, acting on the authority of our Directors reserves the right not to accept any Application or accept any Application in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to the Applicant within ten (10) market days from

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

the date of the final ballot of the Application list by registered post or ordinary post at the applicant's address last maintained with Bursa Depository or where the Application is not accepted due to the Applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara ("JPN KP 09")" or any valid temporary identity document as issued by the National Registration Department from time to time.

- (m) The Applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (n) MIH, acting on the authority of our Directors reserves the right to bank in all Application monies from unsuccessful Applicants and partially successful Applicants, which would subsequently be refunded without interest by registered post or ordinary post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd (258345-X)
 Level 6, Symphony House
 Pusat Dagangan Dana 1
 Jalan PJU 1A/46
 47301 Petaling Jaya
 Selangor Darul Ehsan
 P.O.Box 8269
 Pejabat Pos Kelana Jaya
 46785 Petaling Jaya
 Malaysia

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 18 May 2012, or such other later date or dates as our Directors and Bank Islam in their absolute discretion may mutually decide.

We will not accept late applications.

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

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- Applicant must have an account with a Participating Financial Institution (as detailed in **Section 16.5.2(o)** of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.
- Applicant **must** have a CDS account; and

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

- Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 16.5.2 of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-

- Personal Identification Number ("PIN");
- MIH Share Issue Account No. 527;
- CDS Account number;
- Number of Shares applied for and / or the Ringgit Malaysia amount to be debited from the account; and
- Confirmation of several mandatory statements.

- Participating Financial Institutions

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

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

The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- Ambank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

16.5.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATMs" in **Section 16.5.1** of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name.

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

The Applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the Applicant will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the Applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Issue Shares, on 18 May 2012 at **5.00 p.m.** ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than **12.00 p.m.** of the second (2nd) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the Applicant making only one (1) Application. An Applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the Applicant making only one (1) Application.

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

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

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

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

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

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The Applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of the Issue Shares or not to allot or allocate any Issue Shares to the Applicant, the Applicant agrees to accept any such decision as final. If the Applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH, on the authority of the Directors of our Company, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIH. MIH shall inform the Participating Financial Institution of the non-successful or partially successful Applicants within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies

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

in Ringgit Malaysia without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of Applicants will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to Applicants by MIH by crediting into your account with the Participating Financial Institution not later than ten (10) market days from the day of the final ballot of the Application list.

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

- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
 - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The Applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIH does not receive the Applicant's Electronic Share Application; or
 - data relating to the Applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,
- the Applicant shall be deemed not to have made an Electronic Share Application and the Applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the Applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The Applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the Applicant agrees that:-
- in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;

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

- our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or any cause beyond their control;
 - notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the Applicant to subscribe for and purchase the Issue Shares for which the Applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - the Applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and / or other documents required for the issue or transfer of the Issue Shares allotted or allocated to the Applicant; and
 - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (n) MIH, acting on the authority of our Board reserves the right to reject Applications that do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- AFFIN BANK BERHAD; OR
 - AMBANK (M) BERHAD; OR
 - CIMB BANK BERHAD; OR
 - HSBC BANK MALAYSIA BERHAD; OR
 - MALAYAN BANKING BERHAD; OR
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-
- Affin Bank Berhad – No fee will be charged for application by their account holders;
 - Ambank (M) Berhad – RM1.00;
 - CIMB Bank Berhad – RM2.50;
 - HSBC Bank Malaysia Berhad – RM2.50;
 - Malayan Banking Berhad – RM1.00;

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

- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

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

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an Application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

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

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the Applicant has an account.
- (b) Log in to the Internet financial services facility by entering the Applicant's user identification and PIN / password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the Applicant also undertakes that the following information given are true and correct:-
 - the applicant has attained 18 years of age as at the closing date of the application for the Issue Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;
 - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;

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

- the applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
 - the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
 - the Applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the Applicant's account with the Authorised Financial Institution;
 - the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the Applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the Applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to the Applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Issue Shares.
 - (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
 - (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
 - (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.6.2 Terms and Conditions for Internet Share Application**

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

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

Internet Participating Financial Institution

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

- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Affin Bank Berhad at www.affinOnline.com; or
- RHB Bank Berhad at www.rhb.com.my. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Public Bank Berhad at www.pbebank.com. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

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

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

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

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

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

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

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

- be a Malaysian citizen and have a mailing address in Malaysia.

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

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.
- (c) The Applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-
 - the Applicant has attained 18 years of age as at the date of the application for the Issue Shares;
 - the Applicant is a Malaysian citizen residing in Malaysia;
 - the Applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the Applicant has read and understood;
 - the Applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
 - the Internet Share Application is the only Application that the Applicant is submitting for the Issue Shares;
 - the Applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - the Applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the Applicant, the Internet Share Application made by the applicant or the Applicant's account with the Internet Participating Financial Institution, to the MIH and the Authorised Financial Institution, the SC and any other relevant authority;
 - the Applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the Applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the Applicant authorises the Internet Participating Financial Institution to disclose transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the Applicant if required by any law, regulation, court order or any government or

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

regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the Applicant furnished by the Applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (d) The Application will not be successfully completed and cannot be recorded as a completed application unless the Applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Issue Shares applied, for which can be printed out by the Applicant for his records.

Upon the display of the Confirmation Screen, the Applicant shall be deemed to have confirmed the truth of the statements set out in **Section 16.6.2(c)** of this Prospectus.

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

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the Applicant of the number of Issue Shares applied for (by way of the Applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- acceptance by the Applicant of the number of Issue Shares that may be allotted or allocated to the Applicant in the event that the Applicant's Internet Share Application is successful or successful in part, as the case may be; and
- the Applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.

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

- (g) The Applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or in balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the Applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

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

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

A number of Applications will however be held in reserve to replace any successfully balloted Applications that are subsequently rejected. In respect of such Applications that are subsequently rejected, the Application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to Applicants by MIH by crediting into your account with the Participating Financial Institution to the applicants within ten (10) Market Days from the day of the final ballot of the Application list.

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

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of Application monies from unsuccessful or partially successful Internet Share Applications. Therefore, Applicants are strongly advised to consult the Internet Participating Financial Institution through which the Application was made in respect of the mode or procedure of enquiring on the status of an Applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 18 May 2012 or such other date(s) as our Directors may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

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

- (j) The Applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIH and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the Applicant shall be deemed not to have made an Internet Share Application and the Applicant shall have no claim whatsoever against our Company, MIH or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All particulars of the Applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, MIH and all other persons who, are entitled or allowed under the law to such information or where the Applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

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

- (l) By making and completing an Internet Share Application, the Applicant is deemed to have agreed that:-
- in consideration of our Company making available the Internet Share Application facility to the Applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
 - the Applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the Applicant for deposit into the Applicant's CDS account;
 - neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or any cause beyond their control;
 - the Applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the Applicant's Internet Share Application by MIH, us and/ or the Internet Participating Financial Institution for reasons of multiple Application, suspected multiple application, inaccurate and/ or incomplete details provided by the Applicant, or any other cause beyond the control of the Internet Participating Financial Institution;

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

- the acceptance of the offer made by the Applicant to subscribe for the Issue Shares for which the Applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
 - the Applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the Applicant's Internet Share Application by our Company;
 - in making the Internet Share Application, the Applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Principal Adviser and any other person involved in the Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the Applicant in making the Internet Share Application; and
 - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;
 - CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - RHB Bank Berhad (www.rhb.com.my) – RM2.50;
 - Public Bank Berhad (www.pbebank.com) – RM2.00; and
 - Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders.

16.7 APPLICATIONS AND ACCEPTANCES

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

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

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

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the IPO Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements and to establish a liquid and adequate market in our Shares.

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

Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

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

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

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

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

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

WHERE YOUR SUCCESSFULLY BALLOTTED APPLICATIONS UNDER ELECTRONIC SHARE APPLICATION OR INTERNET SHARE APPLICATION IS SUBSEQUENTLY REJECTED, THE FULL AMOUNT OF YOUR APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST TO YOU BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION OR INTERNET PARTICIPATING FINANCIAL INSTITUTION RESPECTIVELY.

16.8 CDS ACCOUNTS

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

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

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

Only an Applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he / she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or us. Where an Applicant does not presently have a CDS account, he / she should open a CDS account at an ADA prior to making an Application for the Issue Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his / her CDS account number, MIH under the instruction of our Company, will reject the Application.

In the case of an Application by way of Electronic Share Application, only an Applicant who has a CDS Account can make an Electronic Share Application. The Applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

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

MIH, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

16.9 NOTICE OF ALLOTMENT

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

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

Applicants may also check the status of their application by logging on to the MIH website at www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 16.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 7841 8000 or (03) 7841 8289, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**16.10 LIST OF ADAS**

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

Name	Address and Telephone Number	Broker Code
<u>KUALA LUMPUR</u>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26976333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	32 nd Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECMLibra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	052-001

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

Name	Address and Telephone Number	Broker Code
HONG LEONG INVESTMENT BANK BERHAD	Level 6-8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd , 23 rd & 23A Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22872273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entreprenuer Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001

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

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD	5 – 13 Floor, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18-21, 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	064-001

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

Name	Address and Telephone Number	Broker Code
	50200 Kuala Lumpur Tel No : 03-21463000	
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 Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009
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

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

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007
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

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048
OSK INVESTMENT BANK BERHAD	3 rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
OSK INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No : 03-61483361	056-065
OSK INVESTMENT BANK BERHAD	Ground Floor and Saturday Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	056-066
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang	064-007

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

Name	Address and Telephone Number	Broker Code
	Selangor Darul Ehsan Tel No : 03-33415300	
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-5190202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, Wisma TA No. 1A, Jalan SS20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03-77295713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71(A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No : 06-3371533	012-001

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

Name	Address and Telephone Number	Broker Code
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002
<u>PERAK DARUL RIDZUAN</u>		
A.A.ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-62322328	078-009
CIMB INVESTMENT BANK BERHAD	Ground Floor, 1 st , 2 nd and 3 rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No.25 & 25A, Jalan Jaya 2 Medan J 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-69399828	052-014

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

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Leve 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebu Pantai 10300 Pulau Pinang Tel No : 04-2618688	087-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang	065-003

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

Name	Address and Telephone Number	Broker Code
	Tel No : 04-2385900	
ECM LIBRA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-003
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005

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

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
OSK INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No : 04-8352988	056-064
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
<u>PERLIS INDRA KAYANGAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangsar Perlis Indra Kayangan Tel No : 04- 9793388	056-061
<u>KEDAH DARUL AMAN</u>		
A.A.ANTHONY SECURITIES SDN BHD	Lot 4,5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007

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

Name	Address and Telephone Number	Broker Code
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
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	056-024

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

Name	Address and Telephone Number	Broker Code
	Negeri Sembilan Darul Khusus Tel No : 06-7641641	
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
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6636658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim	078-008

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

Name	Address and Telephone Number	Broker Code
	Tel No : 07-5121633	
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008

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

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106 – 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
MIMB INVESTMENT BANK BERHAD	1st Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313688	061-003
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	056-009

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

Name	Address and Telephone Number	Broker Code
	Johor Darul Takzim Tel No : 07-4380288	
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No.119 &121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim	056-043

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

Name	Address and Telephone Number	Broker Code
	Tel No : 07-3522293	
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
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	052-007
OSK INVESTMENT BANK BERHAD	B32 & 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

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

Name	Address and Telephone Number	Broker Code
<u>KELANTAN DARUL NAIM</u>		
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
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
<u>SARAWAK</u>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim	065-004

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

Name	Address and Telephone Number	Broker Code
	93450 Kuching Sarawak Tel No : 082-358606	
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, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak	056-012

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

Name	Address and Telephone Number	Broker Code
	Tel No : 085-422788	
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 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
SABAH		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah	068-008

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

Name	Address and Telephone Number	Broker Code
	Tel No : 088-311688	
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