

## 11. FINANCIAL INFORMATION

### 11.1 Historical Financial Information

#### 11.1.1 Proforma Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets out a summary of the proforma consolidated statements of profit or loss and other comprehensive income of our Group based on our audited financial statements for the past three (3) financial years up to the FYE 30 June 2013, prepared based on the assumption that our Group has been in existence throughout the relevant financial years under review as well as the audited consolidated statements of profit or loss and other comprehensive income of our Group for the seven (7)-month FPE 31 January 2014 and the comparative period for the unaudited seven (7)-month FPE 31 January 2013. The proforma and audited consolidated statements of profit or loss and other comprehensive income are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information on our Group as set out in Sections 12 and 13 of this Prospectus, respectively.

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 June----->			Seven (7)-	Seven
	2011	2012	2013	month	(7)-month
	RM'000	RM'000	RM'000	FPE 31	FPE 31
				January	January
				2013	2014
				RM'000	RM'000
Revenue	207,647	305,783	386,066	240,184	263,171
Cost of sales	(182,489)	(271,142)	(328,405)	(197,575)	(223,465)
<b>Gross profit</b>	<b>25,158</b>	<b>34,641</b>	<b>57,661</b>	<b>42,609</b>	<b>39,706</b>
Other income	592	2,834	3,875	1,530	5,381
Administrative expenses	(9,449)	(12,798)	(21,849)	(14,187)	(16,412)
<b>Results from operating activities</b>	<b>16,301</b>	<b>24,677</b>	<b>39,687</b>	<b>29,952</b>	<b>28,675</b>
Finance income	242	403	513	90	436
Finance costs	(866)	(1,214)	(1,626)	(986)	(1,014)
PBT	15,677	23,866	38,574	29,056	28,097
Tax expenses	(4,379)	(6,638)	(10,709)	(8,139)	(9,652)
<b>PAT and total comprehensive income for the year</b>	<b>11,298</b>	<b>17,228</b>	<b>27,865</b>	<b>20,917</b>	<b>18,445</b>
Number of Econpile Shares ('000)*1	535,000	535,000	535,000	535,000	535,000
EBITDA (RM'000)	26,444	34,823	52,309	36,857	36,916
Gross profit margin (%)	12.1	11.3	14.9	17.7	15.1

## 11. FINANCIAL INFORMATION (CONT'D)

	<-----Audited-----> <-----FYE 30 June----->			Unaudited Seven (7)- month FPE 31 January 2013 RM'000	Audited Seven (7)-month FPE 31 January 2014 RM'000
	2011 RM'000	2012 RM'000	2013 RM'000		
PBT margin (%)	7.5	7.8	10.0	12.1	10.7
PAT margin (%)	5.4	5.6	7.2	8.7	7.0
EPS (sen)					
- Basic	2.11	3.22	5.21	3.91	3.45
- Diluted <sup>2</sup>	-	-	-	-	-

**Notes:-**

<sup>1</sup> Based on our issued and paid-up share capital immediately after the Public Issue

<sup>2</sup> There were no potential dilutive ordinary shares to be issued throughout the financial years under review

**11.1.2 Proforma Consolidated Statement of Financial Position**

The following table sets out a summary of the proforma consolidated statement of financial position of our Group based on our audited consolidated financial statements as at 31 January 2014 to show the effects of the Public Issue and Offer for Sale and the proposed utilisation of proceeds from our Public Issue on the assumption that the transactions were completed on 31 January 2014. The proforma consolidated statement of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Section 13 of this Prospectus.

	As at 31 January 2014 RM'000	Proforma I After the Public Issue and Offer for Sale RM'000	Proforma II After I and the proposed utilisation of proceeds RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	53,948	53,948	68,528
Investment properties	2,240	2,240	2,240
Other investments	2,269	2,269	2,269
	58,457	58,457	73,037
<b>Current assets</b>			
Trade and other receivables	129,359	129,359	129,359
Prepayments	3,302	3,302	3,302
Current tax assets	11	11	11
Cash and cash equivalents	35,156	83,756	53,987
	167,828	216,428	186,659
<b>TOTAL ASSETS</b>	<b>226,285</b>	<b>274,885</b>	<b>259,696</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	89,000	107,000	107,000
Share premium	-	30,600	28,993

**11. FINANCIAL INFORMATION (CONT'D)**

	As at 31 January 2014 RM'000	Proforma I After the Public Issue and Offer for Sale RM'000	Proforma II After I and the proposed utilisation of proceeds RM'000
Deficit in business combinations	(87,000)	(87,000)	(87,000)
Retained earnings	105,186	105,186	103,754
<b>Total equity</b>	<b>107,186</b>	<b>155,786</b>	<b>152,747</b>
<b>Non-current liabilities</b>			
Loans and borrowings	12,498	12,498	12,498
Employee benefits	3,564	3,564	3,564
Deferred tax liabilities	2,917	2,917	2,917
	<b>18,979</b>	<b>18,979</b>	<b>18,979</b>
<b>Current liabilities</b>			
Trade and other payables	76,919	76,919	76,919
Loans and borrowings	21,979	21,979	9,829
Current tax liabilities	1,222	1,222	1,222
	<b>100,120</b>	<b>100,120</b>	<b>87,970</b>
<b>Total liabilities</b>	<b>119,099</b>	<b>119,099</b>	<b>106,949</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>226,285</b>	<b>274,885</b>	<b>259,696</b>
Number of Econpile Shares ('000)	445,000	535,000*	535,000*
NA (RM'000)	107,186	155,786	152,747
NA per Econpile Share (RM)	0.24	0.29	0.29
NTA (RM'000)	107,186	155,786	152,747
NTA per Econpile Share (RM)	0.24	0.29	0.29

**Note:-**

\* Based on our issued and paid-up share capital immediately after the Public Issue

**11.1.3 Proforma Consolidated Statement of Cash Flows**

The following table sets out a summary of the proforma consolidated audited statement of cash flows of our Group based on our audited financial statements for the past three (3) financial years up to the FYE 30 June 2013, prepared based on the assumption that our Group has been in existence throughout the relevant financial year under review as well as the audited consolidated statement of cash flows of our Group for the seven (7)-month FPE 31 January 2014 and the comparative period for the unaudited seven (7)-month FPE 31 January 2013. The proforma and audited consolidated statement of cash flows are presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Letter together with the notes and assumptions accompanying on the proforma consolidated financial information set out in Section 13 of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

	<-----Audited-----> <-----FYE 30 June----->			Unaudited Seven (7)- month FPE 31 January 2013 RM'000	Audited Seven (7)- month FPE 31 January 2014 RM'000
	2011 RM'000	2012 RM'000	2013 RM'000		
<b>Cash flows from operating activities</b>					
PBT	15,677	23,866	38,574	29,056	28,097
Adjustments for:-					
Depreciation of investment properties	33	27	27	16	16
Depreciation of property, plant and equipment	10,110	10,119	12,594	6,889	8,225
Fair value gain from other investments	-	(134)	(59)	(34)	(36)
Finance costs	866	1,214	1,626	985	1,014
Finance income	(242)	(403)	(513)	(90)	(436)
Gain on disposal of a subsidiary	-	(529)	-	-	-
Gain on disposal of property, plant and equipment	(47)	(1,274)	(795)	(138)	(1,075)
(Gain)/ Loss on disposal of investment properties	106	(24)	-	-	-
Loss on disposal of other investments	-	98	-	-	-
Other investments written off	14	-	-	-	-
Property, plant and equipment written off	325	-	-	-	-
Operating profit before changes in working capital	26,842	32,960	51,454	36,684	35,805
Change in employee benefits	-	-	-	-	3,564
Change in trade and other receivables and prepayments	(28,804)	(19,400)	(10,463)	(4,714)	(3,205)
Change in trade and other payables	18,372	3,350	(3,297)	(14,547)	(6,312)
Cash generated from operations	16,410	16,910	37,694	17,423	29,852
Interest paid	(99)	(2)	(2)	(1)	(0)
Tax paid	(3,164)	(5,824)	(10,575)	(6,675)	(10,091)
Tax refunded	-	-	4	3	-
<b>Net cash from operating activities</b>	<b>13,147</b>	<b>11,084</b>	<b>27,121</b>	<b>10,750</b>	<b>19,761</b>
<b>Cash flows from investing activities</b>					
Acquisition of investment properties	-	-	(356)	-	-
Acquisition of property, plant and equipment	(7,389)	(2,473)	(15,053)	(11,627)	(2,560)

**11. FINANCIAL INFORMATION (CONT'D)**

	<-----Audited-----> <-----FYE 30 June----->			Unaudited Seven (7)- month FPE 31 January 2013 RM'000	Audited Seven (7)- month FPE 31 January 2014 RM'000
	2011 RM'000	2012 RM'000	2013 RM'000		
Interest received from fixed deposits	243	403	513	90	436
Net cash acquired from reverse acquisition <sup>1</sup>	-	-	-	-	- <sup>2</sup>
Proceeds from disposal of a subsidiary	-	2,499	-	-	-
Proceeds from disposal of investment properties	944	655	-	-	-
Proceeds from disposal of other investments	-	64	117	117	-
Proceeds from disposal of property, plant and equipment	105	1,450	1,058	433	1,175
<b>Net cash (used in)/ from investing activities</b>	<b>(6,097)</b>	<b>2,598</b>	<b>(13,721)</b>	<b>(10,987)</b>	<b>(949)</b>
<b>Cash flows from financing activities</b>					
(Decrease)/ Increase in amounts due to Directors	628	(326)	(302)	(1,235)	-
Dividends paid to owners of the Company	-	-	(6,000)	-	-
Drawdown/ (Repayment) of bank loans	(1,729)	(930)	2,861	(161)	(54)
Drawdown of bankers' acceptance	3,399	1,498	2,406	4,574	310
Interest paid on loans and borrowings	(767)	(1,212)	(1,624)	(985)	(1,014)
Placement of deposits pledged with licensed banks	(2,170)	(2,986)	(3,322)	(2,237)	(524)
Repayment of finance lease liabilities	(3,562)	(5,327)	(9,392)	(5,508)	(6,719)
(Repayment)/ Drawdown of revolving credits	(216)	2,315	(2,315)	(2,315)	-
<b>Net cash used in financing activities</b>	<b>(4,417)</b>	<b>(6,968)</b>	<b>(17,688)</b>	<b>(7,867)</b>	<b>(8,001)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>2,633</b>	<b>6,714</b>	<b>(4,288)</b>	<b>(8,104)</b>	<b>10,811</b>
Cash and cash equivalents as at 1 July 2010/ 2011/ 2012/ 2013	5,057	7,690	14,404	14,404	10,117
<b>Cash and cash equivalents as at 30 June/ 31 January<sup>3</sup></b>	<b>7,690</b>	<b>14,404</b>	<b>10,116</b>	<b>6,300</b>	<b>20,928</b>

## 11. FINANCIAL INFORMATION (CONT'D)

### Notes:-

- \*1 During the seven (7)-month FPE 31 January 2014, Econpile acquired the entire issued and paid-up share capital of ESB via a reverse acquisition. Under the reverse acquisition, ESB, which was the accounting acquirer, acquired the cash and bank balances of Econpile, which was the accounting acquiree, amounting to RM2.00 to be satisfied by the issuance of shares. As such, this resulted in the net cash acquired from reverse acquisition of RM2.00
- \*2 Negligible
- \*3 Components of cash and cash equivalents as at 30 June 2011, 30 June 2012, 30 June 2013, 31 January 2013 and 31 January 2014, respectively:-

	<-----Audited----->			Unaudited	Audited
	<-----FYE 30 June----->			Seven (7)-	Seven
	2011	2012	2013	month FPE	(7)-month
	RM'000	RM'000	RM'000	31 January	FPE 31
				2013	January
				RM'000	2014
					RM'000
Cash and bank balances	1,292	13,326	9,009	5,222	19,929
Deposits placed with licensed banks	14,442	11,460	14,811	13,697	15,227
Bank overdrafts	(648)	-	-	-	-
	<u>15,086</u>	<u>24,786</u>	<u>23,820</u>	<u>18,919</u>	<u>35,156</u>
Less: Deposits pledged	(7,396)	(10,382)	(13,704)	(12,619)	(14,228)
	<u>7,690</u>	<u>14,404</u>	<u>10,116</u>	<u>6,300</u>	<u>20,928</u>

### 11.2 Capitalisation and Indebtedness

The following table summarises our capitalisation and indebtedness:-

- i. As at 31 January 2014, based on our audited consolidated financial information; and
- ii. As adjusted for the net proceeds arising from the issuance of 90,000,000 new Econpile Shares pursuant to our Public Issue as well as the utilisation of proceeds as set out in Section 3.11 of this Prospectus.

	Audited as at	After
	31 January	adjustment for
	2014	the Public
	RM'000	Issue and
		utilisation of
		proceeds
		RM'000
<b>Indebtedness</b>		
<b>Short-term indebtedness:-</b>		
Bank loans (secured and guaranteed)	98	98
Bankers' acceptance (secured and guaranteed)	9,869	(2,281) <sup>2</sup>
Finance lease liabilities	12,012	12,012

**11. FINANCIAL INFORMATION (CONT'D)**

	Audited as at 31 January 2014 RM'000	After adjustment for the Public Issue and utilisation of proceeds RM'000
<b>Long-term indebtedness:-</b>		
Bank loans (secured and guaranteed)	2,870	2,870
Finance lease liabilities	9,628	9,628
<b>Total indebtedness</b>	<b>34,477<sup>*1</sup></b>	<b>22,327</b>
<b>Capitalisation</b>		
Total shareholders' equity	107,186	152,747
<b>Total capitalisation</b>	<b>107,186</b>	<b>152,747</b>
<b>Total capitalisation and indebtedness</b>	<b>141,663</b>	<b>175,074</b>

**Notes:-**

<sup>\*1</sup> As at the LPD, our outstanding bank borrowings amounted to approximately RM34.28 million.

<sup>\*2</sup> Our Group intends to use RM12.15 million to partially repay our bankers' acceptance facility which was obtained to finance our purchases of materials related to our Group's business. Any unutilised amount will be used towards working capital. In addition, any excess amount required for additional repayment of bank borrowings will be allocated from working capital. Please refer to Section 3.11 of this Prospectus for further details on the utilisation of proceeds from the Public Issue. As at 31 January 2014, the bankers' acceptance was recorded at RM9.87 million. However, this is a variable figure and may increase or decrease over the time. As such, purely for illustration purpose, after adjustment for the Public Issue and utilisation of proceeds, the bankers' acceptance is recorded at negative RM2.28 million.

The indirect and contingent liabilities of our Group are set out in Section 11.4.8 of this Prospectus.

**11.3 Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects**

The following management's discussion and analysis of our financial condition, results of operations and prospects as set out in this Section 11 of this Prospectus have been made based on our proforma consolidated statements of profit or loss and other comprehensive income for the past three (3) financial years up to the FYE 30 June 2013 as well as the audited consolidated statements of profit or loss and other comprehensive income of our Group for the seven (7)-month FPE 31 January 2014 and the comparative period for the unaudited seven (7)-month FPE 31 January 2013. Our proforma consolidated statements of profit or loss and other comprehensive income which have been prepared for illustrative purposes to reflect what our financial position would have been throughout the financial years/ periods under review and should be read in conjunction with the Accountants' Report and the Reporting Accountants' Letter, together with the notes and assumptions accompanying on the proforma consolidated financial information on our Group set out in Sections 12 and 13 of this Prospectus, respectively.

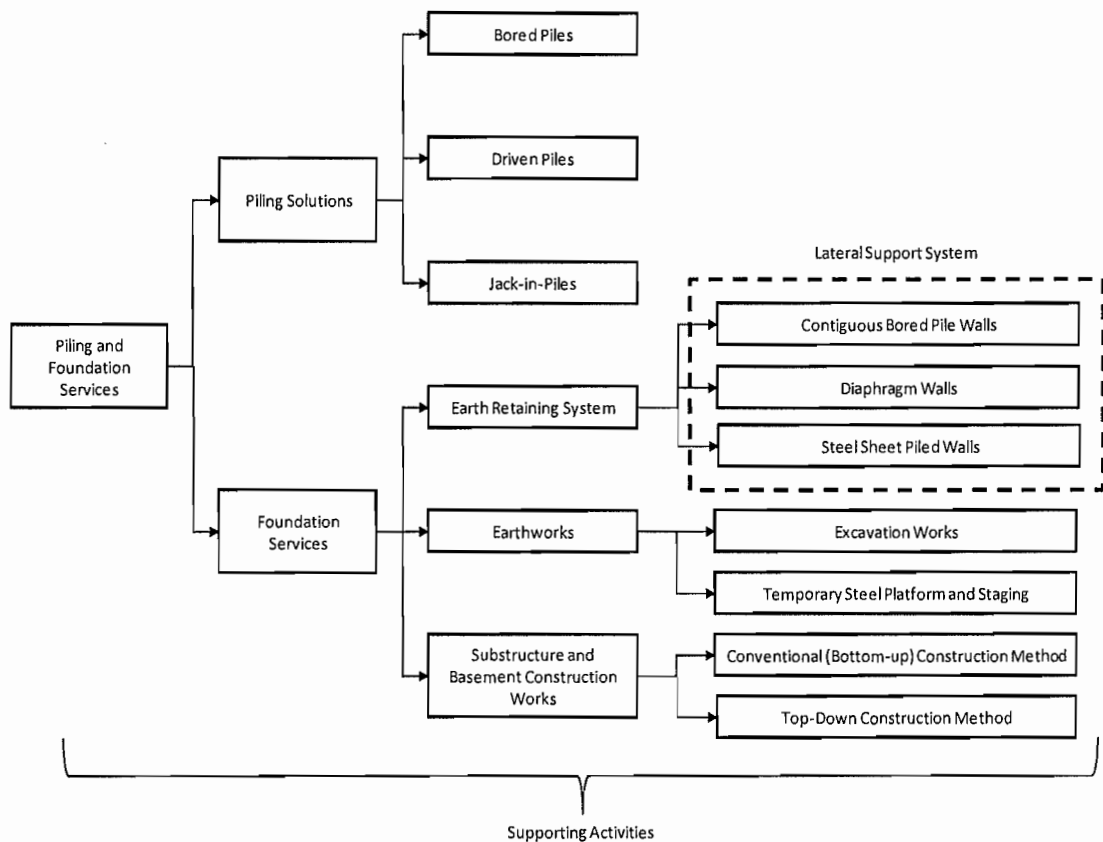
## 11. FINANCIAL INFORMATION (CONT'D)

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

### Overview of Our Operations

We are principally involved in the provision of piling and foundation services via our wholly-owned subsidiary company, namely ESB. Our piling solutions include bored piles, driven piles and jack-in-piles, details of which are set out in Section 6.2.1 of this Prospectus. Our foundation services include earth retaining system, earthworks as well as substructure and basement construction works, details of which are set out in Section 6.2.2 of this Prospectus, respectively. The revenue contribution of these principal activities to our Group was more than 99% for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

The areas of which we are principally involved are illustrated below:-



In addition, through our indirect wholly-owned subsidiary company, namely PPSB, we are also involved in property investment, rental of machinery and sales of goods. However, these activities are not our core business activities. The revenue contribution of these activities to our Group was less than 1% for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.



**11. FINANCIAL INFORMATION (CONT'D)**

All of our revenues were derived from Malaysia for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014. As such, segmental information by geographical market have not been disclosed.

The revenues derived from our piling and foundation services segment are mainly project-based, which are non-recurring in nature. As for our property investment, the revenues derived are contract-based and recurring in nature whereas the revenues derived from our rental of machinery and sales of goods are contract based and non-recurring in nature.

The revenue derived from our property investment in PPSB is a parcel of land rented to ESB as workshop. As such, this is an inter-company transaction between ESB and PPSB and the rental revenue of PPSB is eliminated after consolidation at the Group level.

**Review of Our Historical Results**

The following information are based on the proforma consolidated results of our Group for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014 and the comparative period for the seven (7)-month FPE 31 January 2013 and has been prepared for illustrative purposes only and on the assumption that the current structure of our Group had been in existence throughout the relevant financial years/ periods under review.

**i. Revenue**

For the financial years/ periods under review, our revenue was derived from the following segments:-

**(a) Piling and foundation services**

Revenue derived from our piling and foundation services segment are derived from contract revenue awarded by our customers who are mainly involved in the business of property development, infrastructure and energy.

The revenue derived from this segment contributed more than 99% of our Group's revenue for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014.

We recognise our contract revenue for this segment based on the percentage-of-completion method of accounting. Revenue from this segment is recognised based on certified work done to the stage of completion. The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date in proportion to the estimated total contract costs.

Work done is certified by a quantity surveyor appointed by our customer and we would submit to our client the progress claim on a monthly basis. Thereafter, the quantity surveyor will then do a site valuation and prepare a progress certificate for the project architect or engineer to endorse and they will issue a progress payment certificate.

The architect certificate is treated as our advice of payment, and we shall be paid in accordance to term of payment as specified in contract.

## 11. FINANCIAL INFORMATION (CONT'D)

The progress payment certificates are processed by the quantity surveyor and is cumulative for each month. Each billing is supported by the certificate issued by the quantity surveyor. At the completion of project, the quantity surveyor will carry out a final measurement and any discrepancies and dispute shall be resolved during the period of final measurement. As at the LPD, there was no material dispute in our customer billing in the past.

(b) Property investment, rental of machinery and sales of goods

Revenue derived from our property investment in PPSB is a parcel of land rented to ESB as workshop, which is used to maintain, modify and repair our fleet of specialised piling equipment. As such, this is an inter-company transaction between ESB and PPSB and the rental revenue of PPSB is eliminated after consolidation at the Group level.

Revenue derived from our rental of machinery and sales of goods consist solely of rental of machinery and sales of goods such as spare parts and tools to our external customers.

The revenue derived from this segment contributed less than 1% of our Group's revenue for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

Our pricing determination may be influenced by the movement of prices of our raw materials such as cement, concrete and steel, whereby the general market price for our raw materials will form part of our quotation at point of proposal for our piling and foundation services projects. In summary, our Group's revenue is affected by the following main factors:-

- i. Performance of the property development, infrastructure and energy industries; and
- ii. The fluctuation of raw material prices.

The analysis of our revenue for the financial years/ periods under review are set out below:-

### Revenue by Subsidiaries

	-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ESB	207,341	99.8	305,431	99.9	385,766	99.9	240,059	99.9	263,165	99.9
PPSB	547	0.3	593	0.2	540	0.1	265	0.1	146	0.1
Consolidation adjustment	(240)	(0.1)	(240)	(0.1)	(240)	-*	(140)	-*	(140)	-*
	<b>207,648</b>	<b>100.0</b>	<b>305,784</b>	<b>100.0</b>	<b>386,066</b>	<b>100.0</b>	<b>240,184</b>	<b>100.0</b>	<b>263,171</b>	<b>100.0</b>

Note:-

\* Negligible

## 11. FINANCIAL INFORMATION (CONT'D)

**Revenue by Business Segments**

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Pilling and foundation services	207,341	99.8	305,431	99.9	385,766	99.9	240,059	99.9	263,165	99.9
Property investment, rental of machinery and sales of goods	547	0.3	593	0.2	540	0.1	265	0.1	146	0.1
Consolidation adjustment	(240)	(0.1)	(240)	(0.1)	(240)	-*	(140)	-*	(140)	-*
	<b>207,648</b>	<b>100.0</b>	<b>305,784</b>	<b>100.0</b>	<b>386,066</b>	<b>100.0</b>	<b>240,184</b>	<b>100.0</b>	<b>263,171</b>	<b>100.0</b>

**Note:-**

\* Negligible

**Revenue by (End-User) Industries**

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property development	182,964	88.1	260,658	85.2	301,046	78.0	188,839	78.6	152,102	57.8
Infrastructure and energy	22,486	10.8	40,080	13.1	82,286	21.3	48,966	20.4	111,063	42.2
Others <sup>1</sup>	2,438	1.2	5,286	1.8	2,974	0.7	2,519	1.0	146	- <sup>2</sup>
Consolidation adjustment	(240)	(0.1)	(240)	(0.1)	(240)	- <sup>2</sup>	(140)	- <sup>2</sup>	(140)	- <sup>2</sup>
	<b>207,648</b>	<b>100.0</b>	<b>305,784</b>	<b>100.0</b>	<b>386,066</b>	<b>100.0</b>	<b>240,184</b>	<b>100.0</b>	<b>263,171</b>	<b>100.0</b>

**Notes:-**<sup>1</sup> The breakdown of other (end-user) industries is set out below:-

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
School	182	7.5	-	-	876	29.4	876	34.8	-	-
Temple	1,709	70.1	4,693	88.8	180	6.1	-	-	-	-
Bus terminal	-	-	-	-	1,378	46.3	1,379	54.7	-	-
Property investment, rental of machinery and sales of goods	547	22.4	593	11.2	540	18.2	264	10.5	146	100.0
	<b>2,438</b>	<b>100.0</b>	<b>5,286</b>	<b>100.0</b>	<b>2,974</b>	<b>100.0</b>	<b>2,519</b>	<b>100.0</b>	<b>146</b>	<b>100.0</b>

<sup>2</sup> Negligible

**11. FINANCIAL INFORMATION (CONT'D)**

The detailed breakdown of revenue by piling and foundation services segment for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014 and the comparative period for the seven (7)-month FPE 31 January 2013 is set out below:-

	←-----FYE 30 June-----→						Seven (7)-month FPE 31 January			
	2011 RM'000	%	2012 RM'000	%	2013 RM'000	%	2013 RM'000	%	2014 RM'000	%
Bored pile and foundation services	187,283	90.3	295,928	96.9	366,436	95.0	236,007	98.3	233,244	88.6
Driven pile and foundation services	2,691	1.3	2,745	0.9	2,999	0.8	-	-	-	-
Jack-in-pile and foundation services	5,037	2.4	6,758	2.2	14,828	3.8	4,052	1.7	4,970	1.9
Foundation services	12,330	6.0	-	-	1,503	0.4	-	-	24,951	9.5
	<b>207,341</b>	<b>100.0</b>	<b>305,431</b>	<b>100.0</b>	<b>385,766</b>	<b>100.0</b>	<b>240,059</b>	<b>100.0</b>	<b>263,165</b>	<b>100.0</b>

The detailed breakdown of revenue generated from property development industry (end-user) for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014 and the comparative period for the seven (7)-month FPE 31 January 2013 is set out below:-

	←-----FYE 30 June-----→						Seven (7)-month FPE 31 January			
	2011 RM'000	%	2012 RM'000	%	2013 RM'000	%	2013 RM'000	%	2014 RM'000	%
Commercial properties	111,181	60.8	134,457	51.6	174,248	57.9	112,358	59.5	103,248	67.9
Residential properties	38,786	21.2	116,333	44.6	126,130	41.9	76,481	40.5	40,485	26.6
Mix development properties	32,997	18.0	9,868	3.8	668	0.2	-	-	8,369	5.5
	<b>182,964</b>	<b>100.0</b>	<b>260,658</b>	<b>100.0</b>	<b>301,046</b>	<b>100.0</b>	<b>188,839</b>	<b>100.0</b>	<b>152,102</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (CONT'D)**

Revenue from our piling and foundation services segments for the past three (3) financial years up to the FYE 30 June 2013 as well as the seven (7)-month FPE 31 January 2014 and the comparative period for the seven (7)-month FPE 31 January 2013 were recognised based on the following number of projects during the financial year/ period:-

	<-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000	Number of Revenue projects derived RM'000
Completed during the year/ period	14	81,629	21	151,241	21	227,326	13	114,197	5	28,515
Work-in-progress as at end of year/ period	21	120,916	24	146,262	13	146,872	17	117,972	19	200,482
	<b>35</b>	<b>202,545</b>	<b>45</b>	<b>297,503</b>	<b>34</b>	<b>374,198</b>	<b>30</b>	<b>232,169</b>	<b>24</b>	<b>228,997</b>
Completed during the prior financial years	-	4,796	-	7,928	-	11,568	-	7,890	-	34,168
	<b>-</b>	<b>207,341</b>	<b>-</b>	<b>305,431</b>	<b>-</b>	<b>385,766</b>	<b>-</b>	<b>240,059</b>	<b>-</b>	<b>263,165</b>

As at the LPD, our order book for the piling and foundation services segment stood at approximately RM449.88 million whereby RM331.52 million or approximately 73.7% of our order book for the piling and foundation services projects pertain to contracts brought forward from the seven (7)-month FPE 31 January 2014 and the remainder of RM118.36 million or approximately 26.3% pertain to new contracts secured from 1 February 2014 up to the LPD.

**FYE 30 June 2011**

For the FYE 30 June 2011, our revenue are mainly from the piling and foundation services business segment. Our revenue for the FYE 30 June 2011 had increased by RM5.22 million, representing approximately 2.6% to RM207.65 million as compared to the FYE 30 June 2010 mainly due to revenue from the following property development industry projects amounting to RM70.62 million:-

**11. FINANCIAL INFORMATION (CONT'D)**

<b>Project</b>	<b>Location</b>	<b>Industry</b>	<b>Revenue derived RM'000</b>
Embedded retaining structure, foundation and basement structure	Kuala Lumpur, Wilayah Persekutuan	Property development	32,548
Substructure works	Shah Alam, Selangor Darul Ehsan	Property development	22,773
Piling and pile cap works	Sepang, Selangor Darul Ehsan	Property development	15,297

**FYE 30 June 2012**

For the FYE 30 June 2012, our revenue had increased by RM98.14 million, representing approximately 47.3% to RM305.78 million as compared to the FYE 30 June 2011 due to increase in revenue from our piling and foundation services. In addition, the total number of projects increased from 35 with the revenue contribution of RM202.55 million in the FYE 30 June 2011 to 45 with the revenue contribution of RM297.50 million in the FYE 30 June 2012.

The overall increase in our piling and foundation services revenue was mainly attributable to revenue from the following local property development projects amounting to RM85.60 million:-

<b>Project</b>	<b>Location</b>	<b>Industry</b>	<b>Revenue derived RM'000</b>
Piling and pile cap works	Sepang, Selangor Darul Ehsan	Property development	25,251
Substructure works	Putrajaya, Wilayah Persekutuan	Property development	20,925
Substructure works	Kuala Lumpur, Wilayah Persekutuan	Property development	20,562
Substructure works	Kuala Lumpur, Wilayah Persekutuan	Property development	18,863

**FYE 30 June 2013**

For the FYE 30 June 2013, our revenue had increased by RM80.28 million, representing approximately 26.3% to RM386.07 million as compared to the FYE 30 June 2012 due to an increase in revenue from our piling and foundation services. Despite the total number of projects decreased to 34 in the FYE 30 June 2013 as compared to 45 in the FYE 30 June 2012, the revenue contribution from those projects increased from RM297.50 million in the FYE 30 June 2012 to RM374.20 million in the FYE 30 June 2013.

The increase in our piling and foundation services revenue was mainly attributable to revenue from the property development projects and infrastructure project amounting to RM61.10 million and RM25.96 million, respectively, as set out below:-

**11. FINANCIAL INFORMATION (CONT'D)**

Project	Location	Industry	Revenue derived RM'000
Piling, diaphragm wall and basement works	Kuala Lumpur	Property development	31,105
Piling, basement works and reinforced concrete walls	Daerah Petaling, Selangor Darul Ehsan	Property development	29,991
Mass rapid transit	Kota Damansara, Selangor Darul Ehsan	Infrastructure	25,957

**Seven (7)-month FPE 31 January 2014**

For the seven (7)-month FPE 31 January 2014, our revenue had increased by RM22.99 million, representing approximately 9.6% to RM263.17 million as compared to the seven (7)-month FPE 31 January 2013 due to an increase in revenue from our piling and foundation services. The total number of projects decreased to 24 in the seven (7)-month FPE 31 January 2014 as compared to 30 in the seven (7)-month FPE 31 January 2013 and the revenue contribution from those projects also decreased slightly from RM232.17 million in the seven (7)-month FPE 31 January 2013 to RM229.00 million in the seven (7)-month FPE 31 January 2014. However, the revenue derived from the projects completed during the prior financial years increased from RM7.89 million in the seven (7)-month FPE 31 January 2013 to RM34.17 million in the seven (7)-month FPE 31 January 2014.

The increase in our piling and foundation services revenue was mainly attributable to revenue from the infrastructure project and property development projects amounting to RM59.43 million and RM50.70 million, respectively, as set out below:-

Project	Location	Industry	Revenue derived RM'000
Mass rapid transit	Kota Damansara, Selangor Darul Ehsan	Infrastructure	59,428
Piling and substructure works	Kuala Lumpur	Property development	27,627
Piling and basement works	Bangsar, Kuala Lumpur	Property development	23,075

**ii. Contract Expenses**

The contract expenses for our piling and foundation services in ESB comprise of subcontractors costs, raw materials, staff costs, upkeep of machinery and equipment, depreciation of plant and equipment, hire of machinery, lorry and trailer and others. As for our rental of machinery and sales of goods in PPSB, the contract expenses comprise of hire of machinery as well as purchase of goods and spare parts by our wholly-owned subsidiary for rental and trading to third party customers. Our contract expenses are accounted for as and when they are incurred.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(a) Subcontractor costs**

We engage our subcontractors for various labour-intensive works in our piling and foundation services projects such as constructing diaphragm walls and basement. Please refer to Sections 6.2.2(i) (b) and 6.2.2 (iii) of this Prospectus for further details on diaphragm walls and basement construction, respectively. By engaging our subcontractors for the labour-intensive works, we will be able to focus on our competitive strengths in bored piling and other important activities in top-down construction. Please refer to Section 6.4 of this Prospectus for further details on our competitive strengths.

The subcontractors involved in our piling and foundation services projects are mainly sourced locally. As subcontractor costs constitute one (1) of the major component of our contract expenses, we have in place a prudent selection process prior to engaging our subcontractors.

In summary, the key factors in selecting our subcontractors are set out below:-

- (i) Credentials of the various subcontractors that fulfils our projects' requirements, including projects' budgets;
- (ii) Our prior working experience with these subcontractors; and
- (iii) Competitiveness of their pricing.

**(b) Raw materials**

Our raw materials used for our piling and foundation services mainly comprise of cement, concrete and steel. As raw material purchases form one (1) of the major component in our contract expenses, we generally purchase our raw materials based on projects' requirements. These raw materials were mainly sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationships with some of our major suppliers, which translates into competitive pricing provided to us by these suppliers, we also source for our raw materials from alternative suppliers, if the need arises.

In summary, the key factors in selecting our raw material purchases are set out below:-

- (i) The lead time for raw materials delivery for our piling and foundation services projects; and
- (ii) Our ability to obtain competitive pricing from our suppliers.

**(c) Staff costs**

Our staff costs mainly comprise of salaries, bonuses and other staff-related cost for employees who are directly involved in our piling and foundation services. These labour hours are directly correlated with the number of working hours, salary grades, staff headcount and labour market conditions.



**11. FINANCIAL INFORMATION (CONT'D)****(d) Upkeep of machinery and equipment**

Our upkeep of machinery and equipment mainly comprise of costs incurred to repair, replacement of parts and tools and routine maintenance of machinery and equipment. These costs are incurred to ensure that our drilling rigs, machinery and equipment are properly and adequately maintained so as to achieve minimal breakdowns and operational efficiency at our work sites.

**(e) Depreciation of plant and equipment**

Depreciation of plant and equipment consists of depreciation charge on plant and machinery and piling and site equipment over the estimated useful lives of these assets.

**(f) Hire of machinery, lorry and trailer**

Our hire of machinery, lorry and trailer mainly comprise of costs incurred for the hire of machinery for performing miscellaneous tasks at our work sites and also the hire and rental of lorry and trailer for the transportation of machinery, equipments and goods to and from work sites.

**(g) Others**

Other expenses comprise of transportation, handling and flight charges, insurance, electricity and water and other project related expenses.

**(h) Purchases of goods and spare parts**

Our purchases of goods and spare parts comprise of purchase of tools and spare parts of machinery and equipment such as pumps, gearbox and vibratory rubbers by PPSB.

The analysis of our contract expenses by composition for the financial years/ periods under review are set out below:-

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>ESB</b>										
Subcontractor costs	74,388	40.8	139,877	51.6	170,592	51.9	100,679	51.0	91,553	41.0
Raw materials	72,844	39.9	85,842	31.7	96,396	29.3	62,621	31.7	100,681	45.0
Staff costs	9,764	5.4	12,251	4.5	14,278	4.3	7,853	4.0	8,871	4.0
Upkeep of machinery and equipment	9,489	5.2	9,797	3.6	14,013	4.3	9,475	4.8	9,035	4.0
Depreciation of plant and equipment	8,833	4.8	8,854	3.3	11,381	3.5	6,203	3.1	7,458	3.3
Hire of machinery, lorry and trailer	2,340	1.3	3,375	1.2	6,237	1.9	3,418	1.7	1,563	0.7

**11. FINANCIAL INFORMATION (CONT'D)**

	<-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Others	4,823	2.6	11,146	4.1	15,748	4.8	7,366	3.7	4,434	2.0
	<b>182,481</b>	<b>100.0</b>	<b>271,142</b>	<b>100.0</b>	<b>328,645</b>	<b>100.0</b>	<b>197,615</b>	<b>100.0</b>	<b>223,595</b>	<b>100.0</b>
<b>PPSB</b>										
Purchases of goods and spare parts	241	0.1	265	0.1	240	0.1	100	-*	10	-*
	<b>241</b>	<b>0.1</b>	<b>265</b>	<b>0.1</b>	<b>240</b>	<b>0.1</b>	<b>100</b>	<b>-*</b>	<b>10</b>	<b>-*</b>
Consolidation adjustment	(233)	(0.1)	(265)	(0.1)	(480)	(0.1)	(140)	-*	(140)	-*
<b>Total</b>	<b>182,489</b>	<b>100.0</b>	<b>271,142</b>	<b>100.0</b>	<b>328,405</b>	<b>100.0</b>	<b>197,575</b>	<b>100.0</b>	<b>223,465</b>	<b>100.0</b>

**Note:-**\* *Negligible*

Overall, our total contract expenses for the past three (3) financial years up to the FYE 30 June 2013 had generally increased from RM182.49 million in the FYE 30 June 2011 to RM328.41 million in the FYE 30 June 2013. In addition, our total contract expenses had increased from RM197.58 million in the seven (7)-month FPE 31 January 2013 to RM223.47 million in the seven (7)-month FPE 31 January 2014. The movement of our contract expenses is in line with the movement of our revenue during the respective financial years/ periods under review.

**Subcontractor costs**

For the past three (3) financial years up to the FYE 30 June 2013, our subcontractor costs constituted the largest portion of our contract expenses and have been on an increasing trend in terms of composition percentage of subcontractor costs over our contract expenses, recording at approximately 40.8%, 51.6% and 51.9% for the FYE 30 June 2011, FYE 30 June 2012 and FYE 30 June 2013, respectively. The increase in the amount of subcontractor costs and composition percentage from contract expenses was mainly due to the increase in revenue from our piling and foundation services segments, in particular the increase in labour-intensive activities in our projects such as constructing diaphragm walls and basements.

Our Group engages subcontractors to provide various labour-intensive works in our piling and foundation services projects such as constructing diaphragm walls and basement. Please refer to Section 11.3(ii)(a) of this Prospectus for further details on our subcontractor costs. Our Group's projects during the FYE 30 June 2012 and the FYE 30 June 2013 mainly comprise of those labour-intensive activities. As such, the amount of subcontractor costs increased from RM74.39 million in the FYE 30 June 2011 to RM170.59 million in the FYE 30 June 2013 and the composition percentage from contract expenses also increased from 40.8% in the FYE 30 June 2011 to 51.9% in the FYE 30 June 2013. The movements of our subcontractor costs are largely in tandem with our revenue recorded for our piling and foundation services segment.

**11. FINANCIAL INFORMATION (CONT'D)**

Our subcontractor cost composition of our total contract expenses decreased to approximately 41.0% in the seven (7)-month FPE 31 January 2014, as compared to 51.0% in the seven (7)-month 31 January 2013, in view of the decrease in revenue from the property development industry, in particular the decrease in labour-intensive activities in our projects such as constructing diaphragm walls and basements.

**Raw materials**

For the past three (3) financial years up to the FYE 30 June 2013, our composition percentage of raw materials costs over our contract expenses have seen a decreasing trend from 39.9% in the FYE 30 June 2011 to 31.7% and 29.3% in the FYE 30 June 2012 and the FYE 30 June 2013, respectively, mainly due to the increasing trend in our subcontractor costs composition.

However, there was a continuous increase in the amount of raw materials purchased for the past three (3) financial years up to the FYE 30 June 2013, mainly attributable to the higher raw materials required in our mass rapid transit and light rail transit projects.

Our composition percentage of raw material costs over our contract expenses increased to approximately 45.0% in the seven (7)-month FPE 31 January 2014, as compared to 31.7% in the seven (7)-month FPE 31 January 2013, mainly attributable to the higher raw materials required in our mass rapid transit projects.

**Staff costs**

Our staff costs constituted approximately 5.4%, 4.5%, 4.3% and 4.0% of our contract expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively. The staff costs composition decreased from 5.4% in the FYE 30 June 2011 to 4.5% in the FYE 30 June 2012, mainly due to the increase in our subcontractor costs composition in the FYE 30 June 2012. The staff costs composition over our contract expenses was fairly consistent for the past two (2) FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

However, there was a continuous increase in the amount of staff costs for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 as compared to the seven (7)-month FPE 31 January 2013 mainly attributable to salary increment, bonuses paid and higher allowances given to our staff as part of our staff retention efforts.

	-----FYE 30 June-----			Seven (7)-month -----FPE 31 January-----	
	2011 RM'000	2012 RM'000	2013 RM'000	2013 RM'000	2014 RM'000
<b>ESB</b>					
Staff costs	9,764	12,251	14,278	7,853	8,871
Revenue	207,341	305,431	385,766	240,059	263,165
<b>Staff costs over revenue (%)</b>	<b>4.7</b>	<b>4.0</b>	<b>3.7</b>	<b>3.3</b>	<b>3.4</b>

**11. FINANCIAL INFORMATION (CONT'D)**

Based on the table above, the staff costs over revenue percentage decreased steadily from 4.7% in the FYE 30 June 2011 to 3.4% in the seven (7)-month FPE 31 January 2014.

In general, we do not maintain a large pool of ground workers in terms of direct staff for our on-site operations. As a result, we employed more subcontractors for our labour-intensive works in our piling and foundation services projects such as constructing diaphragm walls and basement to reduce the costs of maintaining staff in our Group. Our Directors are of the view that certain labour-intensive works are best to be outsourced to achieve time saving and cost efficiency.

**Upkeep of machinery and equipment**

Our costs for upkeep of machinery and equipment constituted approximately 5.2%, 3.6%, 4.3% and 4.0% of our contract expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively. The costs for upkeep of machinery and equipment composition decreased from 5.2% in the FYE 30 June 2011 to 3.6% in the FYE 30 June 2012, mainly due to the increase in our subcontractor costs composition in the FYE 30 June 2012. The costs for upkeep of machinery and equipment composition over our contract expenses were fairly consistent for the past two (2) FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

However, the amount of costs for machinery and equipment increased slightly from RM9.49 million in the FYE 30 June 2011 to RM9.80 million in the FYE 30 June 2012 mainly due to the net increase in plant and machinery amounting to RM10.29 million in the FYE 30 June 2012.

In addition, the amount of costs for machinery and equipment increased from RM9.80 million in the FYE 30 June 2012 to RM14.01 million in the FYE 30 June 2013, mainly due to the net increase in plant and machinery amounting to RM24.24 million in the FYE 30 June 2013, including but not limited to, the acquisition of one (1) unit of drill rig Bauer BG25V with the cost of RM1.94 million and one (1) unit of drill rig Bauer BG22V with the cost of RM1.66 million.

Further, the amount of costs for machinery and equipment decreased from RM9.48 million in the seven (7)-month FPE 31 January 2013 to RM9.04 million in the seven (7)-month FPE 31 January 2014, mainly because the net increase in plant and machinery of RM6.95 million in the seven (7)-month FPE 31 January 2014 was lesser than the net increase in plant and machinery of RM18.40 million in the seven (7)-month FPE 31 January 2013.

**Depreciation of plant and equipment**

Our depreciation of plant and equipment constituted approximately 4.8%, 3.3%, 3.5% and 3.3% of our contract expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively. Our depreciation of plant and equipment over our contract expenses decreased from 4.8% in the FYE 30 June 2011 to 3.3% in the FYE 30 June 2012, mainly due to the increase in our subcontractor costs composition in the FYE 30 June 2012. The depreciation of plant and equipment over our contract expenses were fairly consistent for the past two (2) FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

## 11. FINANCIAL INFORMATION (CONT'D)

However, our depreciation of plant and equipment increased slightly from RM8.83 million in the FYE 30 June 2011 to RM8.85 million in the FYE 30 June 2012, mainly due to the net increase in our plant and machinery of RM10.29 million and the net increase in our piling and site equipment of RM0.85 million in the FYE 30 June 2012.

The depreciation of plant and equipment increased from RM8.85 million in the FYE 30 June 2012 to RM11.38 million in the FYE 30 June 2013, mainly due to the net increase in our plant and machinery of RM24.24 million and the net increase in our piling and site equipment of RM0.97 million in the FYE 30 June 2013.

The depreciation of plant and equipment increased from RM6.20 million in the seven (7)-month FPE 31 January 2013 to RM7.46 million in the seven (7)-month FPE 31 January 2014, mainly due to the net increase in our plant and machinery of RM6.95 million in the seven (7)-month FPE 31 January 2014.

### Hire of machinery, lorry and trailer

Our costs for hire of machinery, lorry and trailer constituted approximately 1.3%, 1.2%, 1.9% and 0.7% of our contract expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively. The costs for hire of machinery, lorry and trailer over our contract expenses were fairly consistent for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014. The movements of these costs were also generally in line with our revenue recorded for our piling and foundation services segment.

### Others

Other expenses are correlated to our revenues generated from the piling and foundation services segment and, generally, they moved in tandem with our revenues generated from this segment.

### Purchases of goods and spare parts

Our purchases of goods and spare parts are correlated to our revenues generated from the sales of goods in PPSB and, generally, they moved in tandem with our revenues generated from this segment.

### iii. Gross Profit and Gross Profit Margins

The analysis of our gross profit contribution and gross profit margins for the financial years/ periods under review are set out below:-

#### Gross Profit by Subsidiaries

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
ESB	24,860	98.8	34,289	99.0	57,121	99.1	42,444	99.6	39,570	99.7
PPSB	306	1.2	327	0.9	300	0.5	165	0.4	136	0.3
Consolidation adjustment	(8)	*1	25	0.1	240	0.4	-	-	-	-
	<b>25,158</b>	<b>100.0</b>	<b>34,641</b>	<b>100.0</b>	<b>57,661</b>	<b>100.0</b>	<b>42,609</b>	<b>100.0</b>	<b>39,706</b>	<b>100.0</b>

## 11. FINANCIAL INFORMATION (CONT'D)

	-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011 RM'000	%	2012 RM'000	%	2013 RM'000	%	2013 RM'000	%	2014 RM'000	%
Overall gross profit margin		12.1		11.3		14.9		17.7		15.1
Gross profit margin by subsidiaries										
ESB		12.0		11.2		14.8		17.7		15.0
PPSB <sup>2</sup>		55.9		55.1		55.6		62.3		93.2

**Notes:-**<sup>1</sup> Negligible<sup>2</sup> The computation of gross profit margin for PPSB includes inter-company transactions**Gross Profit by Business Segments**

	-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011 RM'000	%	2012 RM'000	%	2013 RM'000	%	2013 RM'000	%	2014 RM'000	%
Piling and foundation services	24,860	98.8	34,289	99.0	57,121	99.1	42,444	99.6	39,570	99.7
Property investment, rental of machinery and sales of goods	306	1.2	327	0.9	300	0.5	165	0.4	136	0.3
Consolidation adjustment	(8)	<sup>1</sup>	25	0.1	240	0.4	-	-	-	-
	<b>25,158</b>	<b>100.0</b>	<b>34,641</b>	<b>100.0</b>	<b>57,661</b>	<b>100.0</b>	<b>42,609</b>	<b>100.0</b>	<b>39,706</b>	<b>100.0</b>

Overall gross profit margin		12.1		11.3		14.9		17.7		15.1
Gross profit margin by business segments										
Piling and foundation services		12.0		11.2		14.8		17.7		15.0
Property investment, rental of machinery and sales of goods*2		55.9		55.1		55.6		62.3		93.2

**Notes:-**<sup>1</sup> Negligible<sup>2</sup> The computation of gross profit margin for property investment, rental of machinery and sales of goods segment includes inter-company transactions

**11. FINANCIAL INFORMATION (CONT'D)****Gross Profit by (End-User) Industries**

	←-----FYE 30 June----->						Seven (7)-month FPE 31 January			
	2011		2012		2013		2013		2014	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Property development	24,262	96.4	27,368	79.0	44,262	76.8	32,035	75.2	33,924	85.5
Infrastructure and energy	271	1.1	5,345	15.4	11,184	19.4	8,603	20.2	5,646	14.2
Others	633	2.5	1,903	5.5	1,975	3.4	1,971	4.6	136	0.3
Consolidation adjustment	(8)	-*	25	0.1	240	0.4	-	-	-	-
	<b>25,158</b>	<b>100.0</b>	<b>34,641</b>	<b>100.0</b>	<b>57,661</b>	<b>100.0</b>	<b>42,609</b>	<b>100.0</b>	<b>39,706</b>	<b>100.0</b>
<b>Overall gross profit margin</b>		<b>12.1</b>		<b>11.3</b>		<b>14.9</b>		<b>17.7</b>		<b>15.1</b>
<b>Gross profit margin by (end-user) industries</b>										
Property development		13.3		10.5		14.7		17.0		22.3
Infrastructure and energy		1.2		13.3		13.6		17.6		5.1
Others		26.0		36.0		66.4		78.2		93.2

**Note:-**

\* Negligible

Our gross profits are mainly derived from our piling and foundation services business segment, being our main revenue stream. As elaborated under the revenue commentary above, the revenue composition for each financial year/ period depends substantially on piling and foundation services projects secured and progress of work done and certified during the financial year/ period. The gross profit for each financial year/ period differs as each project differs in terms of project scope of work, technical specifications, project duration and costs which will have direct effect on our profit margins. Despite the transportation cost for machinery required for projects located outside Klang Valley is higher, the cost is not significant and it would be priced in our tender. As such, we are able to maintain our gross profit margin in our projects.

**FYE 30 June 2011**

For the FYE 30 June 2011, our gross profit had increased by RM3.53 million representing approximately 16.3% to RM25.16 million as compared to FYE 30 June 2010. The increase in gross profit for FYE 30 June 2011 was mainly attributable to the revenue from three (3) major contracts in the property development industry segment amounting to RM70.62 million, as set out below:-

**11. FINANCIAL INFORMATION (CONT'D)**

Project	Location	Industry
Embedded retaining structure, foundation and basement structure	Kuala Lumpur, Wilayah Persekutuan	Property development
Substructure works	Shah Alam, Selangor Darul Ehsan	Property development
Piling and pile cap works	Sepang, Selangor Darul Ehsan	Property development

Our overall gross profit margin for the FYE 30 June 2011 was 12.1% as compared to 10.7% in the FYE 30 June 2010. This higher gross profit margin was attributed to the higher gross profit derived from property development projects. However, the infrastructure and energy industries segment recorded a gross profit margin of only 1.2% due to raw material costs under accrued for a project in Kuching, Sarawak which was incurred in FYE 30 June 2011.

**FYE 30 June 2012**

For the FYE 30 June 2012, our gross profit had increased by RM9.48 million representing approximately 37.7% to RM34.64 million as compared to the FYE 30 June 2011 due to higher revenue and gross profit derived from our piling and foundation services business segment projects. The higher gross profit for the FYE 30 June 2012 was mainly from the following projects:-

Project	Location	Industry
Piling and pile cap works	Sepang, Selangor Darul Ehsan	Property development
Substructure works	Putrajaya, Wilayah Persekutuan	Property development
Substructure works	Kuala Lumpur, Wilayah Persekutuan	Property development

Our overall gross profit margin for the FYE 30 June 2012 was 11.3% as compared to 12.1% in the FYE 30 June 2011. The slight lower gross profit margin was mainly due to slight increase in raw material costs particularly concrete and related products coupled with slightly lower production rate due to shortage of workers and operators during the year under review.

**FYE 30 June 2013**

For the FYE 30 June 2013, our gross profit had increased by RM23.02 million representing approximately 66.5% to RM57.66 million as compared to FYE 30 June 2012.

The overall gross profit margin for the FYE 30 June 2013 was 14.9% as compared to 11.3% in the FYE 30 June 2012. This was due to higher gross profit margin derived from the following high-end property development projects in Kuala Lumpur and Selangor:-

Project	Location	Industry
Piling, foundation and basement construction	Kuala Lumpur, Wilayah Persekutuan	Property development
Demolition and substructure works	Kuala Lumpur, Wilayah Persekutuan	Property development
Piling and foundation works	Kuala Lumpur, Wilayah Persekutuan	Property development



**11. FINANCIAL INFORMATION (CONT'D)**

The overall growth in the property development industry has contributed to our better gross profit and gross profit margins recorded for the FYE 30 June 2013.

**Seven (7)-month FPE 31 January 2014**

For the seven (7)-month FPE 31 January 2014, our gross profit had decreased slightly by RM2.90 million representing approximately 6.8% to RM39.71 million as compared to the seven (7)-month FPE 31 January 2013.

The overall gross profit margin for the seven (7)-month FPE 31 January 2014 was 15.1% as compared to 17.7% in the seven (7)-month FPE 31 January 2013. This was mainly due to lower gross profit margin derived from the following infrastructure projects:-

Project	Location	Industry
Mass rapid transit	Kota Damansara, Selangor Darul Ehsan	Infrastructure

The slight lower gross profit margin was mainly due to lower gross profit margin earned under the infrastructure and energy segment.

**iv. Other Income**

We recorded other income of approximately RM0.59 million, RM2.83 million, RM3.88 million and RM5.38 million for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively.

For the FYE 30 June 2011, our other income mainly consists of bad debts recovered amounting to RM0.23 million, insurance claim amounting to RM0.14 million, rental of equipment amounting to RM0.11 million and gain on disposal of property, plant and equipment amounting to RM0.05 million.

For the FYE 30 June 2012, our other income mainly consists of gain on disposal of plant and equipment amounting to RM1.27 million, rental of equipment amounting to RM0.75 million and gain on disposal of a subsidiary of RM0.53 million.

For the FYE 30 June 2013, our other income mainly consists of bad debts recovered amounting to RM1.32 million, insurance claim amounting to RM1.13 million, gain on disposal of property, plant and equipment amounting to RM0.80 million and rental of equipment amounting to RM0.41 million.

For the seven (7)-month FPE 31 January 2014, our other income mainly consists of bad debts recovered amounting to RM3.80 million, gain on disposal of property, plant and equipment amounting to RM1.08 million and rental of equipment of RM0.29 million.

**v. Administrative Expenses**

Our administrative expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 are set out below:-

## 11. FINANCIAL INFORMATION (CONT'D)

	<-----FYE 30 June----->			Seven (7)-month <-----FPE 31 January----->	
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Staff costs <sup>*1</sup>	4,936	6,275	8,594	4,501	6,058
Expenses related to defined benefit plan <sup>*2</sup>	-	-	-	-	3,564
Impairment loss on trade receivables	-	2,366	8,262	6,502	3,351
Depreciation on property, plant and equipment <sup>*3</sup>	1,277	1,265	1,213	702	783
Other administrative expenses <sup>*4</sup>	3,236	2,892	3,780	2,482	2,656
<b>Administrative expenses</b>	<b>9,449</b>	<b>12,798</b>	<b>21,849</b>	<b>14,187</b>	<b>16,412</b>

**Notes:-**

<sup>\*1</sup> Staff costs mainly comprise of salaries, bonuses and other staff-related cost for certain key management and supporting staff who are not directly involved in our piling and foundation services

<sup>\*2</sup> Expenses related to defined benefit plan comprise of costs obligation under the retirement benefit plan, which pursuant to the service agreements entered into between ESB and The Cheng Eng dated 17 September 2013, Econpile and The Cheng Eng dated 10 October 2013, ESB and Pang Sar dated 17 September 2013, as well as Econpile and Pang Sar dated 10 October 2013 as set out in Section 8.9 of this Prospectus

<sup>\*3</sup> Depreciation on property, plant and equipment consists of depreciation charge on motor vehicles, properties, office equipment as well as furniture and fittings

<sup>\*4</sup> Further breakdown on other administrative expenses for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013, the seven (7)-month FPE 31 January 2013 and the seven (7)-month FPE 31 January 2014 is set out below:-

	<-----FYE 30 June----->			Seven (7)-month <-----FPE 31 January----->	
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Audit fees	32	41	215	88	100
Bank charges	62	118	105	53	61
Foreign worker expenses	216	82	132	52	82
Gift and donation	96	209	128	88	231
Insurance, road tax and licence fees	745	939	1,113	834	446
Printing and stationery	174	213	174	83	61
Professional fees	109	143	563	385	574
Workshop rental	345	334	256	150	149
Sundry expenses	287	152	144	26	87
Telephone charges	100	88	75	45	41

## 11. FINANCIAL INFORMATION (CONT'D)

	-----FYE 30 June----->			<-----FPE 31 January----->	
	2011	2012	2013	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Tender documents</i>	58	68	53	32	46
<i>Transportation charges</i>	132	183	98	60	18
<i>Travelling and accommodation</i>	15	13	112	112	2
<i>Workshop maintenance*</i>	-	-	-	-	332
<i>Upkeep of motor vehicles</i>	70	76	68	48	38
<i>Upkeep of office equipment</i>	80	55	120	86	49
<i>Others</i>	715	178	424	340	339
<b>Total other administrative expenses</b>	<b>3,236</b>	<b>2,892</b>	<b>3,780</b>	<b>2,482</b>	<b>2,656</b>

**Note:-**

- \* *Workshop maintenance expense of RM0.33 million incurred in the seven (7)-month FPE 31 January 2014 was mainly related to the floor refurbishment and restoration for our workshop located in Bukit Beruntung, Rawang. We carry out maintenance on our workshop as and when required in order to ensure our supporting activities, details of which are disclosed in Section 6.2.3 of this Prospectus, can be performed efficiently*

For the FYE 30 June 2011, our administrative expenses had decreased as compared to FYE 30 June 2010 mainly due to the decrease in impairment loss on trade and receivables from RM1.53 million in the FYE 30 June 2010 to nil in the FYE 30 June 2011.

For the FYE 30 June 2012, our administrative expenses had increased due to the increase of staff costs from RM4.94 million in the FYE 30 June 2011 to RM6.28 million in the FYE 30 June 2012, which was attributable to the salary increment and bonuses paid during the financial year under review. In addition, we also recorded an impairment loss on trade receivables of RM2.37 million during the financial year under review.

For the FYE 30 June 2013, our administrative expenses had increased mainly due to staff costs and impairment loss on trade receivables. The significant increase in the impairment loss on trade receivables are mainly due to provision made for doubtful debts and debts exceeding extended credit period of 150 days except for those with repayment arrangement by way of post-dated cheques from debtors.

For the seven (7)-month FPE 31 January 2014, our administrative expenses had increased compared to the seven (7)-month FPE 31 January 2013 mainly due to the expenses related to the defined benefit plan, which pursuant to the service agreements entered into between ESB and The Cheng Eng dated 17 September 2013, Econpile and The Cheng Eng dated 10 October 2013, ESB and Pang Sar dated 17 September 2013, as well as Econpile and Pang Sar dated 10 October 2013 as set out in Section 8.9 of this Prospectus. As a consequence of signing those service agreements, an one-off past service cost of approximately RM3.24 million was recognised immediately. In addition, current service cost of approximately RM0.14 million and interest cost of RM0.18 million were also recognised in the current period.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**vi. Finance Income**

Our finance income for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 were RM0.24 million, RM0.40 million, RM0.51 million and RM0.44 million, respectively.

For the FYE 30 June 2011, our finance income had decreased due to decrease in interest income derived from short term deposits from licensed financial institution of RM8.44 million of which a short term deposit of RM6.00 million placed with financial institution from 28 June 2011 to 12 July 2011 was excluded in this analysis as it was only placed with financial institution for three (3) days in the FYE 30 June 2011, with the deposit rates ranging from 2.2% per annum to 3.2% per annum.

For the FYE 30 June 2012, our finance income had increased due to increase in interest income derived from short term deposits from licensed banks and financial institution of RM11.46 million, with the deposit rates ranging from 2.6% per annum to 3.2% per annum.

For the FYE 30 June 2013, our finance income had increased due to increase in interest income derived from short term deposits from licensed banks and financial institution of RM14.81 million, with the deposit rates ranging from 2.6% per annum to 3.3% per annum.

For the seven (7)-month FPE 31 January 2014, our finance income had increased due to increase in interest income derived from short term deposits from licensed banks and financial institution of RM15.23 million, with the deposit rates ranging from 2.6% per annum to 3.2% per annum.

**vii. Finance Costs**

Our finance costs for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 were RM0.87 million, RM1.21 million, RM1.63 million and RM1.01 million respectively.

For the FYE 30 June 2011, our finance cost had increased mainly due to increase in interests incurred for additional bankers' acceptances of RM3.40 million with the interest rates ranging from 3.6% per annum to 5.8% per annum for working capital purposes and also the increase in finance lease liabilities of RM1.46 million with the interest rates ranging from 2.2% per annum to 4.1% per annum for additional plant and equipment purchased.

For the FYE 30 June 2012, our finance cost had increased due to increase in interests incurred for the increase in finance lease liabilities of RM9.37 million with the interest rates ranging from 2.2% per annum to 4.1% per annum for additional plant and equipment purchased and also additional bankers' acceptances of RM1.50 million with the interest rates ranging from 4.9% per annum to 5.6% per annum for working capital purposes.

**11. FINANCIAL INFORMATION (CONT'D)**

For the FYE 30 June 2013, our finance cost had increased due to increase in interests incurred for the increase in finance lease liabilities of RM6.48 million with the interest rates ranging from 2.4% per annum to 3.6% per annum for additional property, plant and equipment purchased and also additional bankers' acceptances of RM2.41 million with the interest rates ranging from 4.8% per annum to 5.9% per annum for working capital purposes. In addition, during FYE 30 June 2013, the Company had drawdown a term loan of RM2.86 million with the interest rate of base financing rate minus 2.1% per annum for the purchase of two (2) units of office properties at Plaza Dwtasik, Bandar Sri Permaisuri, Kuala Lumpur, which are earmarked for our future office use.

For the seven (7)-month FPE 31 January 2014, our finance cost had increase in interests incurred for the increase in finance lease liabilities of RM0.92 million with the interest rates ranging from 2.5% per annum to 3.2% per annum for additional property, plant and equipment purchased and also additional bankers' acceptances of RM0.31 million with the interest rates ranging from 4.8% per annum to 5.9% per annum for working capital purposes.

**viii. PBT**

We recorded PBT of approximately RM15.68 million, RM23.87 million, RM38.57 million and RM28.10 million for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively.

For the FYE 30 June 2011, our PBT had decreased slightly by RM0.62 million or 3.8% from our PBT for the FYE 30 June 2010. Despite the increase in gross profit as elaborated in Section 11.3(iii) of this Prospectus, the slight decrease of our PBT was mainly due to the lower other income and finance income recorded as well as higher finance cost incurred in the FYE 30 June 2011 as elaborated in Sections 11.3(iv), 11.3(vi) and 11.3(vii) of this Prospectus, respectively.

For the FYE 30 June 2012, our PBT had improved by RM8.19 million, representing a growth of 52.2% from our PBT for the FYE 30 June 2011. This was resulted from the increase in gross profit and other income as elaborated in Sections 11.3(iii) and 11.3(iv) of this Prospectus, respectively.

For the FYE 30 June 2013, our PBT had increased by RM14.71 million, representing a growth of 61.6% from our PBT for the FYE 30 June 2012. This was due to the higher revenue and improved gross profit margin as elaborated in Sections 11.3(i) and 11.3(iii) of this Prospectus, respectively. However, the increase in PBT for the FYE 30 June 2013 was marginally set-off by the higher administrative expenses and finance costs during the year under review.

For the seven (7)-month FPE 31 January 2014, our PBT had decreased slightly by RM0.96 million or 3.3% from our PBT for the seven (7)-month FPE 31 January 2013. This was due to the slight decrease in gross profit as elaborated in Section 11.3(iii) of this Prospectus and the cost obligation under the defined benefit plan which commenced during the seven (7)-month FPE 31 January 2014 as elaborated in Section 11.3(v) of this Prospectus.

**11. FINANCIAL INFORMATION (CONT'D)****ix. PBT Margin**

For the FYE 30 June 2011, our PBT margin had decreased to 7.5% from our PBT margin for the FYE 30 June 2010 of 8.1%. Despite the increase in gross profit as elaborated in Section 11.3(iii) of this Prospectus, the slight decrease of our PBT margin was mainly due to the lower other income and finance income recorded as well as higher finance cost incurred in the FYE 30 June 2011 as elaborated in Sections 11.3(iv), 11.3(vi) and 11.3(vii) of this Prospectus, respectively.

For the FYE 30 June 2012, our PBT margin had improved marginally to 7.8% from our PBT margin for the FYE 30 June 2011 of 7.5%. This was resulted from the increase in gross profit and other income as elaborated in Sections 11.3(iii) and 11.3(iv) of this Prospectus, respectively.

For the FYE 30 June 2013, our PBT margin had increased to 10.0% from our PBT for the FYE 30 June 2012 of 7.8%. This was due to the improved gross profit margin as elaborated in Section 11.3(iii) of this Prospectus.

For the seven (7)-month FPE 31 January 2014, our PBT margin had decreased to 10.7% from our PBT margin for the seven (7)-month FPE 30 January 2013 of 12.1%. This was due to the decrease in gross profit as elaborated in Section 11.3(iii) of this Prospectus and the cost obligation under the defined benefit plan which commenced during the seven (7)-month FPE 31 January 2014 as elaborated in Section 11.3(v) of this Prospectus.

**x. Taxation**

We recorded effective tax rates of 27.9%, 27.8%, 27.8% and 34.4% for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 respectively. For the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, the applicable statutory tax rate was 25.0%.

For the FYE 30 June 2011, our effective tax rate was higher than the applicable statutory tax rate due to tax adjustments made on non-deductible expenses and under provision of tax in prior year.

For the FYE 30 June 2012, our effective tax rate was higher than the applicable statutory tax rate due to tax adjustments made on non-deductible expenses.

For the FYE 30 June 2013, our effective tax rate was higher than the applicable statutory tax rate due to tax adjustments made on non-deductible expenses and under provision of tax in prior year.

For the seven (7)-month FPE 31 January 2014, our effective tax rate was higher than the applicable statutory tax rate due to tax adjustments made on non-deductible expenses and under provision of tax in prior period.

**xi. PAT**

We recorded a PAT of approximately RM11.30 million, RM17.23 million, RM27.87 million and RM18.45 million for the FYE 30 June 2011, the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, respectively.

**11. FINANCIAL INFORMATION (CONT'D)**

For the FYE 30 June 2011, our PAT had decreased slightly by RM1.20 million or 9.6% from our PAT for the FYE 30 June 2010. Despite the increase in gross profit as elaborated in Section 11.3(iii) of this Prospectus, the slight decrease of our PAT was mainly due to the lower other income and finance income recorded as well as higher finance cost incurred in the FYE 30 June 2011 as elaborated in Sections 11.3(iv), 11.3(vi) and 11.3(vii) of this Prospectus, respectively.

For the FYE 30 June 2012, our PAT had improved by RM5.93 million, representing a growth of 52.5% from our PAT for the FYE 30 June 2011. This was resulted from the increase in gross profit and other income as elaborated in Sections 11.3(iii) and 11.3(iv) of this Prospectus, respectively.

For the FYE 30 June 2013, our PAT had increased by RM10.64 million, representing a growth of 61.8% from our PAT for the FYE 30 June 2012. This was due to the higher revenue and improved gross profit margin as elaborated in Sections 11.3(i) and 11.3(iii) of this Prospectus, respectively. However, the increase in PAT for the FYE 30 June 2013 was marginally set-off by the higher administrative expenses and finance costs during the year under review.

For the seven (7)-month FPE 31 January 2014, our PAT had decreased by RM2.47 million or 11.8% from our PAT for the seven (7)-month FPE 31 January 2013. This was mainly due to the slight decrease in gross profit as elaborated in Section 11.3(iii) of this Prospectus and the cost obligation under the defined benefit plan which commenced during the seven (7)-month FPE 31 January 2014 as elaborated in Section 11.3(v) of this Prospectus.

**xii. PAT Margin**

For the FYE 30 June 2011, our PAT margin had decreased to 5.4% from our PAT margin for the FYE 30 June 2010 of 6.2%. Despite the increase in gross profit as elaborated in Section 11.3(iii) of this Prospectus, the slight decrease of our PAT margin was mainly due to the lower other income and finance income recorded as well as higher finance cost incurred in the FYE 30 June 2011 as elaborated in Sections 11.3(iv), 11.3(vi) and 11.3(vii) of this Prospectus, respectively.

For the FYE 30 June 2012, our PAT margin had improved marginally to 5.6% from our PAT margin for the FYE 30 June 2011 of 5.4%. This was resulted from the increase in gross profit and other income as elaborated in Sections 11.3(iii) and 11.3(iv) of this Prospectus, respectively.

For the FYE 30 June 2013, our PAT margin had increased to 7.2% from our PAT margin for the FYE 30 June 2012 of 5.6%. This was due to the improved gross profit margin as elaborated in Section 11.3(iii) of this Prospectus.

For the seven (7)-month FPE 31 January 2014, our PAT margin had decreased marginally to 7.0% from our PAT margin for the seven (7)-month FPE 31 January 2013 of 8.7%. This was due to the decrease in PBT margin as elaborated in Section 11.3(ix) of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.3.1 Factors and Trends Affecting Future Financial Condition and Results

Our Groups' financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors:-

- i. Demand and supply conditions for our services as set out in Section 7 of this Prospectus;
- ii. The number of projects awarded by public listed companies, private companies and Malaysian government. However, the growth of the piling and foundation services industry as set out in Section 7 of this Prospectus is expected to benefit our overall business;
- iii. Our ability to maintain our Grade "7" contractor registration with CIDB. The registration with CIDB enables us to tender for government and private sector projects of any size and amount within the categories of works which we are licensed to carry out;
- iv. Our ability to obtain the services provided by our subcontractors under our piling and foundation services operations. As subcontractor cost is the major component of our contract expenses, we have periodically assessed our subcontractors as to their ability to deliver their services in a timely and satisfactory manner as any non-performance of works within the prescribed timeline by our subcontractors may result in claims in damages and penalties against us, which translates into lower profit margins from our projects.

Moreover, historically we have leveraged on our long-term relationship with our customers whereupon we have obtained constant referrals from our existing customers for future projects. As we engaged our subcontractors to provide various labour-intensive or specialised services, such as the supply of labour for earthworks, for our piling and foundation services, we have constantly endeavoured to ensure that our subcontractors deliver their services within the projects' timeline and specifications, as any failure to do so will inadvertently affect our relationship with our customers; and

- v. Our ability to retain our existing key management and technical personnel, as well as our ability to attract, hire, train and motivate sufficient skilled personnel. As our Group's involvement in piling and foundation services requires the niche expertise from our employees, which generally comes with the vast experience from involvement in previous projects, it is imperative that we retain and continuously grow our technical employees. Any departure of our key management and technical employees from our establishment may have an adverse effect on our operations.

After taking into consideration the above factors, risk factors relating to our business and industry and our ability to mitigate such risk factors as set out in Section 4 of this Prospectus, as well as our competitive strengths and advantages as set out in Section 6.4 of this Prospectus, our future financial condition and results are expected to remain profitable.



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**11. FINANCIAL INFORMATION (CONT'D)**

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

Our business operations and customers are within Malaysia. As such, there is no material impact of foreign exchanges on the operating profits of our Group for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014. Accordingly, we do not require any hedging policies nor we have entered into any forward contracts in respect of our foreign exchange exposure.

As at the LPD, our Group's total short-term and long-term borrowings amounted to RM34.28 million. All the bank borrowings of our Group are interest bearing. Given that the interest charged on bank borrowings is dependent on interest rates and the total outstanding loans, future fluctuation of interest rates could affect our Group's profitability.

There was no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

**11.3.3 Impact of Inflation**

There was no material impact of inflation on our historical profits for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

**11.3.4 Government/ Economic/ Fiscal or 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.

There was no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

**11.4 Liquidity and Capital Resources****11.4.1 Working Capital**

Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group has also recorded positive net cash flows from operating activities for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014. Our Group's external source of funds mainly comprises of borrowings. The principal uses of these funds are for working capital requirements such as payment of trade payables, financing of trade receivables balances and operating expenses.

Our Directors are of the opinion that, after taking into consideration the cash flow position and the net proceeds from the Public Issue, our Group will have adequate working capital for our existing business for a period of 12 months from the date of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.2 Cash Flows

A summary of the proforma consolidated audited statement of cash flows of our Group based on our audited financial statements for the past three (3) financial years up to the FYE 30 June 2013, prepared based on the assumption that our Group has been in existence throughout the relevant financial year under review as well as the audited consolidated statement of cash flows of our Group for the seven (7)-month FPE 31 January 2014 and the comparative period for the unaudited seven (7)-month FPE 31 January 2013 as disclosed in Section 11.1.3 of this Prospectus is set out below:-

Cash Flows	<-----Audited-----> <-----FYE 30 June----->			Unaudited	Audited
	2011 RM'000	2012 RM'000	2013 RM'000	Seven (7)- month FPE 31 January 2013 RM'000	Seven (7)- month FPE 31 January 2014 RM'000
Net cash generated from operating activities	13,147	11,084	27,121	10,750	19,761
Net cash (used in)/ from investing activities	(6,097)	2,598	(13,721)	(10,987)	(949)
Net cash used in financing activities	(4,417)	(6,968)	(17,688)	(7,867)	(8,001)
<b>Net (decrease)/ Increase in cash and cash equivalents</b>	<b>2,633</b>	<b>6,714</b>	<b>(4,288)</b>	<b>(8,104)</b>	<b>10,811</b>
Cash and cash equivalents as at 1 July 2010/ 2011/ 2012/ 2013	5,057	7,690	14,404	14,404	10,117
<b>Cash and cash equivalents as at 30 June/ 31 January</b>	<b>7,690</b>	<b>14,404</b>	<b>10,116</b>	<b>6,300</b>	<b>20,928</b>

There are no legal or economic restrictions on the ability of our subsidiary companies to transfer funds to our Company in the form of cash dividends, loans or advances. Some of our bankers, however, require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

#### FYE 30 June 2011

#### Net Cash Generated From Operating Activities

For the FYE 30 June 2011, the amount generated from operations but before working capital changes was RM26.84 million. However, during the same financial year, we had used RM10.43 million to finance our working capital and RM3.16 million mainly to pay our income tax liabilities. Net funds used to finance our working capital include:-

## 11. FINANCIAL INFORMATION (CONT'D)

- i. An amount of RM28.80 million used to finance the increase in trade and other receivables and prepayments. Such increase was mainly attributable to increase in our piling and foundation services revenue, details of which are set out in Section 11.3(i) of this Prospectus; and
- ii. An amount of RM18.37 million generated from the increase in trade and other payables. Such increase was mainly attributable to amount owing to our subcontractors that was under the defects liability period pending work inspection to ensure that work done meets the required specifications and minimum defects.

### **Net Cash Used In Investing Activities**

For the FYE 30 June 2011, the net cash used in investing activities of RM6.10 million was mainly due to capital expenditure incurred arising from acquisition of property, plant and equipment, which include drilling rigs, cranes and site equipments, of RM7.39 million.

### **Net Cash Used In Financing Activities**

For the FYE 30 June 2011, the net cash used in financing activities of RM4.42 million was mainly due to the repayment of finance lease liabilities of RM3.56 million.

### **FYE 30 June 2012**

### **Net Cash Generated From Operating Activities**

For the FYE 30 June 2012, the amount generated from operations but before working capital changes was RM32.96 million. However, during the same financial year, we had used RM16.05 million to finance our working capital and RM5.82 million mainly to pay our income tax liabilities. Funds used to finance our working capital include:-

- i. An amount of RM19.40 million used to finance the increase in trade and other receivables and prepayments. Such increase was mainly attributable to increase in our piling and foundation services revenue, details of which are set out in Section 11.3(i) of this Prospectus. However, such increase was lower than the increase in trade and other receivables and pepayments in the FYE 30 June 2011 mainly attributable to our management team's efforts in monitoring and collection of debts. Please refer to Section 11.4.9 of this Prospectus for further information on the trade receivables turnover period; and
- ii. An amount of RM3.35 million generated from the increase in trade and other payables. However, such increase was lower than the increase in trade and other payables in the FYE 30 June 2011 as a result of us taking advantage of trade discounts for early repayment and also maintaining good relationship with our trade suppliers. Please refer to Section 11.4.9 of this Prospectus for further information on the trade payable turnover period.

Premised on the above, the net cash from operating activities decreased from RM13.15 million in the FYE 30 June 2011 to RM11.08 million in the FYE 30 June 2012.

**11. FINANCIAL INFORMATION (CONT'D)****Net Cash Generated From Investing Activities**

For the FYE 30 June 2012, the net cash generated from investing activities of RM2.60 million was mainly due to proceeds from disposal of a subsidiary of ESB, for a cash consideration of RM2.50 million.

**Net Cash Used In Financing Activities**

For the FYE 30 June 2012, the net cash used in financing activities of RM6.97 million was mainly due to the repayment of finance lease liabilities of RM5.33 million.

**FYE 30 June 2013****Net Cash Generated From Operating Activities**

For the FYE 30 June 2013, the amount generated from operations but before working capital changes was RM51.45 million. However, during the same financial year, we had used RM13.76 million to finance our working capital and RM10.58 million mainly to pay our income tax liabilities. Funds used to finance our working capital include:-

- i. An amount of RM10.46 million used to finance the increase in trade and other receivables and prepayments. Such increase was mainly attributable to increase in our piling and foundation services revenue, details of which are set out in Section 11.3(i) of this Prospectus. However, such increase was lower than the increase in trade and other receivables and repayments in the FYE 30 June 2012 mainly attributable to our management team's efforts in monitoring and collection of debts. Please refer to Section 11.4.9 of this Prospectus for further information on the trade receivables turnover period; and
- ii. An amount of RM3.30 million used to finance the decrease in trade and other payables. Such decrease was mainly attributable to prompt repayment to trade creditors so as to take advantage of trade discounts and to maintain a low liability exposure.

Premised on the above, the net cash from operating activities increased from RM11.08 million in the FYE 30 June 2012 to RM27.12 million in the FYE 30 June 2013.

Our Group actively manages our operating cash flows and the availability of funding to ensure that all repayment and funding needs are met. Other than the funds generated from our operations, funds used in our Group's operating activities during the financial year was also sourced from the amount of cash and cash equivalents at the beginning of the financial year.

**Net Cash Used In Investing Activities**

For the FYE 30 June 2013, the net cash used in investing activities of RM13.72 million was mainly due to capital expenditure incurred arising from acquisition of property, plant and equipment which include two (2) units of office properties at Plaza Dwitasik, Bandar Sri Permaisuri, Kuala Lumpur, drilling rigs, cranes and site equipments of RM15.05 million, of which the amount utilised for the acquisition of drilling rigs, cranes and site equipments was RM10.39 million. The increase in capital expenditure in the FYE 30 June 2013 was in tandem with our revenue recorded for our piling and foundation services segment.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Net Cash Used In Financing Activities**

For the FYE 30 June 2013, the net cash used in financing activities of RM17.69 million was mainly due to the repayment of finance lease liabilities of RM9.39 million and payment of dividends to owners of the Company of RM6.00 million.

**Seven (7)-month FPE 31 January 2014****Net Cash Generated From Operating Activities**

For seven (7)-month 31 January 2014, the amount generated from operations but before working capital changes was RM35.81 million. However, during the same financial period, we had used RM9.52 million to finance our working capital and RM10.09 million mainly to pay our income tax liabilities. In addition, expenses related to defined benefit plan, as elaborated in Section 11.3(v) of this Prospectus, amounting to RM3.56 million incurred during the seven (7)-month FPE 31 January 2014. As such, this non-cash change was added back in the cash flows computation. Funds used to finance our working capital include:-

- i. An amount of RM3.21 million used to finance the increase in trade and other receivables and prepayments. Such increase was mainly attributable to increase in our piling and foundation services revenue, details of which are set out in Section 11.3(i) of this Prospectus. However, such increase was lower than the increase in trade and other receivables and repayments in the seven (7)-month FPE 31 January 2013 mainly attributable to our management team's efforts in monitoring and collection of debts. Please refer to Section 11.4.9 of this Prospectus for further information on the trade receivables turnover period; and
- ii. An amount of RM6.31 million used to finance the decrease in trade and other payables. Such decrease was mainly attributable to prompt repayment to trade creditors so as to take advantage of trade discounts and to maintain a low liability exposure.

Premised on the above, the net cash from operating activities increased from RM10.75 million in the seven (7)-month FPE 31 January 2013 to RM19.76 million in the seven (7)-month FPE 31 January 2014.

**Net Cash Used In Investing Activities**

For seven (7)-month 31 January 2014, the net cash used in investing activities of RM0.95 million was mainly due to capital expenditure incurred arising from acquisition of property, plant and equipment of RM2.56 million. The increase in capital expenditure in the seven (7)-month 31 January 2014 was in tandem with our revenue recorded for our piling and foundation services segment. However, the cash used in investing activities was partly offset by the proceeds from disposal of property, plant and equipment of RM1.18 million and the interest received from the fixed deposits of RM0.44 million.

**11. FINANCIAL INFORMATION (CONT'D)****Net Cash Used In Financing Activities**

For seven (7)-month 31 January 2014, the net cash used in financing activities of RM8.00 million was mainly due to the repayment of finance lease liabilities of RM6.72 million and interest paid on loans and borrowings of RM1.01 million.

**11.4.3 Borrowings**

Based on our audited consolidated statement of financial position as at 31 January 2014, our Group had total outstanding bank borrowings amounting to approximately RM34.48 million<sup>1</sup>. All our outstanding borrowings, which are interest bearing and denominated in RM, can be further analysed as set out below:-

Outstanding Borrowings	Amount RM'000
<b>Short-term borrowings</b>	
Bank loans	98
Bankers' acceptances	9,869
Finance lease liabilities	12,012
<b>Long-term borrowings</b>	
Bank loans	2,870
Finance lease liabilities	9,628
<b>Total borrowings</b>	<b>34,477</b>

Gearing ratio as at 31 January 2014 (times)<sup>2</sup> 0.32

Gearing ratio after Public Issue and proposed utilisation of proceeds (times)<sup>3</sup> 0.15

**Notes:-**

<sup>1</sup> As at the LPD, our outstanding bank borrowings amounted to approximately RM34.28 million

<sup>2</sup> Calculated based on borrowings of approximately RM34.48 million and shareholders' equity as at 31 January 2014 of approximately RM107.19 million

<sup>3</sup> Calculated based on proforma borrowings of approximately RM22.33 million and proforma shareholders' equity as at 31 January 2014 of approximately RM152.75 million after the Public Issue and proposed utilisation of proceeds

As at 31 January 2014, our Group does not have any borrowings in foreign currency.

Our Group has not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the past three (3) financial years and the subsequent financial period thereof up to the LPD.

As at the LPD, our Group is not in breach of any terms and conditions or 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.

**11.4.4 Type of Financial Instruments Used**

For the seven (7)-month FPE 31 January 2014, we do not have any financial instruments nor are we using any financial instruments for hedging purposes.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.5 Treasury Policies and Objectives

We have been financing our operations through a combination of internal and external sources of funds. Internal sources of funds comprise of mainly cash generated from operations, share capital and credit from suppliers, while external sources of funds comprise mainly bank borrowings.

We have short-term and long-term borrowings facilities available to our Group. Our short-term bank borrowings comprise mainly bankers' acceptances and finance lease liabilities, which are used to finance working capital, payment of suppliers and subcontractors, purchases of raw materials and to defray other expenses such as staff salaries and allowances, sales and marketing expenses. The interest rates for our short-term bank borrowings are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings are mainly finance lease liabilities obtained to finance our capital expenditure and construction activities. The interest rates for our finance lease liabilities are based on the prevailing base lending rate plus a margin agreed upon by our bankers when the respective finance lease liabilities were granted.

We conducted our operations in RM and as such, our Group is not exposed to foreign exchange. Accordingly, we do not have any hedging policies nor we have entered into any forward contracts in respect of any foreign exchange exposure. Our cash and cash equivalents are maintained in RM.

### 11.4.6 Material Commitment

As at the LPD, our Directors are not aware of any material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

### 11.4.7 Material Litigation

As at the LPD, our Group has not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our Group's financial position. Our Directors have no knowledge of any proceedings pending or threatened against our Group or any fact likely to give rise to any proceeding which might materially and adversely affect our financial position and business.

### 11.4.8 Contingent Liabilities

Save as disclosed below, as at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business:-

	RM'000
Guarantees given to contract customers in relation to construction contracts	36,214
<b>Total</b>	<b><u>36,214</u></b>

**Note:-**

*It is an industry practice in the piling and foundation services industry that the contractor gives 5% of the contract sum as performance bond to its customers during the duration of the project as stipulated in their contract*

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.4.9 Key Financial Ratios

The key financial ratios of our Group for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 have been prepared for illustrative purposes only based on our audited financial statements and on the assumption that the current structure of our Group has been in existence throughout the relevant financial years/ period under review.

The key financial ratios of our Group are as set out below:-

	<-----FYE 30 June----->			Seven (7)- month FPE
	2011	2012	2013	31 January 2014
Trade receivables turnover period (days)	87 <sup>*1</sup>	78 <sup>*1</sup>	70 <sup>*1</sup>	61 <sup>*5</sup>
Trade payables turnover period (days)	142 <sup>*2</sup>	109 <sup>*2</sup>	91 <sup>*2</sup>	74 <sup>*6</sup>
Current ratio <sup>*3</sup> (times)	1.20	1.35	1.46	1.68
Gearing ratio <sup>*4</sup> (times)	0.25	0.36	0.38	0.32

**Notes:-**

*1	$\frac{(\text{Trade receivables (including amounts due from contract customers but excluding retention sum) at beginning} + \text{trade receivables (including amounts due from contract customers but excluding retention sum) at end}) / 2}{\text{Revenue}} \times 365 \text{ days}$
*2	$\frac{(\text{Trade payables at beginning} + \text{trade payables at end}) / 2}{\text{Cost of sales}} \times 365 \text{ days}$
*3	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$
*4	$\frac{\text{Total borrowings}}{\text{Total equity}}$
*5	$\frac{(\text{Trade receivables (including amounts due from contract customers but excluding retention sum) at beginning} + \text{trade receivables (including amounts due from contract customers but excluding retention sum) at end}) / 2}{\text{Revenue}} \times 214 \text{ days}$
*6	$\frac{(\text{Trade payables at beginning} + \text{trade payables at end}) / 2}{\text{Cost of sales}} \times 214 \text{ days}$

#### Trade receivables turnover

Our Group's normal credit period given to our trade debtors ranges from 30 to 90 days while the credit period may be extended up to 150 days in certain cases after taking into consideration, *inter-alia*, the background and credit-worthiness of the customer, payment history of the customer, our relationship with the customer.



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**11. FINANCIAL INFORMATION (CONT'D)**

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Our Group's trade receivables turnover period has generally been within the credit period given to our customers. We generally consider to extend the credit periods granted to our customers due to our close relationship with them, as well as based on the quantum of the amount owing by these customers. We have constantly reminded our customers of the amount due by way of verbal and/ or written reminders so as to minimise occurrences for any extension of credit period to trade receivables. Nevertheless, we do not regularly consider to extend the credit periods granted to our new customers.

Our trade receivables include amounts due from contract customers for the construction work-in-progress. Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in our contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which are part of the trade payables in the statement of financial position.

Further, in our computation of the trade receivables turnover period, we have excluded the retention sums in relation to our piling and foundation services projects, which are generally retained over a period between one (1) to five (5) years from the date of the issuance of the certificate of practical completion of the project due to the nature of our business. As such, the trade receivables turnover period, excluding the retention sum, presents a clean measure of the average number of days that our Group takes to collect the revenue after it has been made.

The overall improvement in the trade receivables turnover period over three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 was due to our management team's efforts in monitoring and collection of debts. Despite the revenue of our Group increased over the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, our management team has closely monitored the trade receivables of each customers and has also constantly reminded our customers of amount due when it was close to the expiry date of the credit period granted, resulting an improvement in our collection. In addition, our Directors are of the view that the trade receivables turnover period is manageable and will continuously monitor and constantly review our credit policies.

**11. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our Group's trade receivables as at 31 January 2014 and the subsequent collections and balance of trade receivables as at the LPD are set out below:-

Credit Period	Within normal credit period			Within extended credit period		Exceeded extended credit period	Total RM'000
	0 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	Less than 120 days RM'000	Less than 150 days RM'000	More than 150 days RM'000	
<b>As at 31 January 2014:-</b>							
Trade receivables	94,759	26,007	2,398	397	41	3,423	127,025
% of total trade receivables	74.6	20.5	1.9	0.3	-*	2.7	100.0
<b>As at the LPD:-</b>							
Subsequent collections	23,507	25,984	528	-	-	354	50,373
% of trade total receivables	18.5	20.5	0.4	-	-	0.3	39.7
<b>Net trade receivables</b>	<b>71,252</b>	<b>23</b>	<b>1,870</b>	<b>397</b>	<b>41</b>	<b>3,069</b>	<b>76,652</b>
% of total trade receivables	56.1	-*	1.5	0.3	-*	2.4	60.3
<b>Retention sum</b>	<b>53,187</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>895</b>	<b>54,097</b>
% of total trade receivables	41.9	-*	-	-	-	0.7	42.6
<b>Net trade receivables less retention sum</b>	<b>18,065</b>	<b>8</b>	<b>1,870</b>	<b>397</b>	<b>41</b>	<b>2,174</b>	<b>22,555</b>
% of total trade receivables	14.2	-*	1.5	0.3	-*	1.7	17.7

**Note:-**

\* *Negligible*

As at the LPD, RM50.37 million or 39.7% of the total trade receivables for the seven (7)-month FPE 31 January 2014 has been subsequently collected. Based on the above, approximately RM3.51 million or 2.7% of the total trade receivables fall within our extended and exceeded extended credit period, of which approximately RM3.07 million or 2.4% pertains to those which have exceeded the extended credit period.

In addition, the net trade receivables of approximately RM0.44 million representing 0.3% out of the total trade receivables under our extended credit period are made of one (1) trade debtor. We have been following up closely with the customer for payment and our Board is confident that the amount is recoverable.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Out of our net trade receivables less retention sum which falls under our exceeded extended credit period amounting to approximately RM2.17 million, which was due from completed projects. Our management team had discussed and agreed with these trade debtors that the payment shall be made by instalment. As such, our Board is confident that this amount is recoverable.

As for our net trade receivables totalling RM73.15 million which fell within our Group's normal credit period, of which approximately RM53.20 million representing 41.9% of the total trade receivables category was retention sum, which fall under the receivables aging periods from nil to 60 days.

It is our management's practice to follow-up on our collections from customers with outstanding trade receivables exceeding 60 days albeit our normal credit period given to our trade debtors of between 30 to 90 days. We also constantly review and ensure sufficiency of our Group's credit facilities to support our working capital requirements.

**Trade payables turnover**

The normal credit terms granted to us by our trade suppliers ranges from 30 to 90 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period. Nevertheless, in order to enjoy the trade discounts for early repayment and to maintain good relationships with our salient trade suppliers, we pay these suppliers promptly and maintain a low liability exposure. Therefore, we have not experienced any disruptions in supplies from our raw material suppliers and subcontractors notwithstanding the longer payment period extended to us as our suppliers and subcontractors generally understand the nature of our business and reliability of our constant payments to them.

Our trade payables include amounts due to contract customers if the progress billings exceed costs incurred plus recognised profits for construction work-in-progress. Please refer to Section 11.4.9 of this Prospectus under trade receivables turnover for further details on construction work-in-progress.

We did not exclude retention sum from our trade payables as it is not material. As such, we did not disclose the retention sum separately in the ageing analysis of our Group's trade payables.

The trade payables turnover period for the FYE 30 June 2011 was higher as compared to the turnover period for the FYE 30 June 2012, the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, mainly due to amount owing to our subcontractors that was under the defects liability period pending work inspection to ensure that work done meets the required specifications and minimum defects. Only upon finalisation of the above, our subcontractors would be paid accordingly.

Overall, the improved trade payables turnover period for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014 is as a result of taking advantage of trade discounts for early repayment and also maintaining good relationship with our trade suppliers.

**11. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our Group's trade payables as at 31 January 2014 are set out below:-

Credit Period	Within normal credit period			Within extended credit period		Exceeded extended credit period	Total
	0 – 30 days	31 – 60 days	61 – 90 days	Less than 120 days	Less than 150 days	More than 150 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 January 2014</b>							
Trade payables	35,612	25,725	5,658	1,795	636	4,774	74,200
% of total trade payables	48.0	34.7	7.6	2.4	0.9	6.4	100.0

Based on the above, only RM4.77 million representing 6.4% of our trade payables exceeded the extended credit period granted of 150 days. This is mainly due to amounts held by us for the works to be completed by the subcontractors under the defects liability period.

There was no significant matter in dispute with respect to trade payables for the financial years/ period under review, neither was there any legal action initiated by any of our suppliers to demand for payment for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014.

**Current ratio**

Our current ratio has been on an increasing trend for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, mainly attributable to the continuous increase in our trade and other receivables, which was in line with the revenues generated from our piling and foundation services segment.

For the FYE 30 June 2012, our current ratio increased by approximately 12.5% as compared to the FYE 30 June 2011, mainly due to the increase in our trade and other receivables of RM16.52 million and increase in our cash and cash equivalents of RM9.05 million.

For the FYE 30 June 2013, our current ratio increased by approximately 8.1% as compared to the FYE 30 June 2012, mainly due to the increase in our trade and other receivables of RM9.76 million and decrease in our trade and other payables of RM3.60 million.

For the seven (7)-month FPE 31 January 2014, our current ratio increased by approximately 15.1% as compared to the FYE 30 June 2013, mainly due to the increase in our cash and cash equivalents of RM11.34 million, the increase in our trade and other receivables of RM2.28 million and the decrease in our trade and other payables of RM6.31 million.

**11. FINANCIAL INFORMATION (CONT'D)****Gearing ratio**

Save for the seven (7)-month FPE 31 January 2014, our gearing ratio has been on an increasing trend for the past three (3) financial years up to the FYE 30 June 2013 due to the continuous increase in our Group's total loans and borrowings. Despite the increasing trend in our gearing ratio, it is still manageable as the increase in our Group's total loans and borrowings was supported by the increase in revenue and size of operation of our Group.

For the FYE 30 June 2012, our gearing ratio increased by approximately 44.0% as compared to the FYE 30 June 2011, mainly contributed by the increase in finance lease liabilities of RM9.37 million for acquisition of machinery and equipment and increase in bankers' acceptances of RM1.50 million utilised for our operations.

For the FYE 30 June 2013, our gearing ratio increased slightly by approximately 5.6% as compared to the FYE 30 June 2012, mainly contributed by the increase in finance lease liabilities of RM6.48 million for acquisition of machinery and equipment, increase in bankers' acceptances of RM2.41 million utilised for operations and increase in bank loan of RM2.86 million for the acquisition of two (2) units of office properties at Plaza Dwtasik, Bandar Sri Permaisuri, Kuala Lumpur.

For the seven (7)-month FPE 31 January 2014, our gearing ratio decreased by approximately 15.8% as compared to the FYE 30 June 2013, mainly contributed by the decrease in finance lease liabilities of RM0.99 million and the increase in total equity of RM18.45 million.

**11.5 State of Our Order Book**

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three (3) years and the seven (7)-month FPE 31 January 2014, we have been able to secure notable projects from property developers, government-initiated infrastructure projects and also from other large corporations.

Our sales cycle generally ranges from typically three (3) to 18 months depending on the size and complexity of the projects.

As the revenue from piling and foundation services projects is recognised based on the percentage-of-completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at the LPD, the state of our order book in our piling and foundation services segment are set out below:-

	RM' million
<b>By Existing or New Contracts:-</b>	
Contracts/ orders brought forward from the seven (7)-month FPE 31 January 2014	331.52
New contracts/ orders secured from 1 February 2014 up to the LPD	118.36
	<u>449.88</u>

Our order book for the piling and foundation services above are on stand-alone contract basis.

## 11. FINANCIAL INFORMATION (CONT'D)

It should be noted that the time frame between closing of tender submission and award of project may take from one (1) month to three (3) months depending on the complexity of the project and also that there may be variations from the amount submitted during a tender exercise as compared to the final secured tender amount resulting from further discussions with potential customers, which would normally take place after our tender has been shortlisted.

### 11.6 Trend Information

Based on our segmental analysis of revenue and profitability by our business activities, the state of our order book and our overview of operations for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014, we anticipate the following trends:-

- i. We expect our Group's financial position and performance to remain sustainable, taking into consideration the projects we participated in bids and our current pipeline of projects.
- ii. Our Board expects our subcontractors to continue to play an important role in projects under our piling and foundation services segment, wherein our projects are generally labour intensive. With our prudent monitoring policy in place in terms of assessing our subcontractors' performances, our Board believes that we are able to control the subcontractors costs.

One (1) of the major portion of our contract expenses comprises of raw material purchases, which mainly consists of cement, concrete and steel purchases. The costs for these materials are driven by factors such as market demand and supply, commodity prices particularly steel as well as the global economic conditions. Our Board believes that with our consistent monitoring of the price movements of our raw materials, we expect to be able to minimise the effects of any fluctuation of raw material prices, and ensuring consistency in the supply of our raw materials.

- iii. Our Board expects our overall gross profit margin to be maintained rather steadily or may be enhanced by leveraging on our key strengths as highlighted under Section 6.4 of this Prospectus. In particular, our Board believes that:-
  - a. By focusing on our principal activities as disclosed under Section 6.2 of this Prospectus, we may be able to leverage on our expertise and focus on projects that provide higher gross profit margins, subject to the prevailing market condition; and
  - b. Our practice in maintaining good relationships with our subcontractors and suppliers may enable us to ensure the consistency of the quality of services from our subcontractors and have the flexibility in negotiating better pricing for our raw materials, respectively.

In addition to the above, the risk factors as set out in Section 4 of this Prospectus and barring any unforeseen circumstances, our Board is not aware of any circumstances which would result in a significant decline in our revenue and gross profit margins.

Information on our Group's business and financial prospects, significant trends in revenue and costs are set out in this section and Sections 4, 5 and 6 of this Prospectus. Discussion on the overview of the construction industry with insights into piling and foundation services in Malaysia, its prospects and outlook are further elaborated in Section 7 of this Prospectus.

## 11. FINANCIAL INFORMATION (CONT'D)

Given the outlook of the construction industry as set out in Section 7 of this Prospectus, our Group's competitive strengths and advantages as set out in Section 6.4 of this Prospectus and our future plans and strategies as set out in Section 6.19 of this Prospectus, our Board is optimistic about the future prospects of our Group.

### 11.7 Directors' Declaration on Financial Performance

As at the LPD, our operations have not been and are not expected to be affected by any of the following:-

- i. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;
- ii. material commitment for capital expenditure and contingent liabilities as disclosed in Sections 11.4.6 and 11.4.8 of this Prospectus;
- iii. unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed in this section and in Section 4 of this Prospectus;
- iv. known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/ or profits save for those that have been disclosed in this section, future plans and strategies as set out in Section 6.19 of this Prospectus and industry overview as set out in Section 7 of this Prospectus;
- v. known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- vi. known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

### 11.8 Dividend Policy

It is our Board's policy to recommend and distribute minimum dividends of 20% of our annual PAT attribution to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors such as having profits and excess funds not required to be retained to fund our working capital requirements. Our Board will also take into consideration, amongst others, the following factors when recommending dividends:-

- i. the availability of adequate distributable reserves and cash flow;
- 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;

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**11. FINANCIAL INFORMATION (CONT'D)**

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- iv. any material impact of tax laws and other regulatory requirements; and
- v. the prior approval from some bankers, if any.

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## 12. ACCOUNTANTS' REPORT

*(Prepared for inclusion in this Prospectus)*



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The Board of Directors  
Econpile Holdings Berhad  
Level 18, The Gardens North Tower  
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23 May 2014

Dear Sirs

### Accountants' Report

#### 1. Introduction

This report has been prepared by Messrs KPMG, an approved company auditor, for inclusion in the prospectus of Econpile Holdings Berhad ("EHB" or "the Company") to be dated 23 May 2014 in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of EHB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

#### 2. General information

##### 2.1 Background

EHB was incorporated in Malaysia in accordance with the Companies Act, 1965 as a private limited liability company under the name of Econpile Holdings Sdn. Bhd. on 14 September 2012. The Company changed its status from a private limited liability company into a public limited liability company on 14 August 2013 and since then, assumed the name of Econpile Holdings Berhad.

EHB is principally engaged in investment holding activities. The principal activities of EHB's wholly-owned subsidiaries, namely Econpile (M) Sdn. Bhd. and its subsidiary, Platinum Production Sdn. Bhd., are disclosed in Note 4.1. On 29 June 2012, Econpile (M) Sdn. Bhd. disposed of its entire equity interest in its subsidiary, Active Rhythm Sdn. Bhd. for a cash consideration of RM2,500,000. Pursuant to the disposal, Platinum Production Sdn. Bhd. is currently the sole subsidiary of Econpile (M) Sdn. Bhd..

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 2. General information (continued)

#### 2.2 Share capital

EHB was incorporated with an authorised share capital of RM100,000 comprising 200,000 ordinary shares of RM0.50 each and an issued and paid-up share capital of RM1.00 comprising 2 ordinary shares of RM0.50 each.

On 6 September 2013, EHB increased its issued and paid-up share capital from 2 ordinary shares to 4 ordinary shares of RM0.50 each. Subsequently on 26 September 2013, EHB subdivided its issued and paid-up share capital from 4 ordinary shares of RM0.50 to 10 ordinary shares of RM0.20 each.

On 26 September 2013, EHB subdivided its authorised share capital from 200,000 ordinary shares of RM0.50 each to 500,000 ordinary shares of RM0.20 each. Subsequently, EHB increased its authorised share capital to 1,000,000,000 ordinary shares of RM0.20 each through the creation of 999,500,000 new ordinary shares of RM0.20 each.

On 26 September 2013, pursuant to a Share Sale Agreement signed between EHB and The Cheng Eng and Pang Sar, EHB acquired from The Cheng Eng and Pang Sar their 100% equity interest in Econpile (M) Sdn. Bhd. for a total purchase consideration of RM89,000,000 satisfied through the issuance of 445,000,000 new ordinary shares of RM0.20 each ("EHB Shares") issued on 3 October 2013.

Pursuant to the above transactions, as of 31 January 2014, the Company has an authorised share capital of 1,000,000,000 ordinary shares of RM0.20 each and an issued and paid-up share capital of 445,000,010 ordinary shares of RM0.20 each.

### 3. Listing Scheme

The Company's Listing Scheme will consist of the following:

#### (i) Public Issue

Public issue of up to 90,000,000 EHB shares (the "Issue Shares") at a premium of RM0.34 per share on the Main Market of Bursa Securities comprising:-

- 27,000,000 Issue Shares at a premium of RM0.34 per share subscribed for by the Malaysian Public;
- 3,500,000 Issue Shares at a premium of RM0.34 per share subscribed for by eligible Directors, employees and persons who have contributed to the success of EHB and its subsidiaries;
- 47,500,000 Issue Shares at a premium of RM0.34 per share subscribed for by identified investors via private placement; and
- 12,000,000 Issue Shares at a premium of RM0.34 per share subscribed for by selected Bumiputera investors approved by the Ministry of International Trade and Industry via private placement

#### (ii) Offer For Sale

As part of this exercise, The Cheng Eng and Pang Sar, the current shareholders of EHB, will also offer 55,000,000 EHB Shares at a premium of RM0.34 per share to be made available for selected Bumiputera investors approved by the Ministry of International Trade and Industry via private placement.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 3. Listing Scheme (continued)

## (iii) Listing and quotation

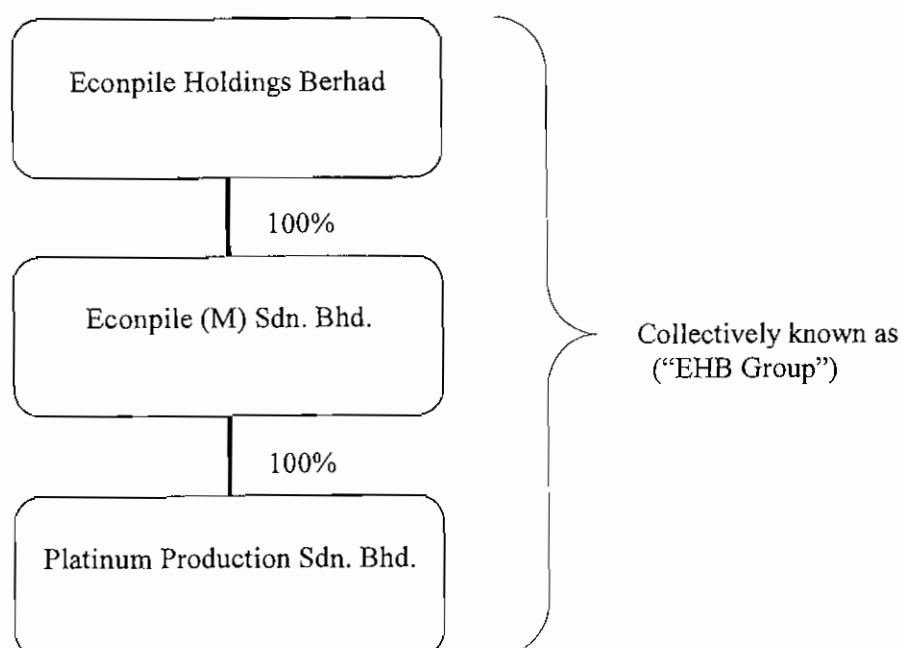
Upon completion of the public issue and the offer for sale, EHB will seek the listing of and quotation for its entire enlarged issued and paid-up share capital of RM107,000,002 comprising 535,000,010 shares of RM0.20 each on the Main Market of Bursa Securities.

The proceeds from the public issue of new ordinary shares will be utilised as follows:

Purpose	Amount	%	Expensed at 31.1.2014	Balance to be incurred
<b>(RM'000)</b>				
<b>Estimated listing expenses:</b>				
Fees to the authorities	160	0.3	(160)	-
Printing and advertising expenses	350	0.7	-	350
Professional fees	1,700	3.5	(511)	1,189
Underwriting commission, placement and brokerage fees	1,400	2.9	-	1,400
Issuing house expenses	50	0.1	-	50
Miscellaneous	50	0.1	-	50
	3,710	7.6	(671)	3,039
<b>Purchase of machinery and equipment</b>	14,580	30.0	-	14,580
<b>Repayment of bank borrowings</b>	12,150	25.0	-	12,150
<b>Working capital</b>	18,160	37.4	-	18,160
	48,600	100.0	(671)	47,929

## 4. Group structure

The group structure after the acquisition of Econpile (M) Sdn. Bhd. as disclosed in Note 2.2 is as follows:



**12. ACCOUNTANTS' REPORT (CONT'D)****4. Group structure (continued)****4.1 Information on subsidiaries**

EHB's subsidiaries are incorporated and domiciled in Malaysia as private limited liability companies under the Companies Act, 1965. The subsidiaries of EHB as at 31 January 2014 and their principal activities are as follows:

Name of subsidiaries	Effective equity interest %	<----Share capital---->		Principal activities
		Authorised RM	Issued and paid-up RM	
Econpile (M) Sdn. Bhd. ("EMS B") and its subsidiary:	100	5,000,000	2,000,000	Provision of piling and foundation services, including civil engineering and related activities
Platinum Production Sdn. Bhd. ("PPSB")	100	1,000,000	1,000,000	Property investment, rental of machinery and sale of goods

**5. Financial statements and auditors**

The financial year end of EHB Group is 30 June.

We are the auditors of all the group entities for the financial year ended 30 June 2013 and for the 7 months ended 31 January 2014. The financial statements of EMSB and PPSB for the financial years ended 30 June 2011 and 2012 were audited by Sundar & Associates.

The auditors' reports of all audited financial statements for the relevant financial years/period under review were not subject to any qualification, modification or disclaimer of opinion.

Certain figures and disclosure notes for the financial years/period presented in this report have been reclassified and/or extended, as compared to the audited financial statements of Econpile (M) Sdn. Bhd..

Material changes made are summarised as follows:

- (a) Restatement of comparative figures (see Note 6.2.23)
- (b) Effects of adoption of Malaysian Financial Reporting Standards (see Note 6.2.24)
- (c) Extended disclosure on notes to the financial statements for:
  - (i) Fair value of investment properties (see Note 6.2.2)
  - (ii) Deferred tax liabilities (see Note 6.2.9)
  - (iii) Revenue (see Note 6.2.11)
  - (iv) Finance income (see Note 6.2.12)
  - (v) Expanded disclosures on financial instruments (see Note 6.2.18)
  - (vi) Capital management (see Note 6.2.19)
  - (vii) Contingencies (see Note 6.2.20)

**12. ACCOUNTANTS' REPORT (CONT'D)**



**5. Financial statements and auditors (continued)**

**5.1 Accounting policies and standards**

The accounting policies adopted in the preparation of this report are set out in Note 7 and are consistent with the accounting policies adopted by EHB Group.

The audited financial statements of the group entities for the financial years ended 30 June 2011, 2012, 2013 and for the 7 months ended 31 January 2014 were prepared in accordance with the following framework:

<b>Financial year/period end</b>	<b>EHB</b>	<b>EMSB</b>	<b>PPSB</b>
30 June 2011	-	PERS	PERS
30 June 2012	-	FRS	FRS
30 June 2013	MFRS	MFRS	MFRS
31 January 2014	MFRS	MFRS	MFRS

- Private Entity Reporting Standards (“PERS”)
- Financial Reporting Standards (“FRS”)
- Malaysian Financial Reporting Standards (“MFRS”)

The financial information presented in this report for all track record years/period are based on the audited financial statements of EHB Group for the financial year ended 30 June 2013 and 7 months ended 31 January 2014. Certain figures from the financial years ended 30 June 2011 and 2012 have been restated in this report to reflect those changes as disclosed in Note 5(a), (b) and (c) of this report to be fully compliant with the requirements and disclosures of MFRS.

On transition to the MFRS Framework with a transition date of 1 July 2010, EHB Group has applied MFRS 1, *First-time Adoption for MFRS* which provides certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. EHB Group elected to apply the optional exemption to measure certain property, plant and equipment at fair value at the date of transition to MFRS and use that fair value as deemed cost under MFRS. The impact arising from the change is disclosed in Note 6.2.24.

This report is prepared on the historical cost basis other than as disclosed in the accounting policies set out in Note 7.

This report is presented in Ringgit Malaysia (“RM”), which is EHB Group’s functional currency.

The preparation of this report in conformity with MFRS requires management to make judgement, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 5. Financial statements and auditors (continued)

#### 5.1 Accounting policies and standards (continued)

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but have not been adopted by the Group and by the Company:

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014*

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014*

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

#### *MFRSs, Interpretations and amendments effective for a date yet to be confirmed*

- MFRS 9, *Financial Instruments* (2009)
- MFRS 9, *Financial Instruments* (2010)
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

**12. ACCOUNTANTS' REPORT (CONT'D)****5. Financial statements and auditors (continued)****5.1 Accounting policies and standards (continued)**

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations from the annual period beginning on 1 July 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014 and 1 July 2014, except for IC Interpretation 21 and Amendments to MFRS 2 which are not applicable to the Group and to the Company.

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption except as mentioned below:

**MFRS 9, *Financial Instruments***

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

**5.2 Presentation format**

As disclosed in Note 2.2, the Company completed the acquisition from The Cheng Eng and Pang Sar their 100% equity interest in EMSB on 3 October 2013, hereinafter referred to as "the Acquisition".

In accordance with MFRS 3, *Business Combinations*, the Acquisition was accounted for using the reverse acquisition method with the Company being the accounting acquiree and Econpile (M) Sdn. Bhd. being the accounting acquirer.

The implication of the reverse acquisition accounting on the presentation of the consolidated financial statements of EHB is as follows:

- i) The consolidated statements of profit or loss and other comprehensive income and cash flows for the 7 months ended 31 January 2014 comprise the consolidation of:
  - the financial results and cash flows of EMSB and its subsidiary ("Econpile (M) Group") for the 7 months period from 1 July 2013 to 31 January 2014; and
  - the financial results and cash flows of the Company for the 4 months period from 3 October 2013 to 31 January 2014.
- ii) The consolidated statement of changes in equity for the current reporting period comprises:
  - the opening equity balances of Econpile (M) Group as at 1 July 2013 and the equity transactions for the 7 months period from 1 July 2013 to 31 January 2014; and
  - the equity transactions of the Company for the 4 months period from 3 October 2013 to 31 January 2014.

**12. ACCOUNTANTS' REPORT (CONT'D)****5. Financial statements and auditors (continued)****5.3 Dividend history**

EHB and PPSB did not pay or declare any dividend during the relevant financial years/period under review.

EMSB has declared and paid an interim ordinary dividend of RM3 per ordinary share, tax exempt under the single-tier tax system totalling RM6,000,000 in respect of the financial year ended 30 June 2013 on 1 March 2013.

**6. Audited financial statements**

As the Acquisition was completed on 3 October 2013, the consolidated financial statements for EHB were only presented for the 7 months ended 31 January 2014.

The consolidated financial statements for EMSB were also presented for the 7 months ended 31 January 2014 for purpose of comparison to the previous consolidated financial statements presented for the financial years ended 30 June 2011, 2012 and 2013.

As disclosed in Note 5.2, the Acquisition was accounted for using the reverse acquisition method. Accordingly, the consolidated numbers of EHB Group as at and for the financial period ended 31 January 2014 are similar to those of Econpile (M) Group, save for the following financial statements captions in the statement of financial position of EHB Group as compared to Econpile (M) Group:

<b>Financial statements captions</b>	<b>Per EHB Group RM</b>	<b>Per Econpile (M) Group RM</b>	<b>Difference RM</b>
Trade and other receivables	129,359,396	129,351,396	8,000
Cash and cash equivalents	35,156,204	35,156,202	2
Trade and other payables	76,919,428	76,911,428	8,000
Share capital	89,000,002	2,000,000	87,000,002
Deficit in business combination	87,000,000	-	87,000,000

A deficit in business combination arose as a result of the reverse acquisition as follows:

	<b>RM</b>
Nominal value of consideration transferred	89,000,000
Less: Share capital of Econpile (M) Group (accounting acquirer)	(2,000,000)
Deficit in business combination and corresponding increase in share capital	<u>87,000,000</u>

There are no differences in the statement of profit or loss and other comprehensive income of EHB Group and Econpile (M) Group as EHB is dormant.

As such, only the above notes to the financial statements were presented at EHB Group level, as all other notes to the financial statements for both EHB Group and Econpile (M) Group are identical.

Note 6.1 – Consolidated financial statements for EHB for the 7 months ended 31 January 2014 and EHB (company level) financial statements for the periods ended 30 June 2013 and 31 January 2014

Note 6.2 – Consolidated financial statements for EMSB for the years ended 30 June 2011, 2012 and 2013 and the 7 months ended 31 January 2014



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

	Note	Group 31.1.2014 RM	Company 31.1.2014 RM	Company 30.6.2013 RM
<b>Assets</b>				
Property, plant and equipment		53,947,576	-	-
Investment properties		2,239,934	-	-
Investments in subsidiaries	6.1.1	-	89,000,000	-
Other investments		2,269,327	-	-
<b>Total non-current assets</b>		<b>58,456,837</b>	<b>89,000,000</b>	<b>-</b>
Trade and other receivables	6.1.2	129,359,396	8,000	3,000
Prepayments		3,301,750	-	-
Current tax assets		10,505	-	-
Cash and cash equivalents	6.1.3	35,156,204	2	1
<b>Total current assets</b>		<b>167,827,855</b>	<b>8,002</b>	<b>3,001</b>
<b>Total assets</b>		<b>226,284,692</b>	<b>89,008,002</b>	<b>3,001</b>
<b>Equity</b>				
Share capital	6.1.4	89,000,002	89,000,002	1
Deficit in business combination		(87,000,000)	-	-
Retained earnings		105,185,740	-	-
<b>Total equity</b>		<b>107,185,742</b>	<b>89,000,002</b>	<b>1</b>
<b>Liabilities</b>				
Loans and borrowings		12,497,780	-	-
Employee benefits		3,563,826	-	-
Deferred tax liabilities		2,916,609	-	-
<b>Total non-current liabilities</b>		<b>18,978,215</b>	<b>-</b>	<b>-</b>
Loans and borrowings		21,979,307	-	-
Trade and other payables	6.1.5	76,919,428	8,000	3,000
Current tax liabilities		1,222,000	-	-
<b>Total current liabilities</b>		<b>100,120,735</b>	<b>8,000</b>	<b>3,000</b>
<b>Total liabilities</b>		<b>119,098,950</b>	<b>8,000</b>	<b>3,000</b>
<b>Total equity and liabilities</b>		<b>226,284,692</b>	<b>89,008,002</b>	<b>3,001</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 1.7.2013 to 31.1.2014 RM	Company 1.7.2013 to 31.1.2014 RM	Company 14.9.2012 to 30.6.2013 RM
Revenue		263,171,648	-	-
Cost of sales		(223,465,361)	-	-
<b>Gross profit</b>		39,706,287	-	-
Other income		5,380,998	164,758	10,858
Administrative expenses		(16,412,660)	(164,758)	(10,858)
<b>Results from operating activities</b>		28,674,625		
Finance income		436,424	-	-
Finance costs		(1,013,616)	-	-
<b>Net finance costs</b>		(577,192)	-	-
<b>Profit before tax</b>	6.1.6	28,097,433	-	-
Tax expense		(9,652,431)	-	-
<b>Profit for the period and total comprehensive income for the period</b>		18,445,002	-	-
<b>Basic earnings per ordinary share</b>	6.1.7	0.04		

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	<i>Non-distributable</i>		<i>Distributable</i>	Total equity RM
	Share capital RM	Deficit in business combination RM	Retained earnings RM	
At 1 July 2013	1	1,999,999	86,740,738	88,740,738
Effect of acquisition of subsidiaries	-	(88,999,998)	-	(88,999,998)
Issued during the period	89,000,001	(1)	-	89,000,000
Profit and total comprehensive income for the period	-	-	18,445,002	18,445,002
At 31 January 2014	89,000,002	(87,000,000)	105,185,740	107,185,742

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)

## STATEMENT OF CHANGES IN EQUITY

Company	<i>Non-distributable</i>		Total equity RM
	Share capital RM	Retained earnings RM	
At 14 September 2012 (date of incorporation)	1	-	1
Profit and total comprehensive income for the period	-	-	-
<b>At 30 June 2013/1 July 2013</b>	1	-	1
Issue of ordinary shares	89,000,001	-	89,000,001
Profit and total comprehensive income for the period	-	-	-
<b>At 31 January 2014</b>	<b>89,000,002</b>	<b>-</b>	<b>89,000,002</b>

**12. ACCOUNTANTS' REPORT (CONT'D)****6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)****STATEMENTS OF CASH FLOWS**

	<b>Group</b> 1.7.2013 to 31.1.2014 RM	<b>Company</b> 1.7.2013 to 31.1.2014 RM		14.9.2012 to 30.6.2013 RM
<b>Cash flows from operating activities</b>				
Profit before tax	28,097,433	-	-	-
<i>Adjustments for:</i>				
Depreciation of investment properties	15,671	-	-	-
Depreciation of property, plant and equipment	8,225,156	-	-	-
Fair value gain from other investments	(35,575)	-	-	-
Finance costs	1,013,616	-	-	-
Finance income	(436,424)	-	-	-
Gain on disposal of property, plant and equipment	(1,075,003)	-	-	-
<b>Operating profit before changes in working capital</b>	35,804,874	-	-	-
Change in employee benefits	3,563,826	-	-	-
Change in trade and other receivables and prepayments	(3,205,318)	(5,000)	(3,000)	(3,000)
Change in trade and other payables	(6,312,094)	5,000	3,000	3,000
<b>Cash generated from operations</b>	29,851,288	-	-	-
Interest paid	(16)	-	-	-
Tax paid	(10,090,544)	-	-	-
<b>Net cash from operating activities</b>	19,760,728	-	-	-
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(2,559,541)	-	-	-
Interest received from fixed deposits	436,424	-	-	-
Net cash acquired from reverse acquisition	2	-	-	-
Proceeds from disposal of property, plant and equipment	1,175,431	-	-	-
<b>Net cash used in investing activities</b>	(947,684)	-	-	-

**12. ACCOUNTANTS' REPORT (CONT'D)****6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)****STATEMENTS OF CASH FLOWS (CONTINUED)**

	<b>Group</b> <b>1.7.2013 to</b> <b>31.1.2014</b> <b>RM</b>	<b>Company</b>	
		<b>1.7.2013 to</b> <b>31.1.2014</b> <b>RM</b>	<b>14.9.2012 to</b> <b>30.6.2013</b> <b>RM</b>
<b>Cash flows from financing activities</b>			
Drawdown of bankers' acceptances	310,000	-	-
Interest paid on loans and borrowings	(1,013,600)	-	-
Proceeds from issue of share capital	-	1	-
Placement of deposits pledged with licensed banks	(523,965)	-	-
Repayment of bank loan	(53,955)	-	-
Repayment of finance lease liabilities	(6,719,439)	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(8,000,959)</b>	<b>1</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>10,812,085</b>	<b>1</b>	<b>-</b>
Cash and cash equivalents at 1 July 2013/14 September 2012	10,116,551	1	1
<b>Cash and cash equivalents at 31 January/30 June</b>	<b>20,928,636</b>	<b>2</b>	<b>1</b>

**Cash and cash equivalents**

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

	<b>Group</b> <b>31.1.2014</b> <b>RM</b>	<b>Company</b>	
		<b>31.1.2014</b> <b>RM</b>	<b>30.6.2013</b> <b>RM</b>
Cash and bank balances	19,928,636	2	1
Deposits placed with licensed banks	15,227,568	-	-
	35,156,204	2	1
Less: Deposits pledged	(14,227,568)	-	-
	20,928,636	2	1

**Acquisition of property, plant and equipment**

During the financial period, EHB Group acquired property, plant and equipment with an aggregate cost of RM10,199,875, of which RM7,640,334 was acquired by means of finance leases.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS

## 6.1.1 Investments in subsidiaries

	Company	
	31.1.2014	30.6.2013
	RM	RM
Unquoted shares, at cost	89,000,000	-

## 6.1.2 Trade and other receivables

	Note	Group 31.1.2014 RM	Company 31.1.2014 RM	Company 30.6.2013 RM
<b>Trade</b>				
Trade receivables		120,015,502	-	-
Less: Individual impairment allowance		(7,997,113)	-	-
		112,018,389	-	-
Amounts due from contract customers	6.1.2.1	15,006,866	-	-
		127,025,255	-	-
<b>Non-trade</b>				
Other receivables		1,081,394	8,000	3,000
Deposits		1,252,747	-	-
		2,334,141	8,000	3,000
		129,359,396	8,000	3,000

## 6.1.2.1 Construction work-in-progress

	Note	Company 30.6.2013 RM
Aggregate costs incurred to date		284,505,917
Add: Attributable profits		23,211,512
		307,717,429
Less: Progress billings		(309,978,459)
		(2,261,030)
Represented by:		
Amounts due from contract customers		15,006,866
Amounts due to contract customers	6.1.5	(17,267,896)
		(2,261,030)

**12. ACCOUNTANTS' REPORT (CONT'D)****6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.1.3 Cash and cash equivalents**

	<b>Group</b> <b>31.1.2014</b> <b>RM</b>	<b>Company</b> <b>31.1.2014</b> <b>RM</b>	<b>30.6.2013</b> <b>RM</b>
Cash and bank balances	19,928,636	2	1
Deposits placed with licensed banks	15,227,568	-	-
	<u>35,156,204</u>	<u>2</u>	<u>1</u>

Included in deposits placed with licensed banks of EHB Group is RM14,227,568 pledged as security to secure bank facilities granted to EMSB.

**6.1.4 Share capital**

	<b>Group and Company</b> <b>Amount</b> <b>RM</b>	<b>Number of shares</b>
Authorised:		
Ordinary shares of RM0.50 each		
At 1 July 2013/1 July 2012/14 September 2012	<u>100,000</u>	<u>200,000</u>
Ordinary shares of RM0.20 each		
Share split to RM0.20 each	100,000	500,000
Created during the period	199,900,000	999,500,000
At 31 January 2014	<u>200,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up:		
Ordinary shares of RM0.50 each		
At 1 July 2013/1 July 2012/14 September 2012	1	2
Issued during the period	1	2
	<u>2</u>	<u>4</u>
Ordinary shares of RM0.20 each		
Share split to RM0.20 each	2	10
Issued during the period for the Acquisition	89,000,000	445,000,000
At 31 January 2014	<u>89,000,002</u>	<u>445,000,010</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.1.5 Trade and other payables

	Note	Group 31.1.2014 RM	Company 31.1.2014 RM	30.6.2013 RM
<b>Trade</b>				
Trade payables		56,932,325	-	-
Amounts due to contract customers	6.1.2.1	17,267,896	-	-
		74,200,221	-	-
<b>Non-trade</b>				
Other payables		507,800	-	-
Accrued expenses		2,211,407	8,000	3,000
		2,719,207	8,000	3,000
		76,919,428	8,000	3,000

## 6.1.6 Profit before tax

	Group 1.7.2013 to 31.1.2014 RM	Company 1.7.2013 to 31.1.2014 RM	14.9.2012 to 30.6.2013 RM
<b>Profit before tax is arrived after charging:</b>			
Auditors' remuneration	100,000	30,000	2,000
Depreciation on investment properties	15,671	-	-
Depreciation on property, plant and equipment	8,225,156	-	-
Impairment loss on trade receivables	3,350,601	-	-
Personnel expenses (including key management personnel):			
- Contributions to Employees' Provident Fund	1,108,068	8,978	-
- Expenses related to defined benefit plan	3,563,826	-	-
- Wages, salaries and others	13,821,049	74,194	-
Rental expense in respect of:			
- Equipment and machinery	1,680,569	-	-
- Motor vehicles	1,200	-	-
- Properties	232,023	-	-
<b>and after crediting:</b>			
Fair value gain from other investments	35,575	-	-
Gain on disposal of property, plant and equipment	1,075,003	-	-
Rental income in respect of:			
- Equipment	311,924	-	-
- Properties	16,800	-	-
Reversal of impairment loss on trade receivables	4,629,485	-	-
Waiver of expenses paid on behalf	-	164,758	10,858

**12. ACCOUNTANTS' REPORT (CONT'D)****6.1 ECONPILE HOLDINGS BERHAD AND ITS SUBSIDIARIES (CONTINUED)****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.1.7 Basic earnings per ordinary share**

	<b>Group 1.7.2013 to 31.1.2014 RM</b>
Profit attributable to ordinary shareholders	<u>18,445,002</u>
	<b>Group 31.1.2014</b>
Weighted average number of ordinary shares *	<u>445,000,006</u>
* Adjusted for reverse acquisition during the financial period	
	<b>Group 31.1.2014 RM</b>
Basic earnings per ordinary share	<u>0.04</u>

**6.1.8 Segment reporting**

EHB Group is predominantly involved in general construction and piling works, which is the only reportable segment. Other non-reportable segments comprise investment holding and operations related to rental of properties, trading of machineries and related accessories. All EHB Group's operations are carried out in Malaysia.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>Assets</b>					
Property, plant and equipment	6.2.1	53,947,576	52,073,285	34,005,876	27,125,234
Investment properties	6.2.2	2,239,934	2,255,605	1,926,938	4,691,860
Other investments	6.2.3	2,269,327	2,233,752	2,291,336	2,318,821
<b>Total non-current assets</b>		<b>58,456,837</b>	<b>56,562,642</b>	<b>38,224,150</b>	<b>34,135,915</b>
Trade and other receivables	6.2.4	129,351,396	127,075,827	117,320,070	100,801,651
Prepayments		3,301,750	2,380,001	1,672,662	593,992
Current tax assets		10,505	7,000	5,993	1,540
Cash and cash equivalents	6.2.5	35,156,202	23,820,154	24,786,195	15,733,725
<b>Total current assets</b>		<b>167,819,853</b>	<b>153,282,982</b>	<b>143,784,920</b>	<b>117,130,908</b>
<b>Total assets</b>		<b>226,276,690</b>	<b>209,845,624</b>	<b>182,009,070</b>	<b>151,266,823</b>
<b>Equity</b>					
Share capital	6.2.6	2,000,000	2,000,000	2,000,000	2,000,000
Retained earnings		105,185,740	86,740,738	64,875,769	47,648,159
<b>Total equity</b>		<b>107,185,740</b>	<b>88,740,738</b>	<b>66,875,769</b>	<b>49,648,159</b>
<b>Liabilities</b>					
Loans and borrowings	6.2.7	12,497,780	13,492,691	7,606,258	2,456,523
Employee benefits	6.2.8	3,563,826	-	-	-
Deferred tax liabilities	6.2.9	2,916,609	2,496,217	1,319,441	1,554,669
<b>Total non-current liabilities</b>		<b>18,978,215</b>	<b>15,988,908</b>	<b>8,925,699</b>	<b>4,011,192</b>
Loans and borrowings	6.2.7	21,979,307	19,807,456	16,262,007	9,801,264
Trade and other payables	6.2.10	76,911,428	83,231,522	86,830,639	85,745,203
Current tax liabilities		1,222,000	2,077,000	3,114,956	2,061,005
<b>Total current liabilities</b>		<b>100,112,735</b>	<b>105,115,978</b>	<b>106,207,602</b>	<b>97,607,472</b>
<b>Total liabilities</b>		<b>119,090,950</b>	<b>121,104,886</b>	<b>115,133,301</b>	<b>101,618,664</b>
<b>Total equity and liabilities</b>		<b>226,276,690</b>	<b>209,845,624</b>	<b>182,009,070</b>	<b>151,266,823</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	1.7.2013 to <-----Financial year ended----->			
		31.1.2014	30.6.2013	30.6.2012	30.6.2011
		RM	RM	RM	RM
Revenue	6.2.11	263,171,648	386,066,497	305,783,533	207,647,667
Cost of sales		(223,465,361)	(328,405,019)	(271,142,355)	(182,489,390)
<b>Gross profit</b>		<u>39,706,287</u>	<u>57,661,478</u>	<u>34,641,178</u>	<u>25,158,277</u>
Other income		5,287,536	3,875,301	2,833,994	591,733
Administrative expenses		(16,319,198)	(21,849,284)	(12,797,829)	(9,449,374)
<b>Results from operating activities</b>		<u>28,674,625</u>	<u>39,687,495</u>	<u>24,677,343</u>	<u>16,300,636</u>
Finance income	6.2.12	436,424	512,879	403,005	242,515
Finance costs	6.2.13	(1,013,616)	(1,626,200)	(1,214,378)	(865,876)
<b>Net finance costs</b>		<u>(577,192)</u>	<u>(1,113,321)</u>	<u>(811,373)</u>	<u>(623,361)</u>
<b>Profit before tax</b>	6.2.14	<u>28,097,433</u>	<u>38,574,174</u>	<u>23,865,970</u>	<u>15,677,275</u>
Tax expense	6.2.15	(9,652,431)	(10,709,205)	(6,638,360)	(4,378,859)
<b>Profit for the period/year and total comprehensive income for the period/year</b>		<u><u>18,445,002</u></u>	<u><u>27,864,969</u></u>	<u><u>17,227,610</u></u>	<u><u>11,298,416</u></u>
<b>Basic earnings per ordinary share</b>	6.2.16	<u>9.22</u>	<u>13.93</u>	<u>8.61</u>	<u>5.65</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Note	Share capital RM	<i>Distributable</i> Retained earnings RM	Total equity RM
<b>At 1 July 2010</b>		2,000,000	36,349,743	38,349,743
Profit and total comprehensive income for the year		-	11,298,416	11,298,416
<b>At 30 June 2011/1 July 2011</b>		2,000,000	47,648,159	49,648,159
Profit and total comprehensive income for the year		-	17,227,610	17,227,610
<b>At 30 June 2012/1 July 2012</b>		2,000,000	64,875,769	66,875,769
Profit and total comprehensive income for the year		-	27,864,969	27,864,969
Dividends to owners of the Company	6.2.17	-	(6,000,000)	(6,000,000)
<b>At 30 June 2013/1 July 2013</b>		2,000,000	86,740,738	88,740,738
Profit and total comprehensive income for the period		-	18,445,002	18,445,002
<b>At 31 January 2014</b>		2,000,000	105,185,740	107,185,740

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED STATEMENT OF CASH FLOWS

	1.7.2013 to	<-----Financial year ended----->		
	31.1.2014	30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Profit before tax	28,097,433	38,574,174	23,865,970	15,677,275
<i>Adjustments for:</i>				
Depreciation of investment properties	15,671	26,865	26,864	33,306
Depreciation of property, plant and equipment	8,225,156	12,594,540	10,118,808	10,110,287
Fair value gain from other investments	(35,575)	(58,989)	(134,515)	-
Finance costs	1,013,616	1,626,200	1,214,378	865,876
Finance income	(436,424)	(512,879)	(403,005)	(242,515)
Gain on disposal of a subsidiary	-	-	(528,634)	-
Gain on disposal of property, plant and equipment	(1,075,003)	(795,375)	(1,273,849)	(46,862)
(Gain)/Loss on disposal of investment properties	-	-	(23,967)	105,935
Loss on disposal of other investments	-	-	98,172	-
Other investments written off	-	-	-	13,500
Property, plant and equipment written off	-	-	-	324,743
<b>Operating profit before changes in working capital</b>	35,804,874	51,454,536	32,960,222	26,841,545
Change in employee benefits	3,563,826	-	-	-
Change in trade and other receivables and prepayments	(3,197,318)	(10,463,096)	(19,399,853)	(28,803,617)
Change in trade and other payables	(6,320,094)	(3,296,881)	3,350,126	18,371,982
<b>Cash generated from operations</b>	29,851,288	37,694,559	16,910,495	16,409,910
Interest paid	(16)	(2,086)	(2,463)	(98,875)
Tax paid	(10,090,544)	(10,575,220)	(5,824,173)	(3,164,288)
Tax refunded	-	3,828	-	-
<b>Net cash from operating activities</b>	19,760,728	27,121,081	11,083,859	13,146,747

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	1.7.2013 to 31.1.2014	<-----Financial year ended-----> 30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
<b>Cash flows from investing activities</b>				
Acquisition of investment properties	-	(355,532)	-	-
Acquisition of property, plant and equipment	(2,559,541)	(15,053,247)	(2,473,383)	(7,388,576)
Interest received from fixed deposits	436,424	512,879	403,005	242,515
Proceeds from disposal of a subsidiary (Note 6.2.22)	-	-	2,499,102	-
Proceeds from disposal of investment properties	-	-	655,400	944,065
Proceeds from disposal of other investments	-	116,573	63,828	-
Proceeds from disposal of property, plant and equipment	1,175,431	1,058,300	1,450,217	105,000
<b>Net cash (used in)/from investing activities</b>	<b>(947,686)</b>	<b>(13,721,027)</b>	<b>2,598,169</b>	<b>(6,096,996)</b>
<b>Cash flows from financing activities</b>				
(Decrease)/Increase in amounts due to Directors	-	(302,236)	(325,686)	627,922
Dividends paid to owners of the Company	-	(6,000,000)	-	-
Drawdown of bankers' acceptances	310,000	2,406,000	1,498,000	3,399,000
Interest paid on loans and borrowings	(1,013,600)	(1,624,114)	(1,211,915)	(767,001)
Placement of deposits pledged with licensed banks	(523,965)	(3,321,669)	(2,986,397)	(2,169,577)
Repayment of finance lease liabilities	(6,719,439)	(9,392,051)	(5,327,609)	(3,561,966)
(Repayment)/Drawdown of bank loans	(53,955)	2,861,324	(929,649)	(1,729,024)
(Repayment)/Drawdown of revolving credits	-	(2,315,018)	2,315,018	(215,767)
<b>Net cash used in financing activities</b>	<b>(8,000,959)</b>	<b>(17,687,764)</b>	<b>(6,968,238)</b>	<b>(4,416,413)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>10,812,083</b>	<b>(4,287,710)</b>	<b>6,713,790</b>	<b>2,633,338</b>
Cash and cash equivalents at 1 July 2013/2012/2011/2010	10,116,551	14,404,261	7,690,471	5,057,133
<b>Cash and cash equivalents at 31 January/30 June</b>	<b>20,928,634</b>	<b>10,116,551</b>	<b>14,404,261</b>	<b>7,690,471</b>

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)****Cash and cash equivalents**

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

	<b>31.1.2014</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>30.6.2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	19,928,634	9,008,783	13,326,328	1,292,039
Deposits placed with licensed banks	15,227,568	14,811,371	11,459,867	14,441,686
Bank overdrafts	-	-	-	(647,717)
	<u>35,156,202</u>	<u>23,820,154</u>	<u>24,786,195</u>	<u>15,086,008</u>
Less: Deposits pledged	(14,227,568)	(13,703,603)	(10,381,934)	(7,395,537)
	<u><u>20,928,634</u></u>	<u><u>10,116,551</u></u>	<u><u>14,404,261</u></u>	<u><u>7,690,471</u></u>

**Acquisition of property, plant and equipment**

During the financial period/year, Econpile (M) Group acquired property, plant and equipment with an aggregate cost of RM10,199,875 (30.6.2013: RM30,924,874; 30.6.2012: RM17,175,818; 30.6.2011: RM12,406,176), of which RM7,640,334 (30.6.2013: RM15,871,627; 30.6.2012: RM14,702,435; 30.6.2011: RM5,017,600) was acquired by means of finance leases.



**12. ACCOUNTANTS' REPORT (CONT'D)**
**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)**
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**
**6.2.1 Property, plant and equipment**

Cost	Freehold land		Buildings		Plant and machinery		Piling and site equipment		Office equipment		Furniture and fittings		Motor vehicles		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2010	5,000,000	1,500,000	60,213,233	2,619,544	416,433	98,448	5,267,812	156,854	75,272,324									
Additions	-	-	9,770,676	540,081	20,745	-	2,074,674	-	12,406,176									
Disposals	-	-	(26,138)	-	-	-	(425,902)	-	(452,040)									
Written off	-	-	(7,399,055)	(1,840,398)	(185,583)	(30,927)	-	(4,270)	(9,460,233)									
At 30 June 2011/1 July 2011	5,000,000	1,500,000	62,558,716	1,319,227	251,595	67,521	6,916,584	152,584	77,766,227									
Additions	-	-	13,981,369	952,777	47,920	-	2,193,752	-	17,175,818									
Disposals	-	-	(3,693,512)	(101,660)	-	-	(886,519)	-	(4,681,691)									
At 30 June 2012/1 July 2012	5,000,000	1,500,000	72,846,573	2,170,344	299,515	67,521	8,223,817	152,584	90,260,354									
Additions	-	4,619,070	24,387,781	968,818	-	-	949,205	-	30,924,874									
Disposals	-	-	(146,149)	(1,780)	-	-	(2,112,145)	-	(2,260,074)									
At 30 June 2013/1 July 2013	5,000,000	6,119,070	97,088,205	3,137,382	299,515	67,521	7,060,877	152,584	118,925,154									
Additions	-	788,900	8,478,273	-	38,787	-	763,537	130,378	10,199,875									
Disposals	-	-	(1,528,492)	-	-	-	(64,000)	-	(1,592,492)									
At 31 January 2014	5,000,000	6,907,970	104,037,986	3,137,382	338,302	67,521	7,760,414	282,962	127,532,537									

**12. ACCOUNTANTS' REPORT (CONT'D)**
**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)**
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**6.2.1 Property, plant and equipment (continued)**

Depreciation	Freehold land		Buildings		Plant and machinery		Piling and site equipment		Office equipment		Furniture and fittings		Motor vehicles		Renovation		Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 July 2010	-	-	43,543,213	2,271,308	313,957	67,030	3,769,386	95,204	50,060,098								
Depreciation for the year	-	36,585	8,622,160	211,209	50,319	13,504	1,145,993	30,517	10,110,287								
Disposals	-	-	-	-	-	-	(393,902)	-	(393,902)								
Write off	-	-	(7,167,544)	(1,747,166)	(185,582)	(30,928)	-	(4,270)	(9,135,490)								
At 30 June 2011/1 July 2011	-	36,585	44,997,829	735,351	178,694	49,606	4,521,477	121,451	50,640,993								
Depreciation for the year	-	36,585	8,595,314	258,447	40,154	11,149	1,146,657	30,502	10,118,808								
Disposals	-	-	(3,618,804)	-	-	-	(886,519)	-	(4,505,323)								
At 30 June 2012/1 July 2012	-	73,170	49,974,339	993,798	218,848	60,755	4,781,615	151,953	56,254,478								
Depreciation for the year	-	113,569	10,924,090	457,382	33,701	5,400	1,059,784	614	12,594,540								
Disposals	-	-	(100,000)	(1,780)	-	-	(1,895,369)	-	(1,997,149)								
At 30 June 2013/1 July 2013	-	186,739	60,798,429	1,449,400	252,549	66,155	3,946,030	152,567	66,851,869								
Depreciation for the period	-	80,491	7,167,225	290,280	12,634	771	669,799	3,956	8,225,156								
Disposals	-	-	(1,430,164)	-	-	-	(61,900)	-	(1,492,064)								
At 31 January 2014	-	267,230	66,535,490	1,739,680	265,183	66,926	4,553,929	156,523	73,584,961								

**12. ACCOUNTANTS' REPORT (CONT'D)**
**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**6.2.1 Property, plant and equipment (continued)**

Carrying amounts	Freehold land		Buildings		Plant and machinery		Piling and site equipment		Office equipment		Furniture and fittings		Motor vehicles		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 30 June 2011/1 July 2011	5,000,000	1,463,415	17,560,887	583,876	72,901	17,915	2,395,107	31,133	27,125,234									
At 30 June 2012/1 July 2012	5,000,000	1,426,830	22,872,234	1,176,546	80,667	6,766	3,442,202	631	34,005,876									
At 30 June 2013/1 July 2013	5,000,000	5,932,331	36,289,776	1,687,982	46,966	1,366	3,114,847	17	52,073,285									
At 31 January 2014	5,000,000	6,640,740	37,502,496	1,397,702	73,119	595	3,206,485	126,439	53,947,576									

**6.2.1.1 Leased plant and machinery and motor vehicles**

At 31 January 2014, the net carrying amounts of leased plant and machinery and motor vehicles of Econpile (M) Group were RM27,457,775 (30.6.2013: RM24,749,393; 30.6.2012: RM14,181,860; 30.6.2011: RM5,419,196) and RM2,286,880 (30.6.2013: RM2,798,304; 30.6.2012: RM3,439,352; 30.6.2011: RM2,038,672), respectively.

**6.2.1.2 Security**

Property, plant and equipment of Econpile (M) Group with a carrying amount of RM6,368,904 (30.6.2013: RM6,390,245; 30.6.2012: RM6,426,830; 30.6.2011: RM6,463,415) were pledged as security and as fixed charges to secure bank facilities granted to EMSB.

**6.2.1.3 Title**

At 31 January 2014, title to a building of Econpile (M) Group and of EMSB with a carrying amount of RM783,640 has yet to be transferred to the EMSB.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.2 Investment properties**

Cost	RM
At 1 July 2010	5,901,172
Disposal	(1,050,000)
	<hr/>
At 30 June 2011/1 July 2011	4,851,172
Disposal	(649,302)
Disposal of a subsidiary (Note 6.2.22)	(2,106,625)
	<hr/>
At 30 June 2012/1 July 2012	2,095,245
Addition	355,532
	<hr/>
At 30 June 2013/1 July 2013/1 January 2014	2,450,777
	<hr/> <hr/>
<b>Depreciation</b>	
At 1 July 2010	126,006
Depreciation for the year	33,306
	<hr/>
At 30 June 2011/1 July 2011	159,312
Depreciation for the year	26,864
Disposal	(17,869)
	<hr/>
At 30 June 2012/1 July 2012	168,307
Depreciation for the year	26,865
	<hr/>
At 30 June 2013/1 July 2013	195,172
Depreciation for the period	15,671
	<hr/>
At 31 January 2014	210,843
	<hr/> <hr/>

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.2 Investment properties (continued)**

Carrying amounts	RM
At 30 June 2011/1 July 2011	4,691,860
At 30 June 2012/1 July 2012	1,926,938
At 30 June 2013/1 July 2013	2,255,605
At 31 January 2014	2,239,934
<b>Fair values – Level 3</b>	
At 30 June 2011/1 July 2011	8,986,000
At 30 June 2012/1 July 2012	6,830,000
At 30 June 2013/1 July 2013	7,800,000
At 31 January 2014	9,840,000

Included in the above are:

	31.1.2014	30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
Freehold land	1,107,534	1,107,534	752,002	3,076,787
Buildings on freehold land	443,617	450,048	461,073	794,975
Buildings on leasehold land	688,783	698,023	713,863	820,098
	<u>2,239,934</u>	<u>2,255,605</u>	<u>1,926,938</u>	<u>4,691,860</u>

**Security**

Freehold land and buildings of Econpile (M) Group with a carrying amount of RM1,000,255 (30.6.2013: RM1,005,115; 30.6.2012: RM1,013,445; 30.6.2011: RM3,128,401) were pledged as security and as fixed charges to secure bank facilities granted to EMSB.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6.2.2 Investment properties (continued)**

**Fair value information (continued)**

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and building have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

**Transfer between Level 1 and 2 fair values**

There is no transfer between Level 1 and 2 fair values during the financial period.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the investment properties.

**Valuation process applied by Econpile (M) Group for Level 3 fair value**

The fair value of the investment properties is estimated by the Directors using the comparison approach based on asking prices available on websites. The comparison approach entails critical analyses of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences such as differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.3 Other investments

	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Financial assets at fair value through profit or loss:				
Quoted shares, in Malaysia	-	-	-	162,000
Unit trusts, in Malaysia	2,219,327	2,183,752	2,241,336	2,106,821
	<u>2,219,327</u>	<u>2,183,752</u>	<u>2,241,336</u>	<u>2,268,821</u>
Club membership, at cost	50,000	50,000	50,000	50,000
	<u>2,269,327</u>	<u>2,233,752</u>	<u>2,291,336</u>	<u>2,318,821</u>

## 6.2.4 Trade and other receivables

	Note	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>Trade</b>					
Trade receivables		120,015,502	116,930,888	103,395,242	89,021,071
Less: Individual impairment allowance		(7,997,113)	(9,275,997)	(2,366,074)	-
		<u>112,018,389</u>	<u>107,654,891</u>	<u>101,029,168</u>	<u>89,021,071</u>
Amounts due from contract customers	6.2.4.1	15,006,866	16,715,016	12,876,093	7,665,597
		<u>127,025,255</u>	<u>124,369,907</u>	<u>113,905,261</u>	<u>96,686,668</u>
<b>Non-trade</b>					
Other receivables		1,073,394	1,678,245	2,108,643	1,582,392
Deposits		1,252,747	1,027,675	1,306,166	2,532,591
		<u>2,326,141</u>	<u>2,705,920</u>	<u>3,414,809</u>	<u>4,114,983</u>
		<u>129,351,396</u>	<u>127,075,827</u>	<u>117,320,070</u>	<u>100,801,651</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.4 Trade and other receivables (continued)

## 6.2.4.1 Construction work-in-progress

	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Aggregate costs incurred to date	284,505,917	178,985,801	153,860,306	131,653,154
Add: Attributable profits	23,211,512	14,414,272	8,240,213	21,506,533
	<u>307,717,429</u>	<u>193,400,073</u>	<u>162,100,519</u>	<u>153,159,687</u>
Less: Progress billings	(309,978,459)	(195,221,493)	(164,584,104)	(153,145,235)
	<u>(2,261,030)</u>	<u>(1,821,420)</u>	<u>(2,483,585)</u>	<u>14,452</u>
Represented by:				
Amounts due from contract customers	15,006,866	16,715,016	12,876,093	7,665,597
Amounts due to contract customers (Note 6.2.10)	(17,267,896)	(18,536,436)	(15,359,678)	(7,651,145)
	<u>(2,261,030)</u>	<u>(1,821,420)</u>	<u>(2,483,585)</u>	<u>14,452</u>

## 6.2.5 Cash and cash equivalents

	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Cash and bank balances	19,928,634	9,008,783	13,326,328	1,292,039
Deposits placed with licensed banks	15,227,568	14,811,371	11,459,867	14,441,686
	<u>35,156,202</u>	<u>23,820,154</u>	<u>24,786,195</u>	<u>15,733,725</u>

Included in deposits placed with licensed banks of Econpile (M) Group is RM14,227,568 (30.6.2013: RM13,703,603; 30.6.2012: RM10,381,934; 30.6.2011: RM7,395,537) pledged as security to secure bank facilities granted to EMSB.



## 12. ACCOUNTANTS' REPORT (CONT'D)

6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)  
 CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.6 Capital and reserves

	Number of shares		Amount		Number of shares		Amount	
	31.1.2014	31.1.2014	30.6.2013	30.6.2013	30.6.2012	30.6.2012	30.6.2011	30.6.2011
	RM	RM	RM	RM	RM	RM	RM	RM
Ordinary shares of RM1.00 each:								
Authorised	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.7 Loans and borrowings

	Note	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>Non-current</b>					
Bank loans - secured	6.2.7.1	2,870,181	2,870,900	73,167	163,853
Finance lease liabilities	6.2.7.3	9,627,599	10,621,791	7,533,091	2,292,670
		<u>12,497,780</u>	<u>13,492,691</u>	<u>7,606,258</u>	<u>2,456,523</u>
<b>Current</b>					
Bank loans - secured	6.2.7.1	97,864	151,100	87,509	926,472
Bankers' acceptances - secured	6.2.7.2	9,869,000	9,559,000	7,153,000	5,655,000
Revolving credits - secured	6.2.7.2	-	-	2,315,018	-
Bank overdrafts - secured	6.2.7.2	-	-	-	647,717
Finance lease liabilities	6.2.7.3	12,012,443	10,097,356	6,706,480	2,572,075
		<u>21,979,307</u>	<u>19,807,456</u>	<u>16,262,007</u>	<u>9,801,264</u>
		<u><u>34,477,087</u></u>	<u><u>33,300,147</u></u>	<u><u>23,868,265</u></u>	<u><u>12,257,787</u></u>

## 6.2.7.1 Bank loans

	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Loan 1	-	-	160,676	244,566
Loan 2	-	-	-	754,435
Loan 3	-	-	-	91,324
Loan 4	2,968,045	3,022,000	-	-
	<u>2,968,045</u>	<u>3,022,000</u>	<u>160,676</u>	<u>1,090,325</u>

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.7 Loans and borrowings (continued)****6.2.7.1 Bank loans (continued)****Security**Loan 1

Secured by way of a third legal charge over the freehold land and building of Econpile (M) Group with a carrying amount of Nil (30.6.2013: Nil; 30.6.2012: RM2,106,625; 30.6.2011: RM2,106,625) and is also personally guaranteed by the Directors of EMSB.

Loan 2

Secured by way of a fixed charge over a fully depreciated equipment of Econpile (M) Group and is also personally guaranteed by the Directors of EMSB.

Loan 3

Secured by way of a first legal charge over freehold land and buildings of Econpile (M) Group with a carrying amount of RM6,368,904 (30.6.2013: RM6,390,245; 30.6.2012: RM6,426,830; 30.6.2011: RM6,463,415) and is also personally guaranteed by the Directors of EMSB with a corporate guarantee by EHB.

Loan 4

Secured by way of a first legal charge over the buildings of Econpile (M) Group with a carrying amount of RM4,488,196 (30.6.2013: RM4,542,086; 30.6.2012: Nil; 30.6.2011: Nil) and is also personally guaranteed by the Directors of EMSB.

**6.2.7.2 Bankers' acceptances, revolving credits and bank overdrafts**

The bankers' acceptances, revolving credits and bank overdrafts were secured over the freehold land and buildings of Econpile (M) Group with a carrying amount of RM7,369,159 (30.6.2013: RM7,395,360; 30.6.2012: RM7,440,275; 30.6.2011: RM7,485,191) and deposits pledged with licensed banks of Econpile (M) Group with a carrying amount of RM14,227,568 (30.6.2013: RM13,703,603; 30.6.2012: RM10,381,934; 30.6.2011: RM7,395,537) and are also personally guaranteed by the Directors of EMSB.

**12. ACCOUNTANTS' REPORT (CONT'D)**
**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)**
**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**6.2.7 Loans and borrowings (continued)**
**6.2.7.3 Finance lease liabilities**

Finance lease liabilities are payable as follows:

	Future minimum lease payments 31.1.2014		Interest 31.1.2014		Present value of minimum lease payments 31.1.2014		Future minimum lease payments 30.6.2013		Interest 30.6.2013		Present value of minimum lease payments 30.6.2013		Future minimum lease payments 30.6.2012		Interest 30.6.2012		Present value of minimum lease payments 30.6.2012		Future minimum lease payments 30.6.2011		Interest 30.6.2011		Present value of minimum lease payments 30.6.2011		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
Less than one year	12,875,149	(862,706)	12,012,443	10,460,515	(363,159)	10,097,356	7,340,674	(634,194)	6,706,480	2,791,179	(219,104)	2,572,075													
Between one and five years	10,004,529	(376,930)	9,627,599	11,476,566	(854,775)	10,621,791	7,847,299	(314,208)	7,533,091	2,367,902	(94,972)	2,272,930													
More than five years	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	22,879,678	(1,239,636)	21,640,042	21,937,081	(1,217,934)	20,719,147	15,187,973	(948,402)	14,239,571	5,179,405	(314,660)	4,864,745													

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.8 Employee benefits

## Retirement benefits

	31.1.2014 RM	30.6.2013 RM
Defined benefit liability	3,563,826	-

Econpile (M) Group makes contributions to a defined benefit plan that provides pension payment for two Directors of the Company upon retirement. The plan entitles the two Directors of the Company to receive a lump sum payment equal to the last drawn salary multiplied by the number of years of services of the two Directors.

The defined benefit plan exposes Econpile (M) Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

**Funding**

This plan is fully funded by EMSB. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. Employees are not required to contribute to the plans.

**Movement in defined benefit liability**

The following table shows the components of the defined benefit liability and its components.

	RM
<b>Included in profit or loss</b>	
Current service cost	144,968
Past service cost	3,240,624
Interest cost	178,234
Balance at 31 January 2014	3,563,826

**Defined benefit obligation**

In July 2013, a service agreement was signed with two of the Directors of EMSB, providing them with pension payment upon their retirement. As a consequence of signing the service agreement, a past service cost was recognised immediately in profit or loss.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.8 Employee benefits (continued)****Retirement benefits (continued)****Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period:

	<b>31.1.2014</b>	<b>30.6.2013</b>
Discount rate	5.5%	-
Future salary growth	<u>8.0%</u>	<u>-</u>

Assumptions regarding future mortality are based on the Malaysian Ordinary Life Table 1999 - 2003.

At 31 January 2014, the weighted-average duration of the defined benefit obligation was 9 years.

**Sensitivity analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the percentages shown below.

	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	(9%)	9%
Future salary growth (1% movement)	9%	(9%)
	<u>=====</u>	<u>=====</u>

Although the analysis does not account for the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.9 Deferred tax liabilities****Recognised deferred tax liabilities**

Deferred tax liabilities are attributable to the following:

	2014 RM	2013 RM	2012 RM	2011 RM
<b>Property, plant and equipment</b>				
At 1 July 2013/2012/2011/2010	4,815,217	1,319,441	1,554,669	1,846,043
Recognised in profit or loss	100,668	3,495,776	(235,228)	(291,374)
	<u>4,915,885</u>	<u>4,815,217</u>	<u>1,319,441</u>	<u>1,554,669</u>
At 31 January/30 June	4,915,885	4,815,217	1,319,441	1,554,669
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
<b>Provisions</b>				
At 1 July 2013/2012/2011/2010	(2,319,000)	-	-	-
Recognised in profit or loss	319,724	(2,319,000)	-	-
	<u>(1,999,276)</u>	<u>(2,319,000)</u>	<u>-</u>	<u>-</u>
At 31 January/30 June	(1,999,276)	(2,319,000)	-	-
	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
Net tax liabilities	<u>2,916,609</u>	<u>2,496,217</u>	<u>1,319,441</u>	<u>1,554,669</u>
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

**6.2.10 Trade and other payables**

	Note	31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>Trade</b>					
Trade payables		56,932,325	60,924,515	68,712,826	70,780,375
Amounts due to contract customers	6.2.4.1	17,267,896	18,536,436	15,359,678	7,651,145
		<u>74,200,221</u>	<u>79,460,951</u>	<u>84,072,504</u>	<u>78,431,520</u>
		<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
<b>Non-trade</b>					
Amounts due to Directors		-	-	302,236	1,970,155
Other payables		507,800	1,669,748	467,594	4,055,384
Accrued expenses		2,203,407	2,100,823	1,988,305	1,288,144
		<u>2,711,207</u>	<u>3,770,571</u>	<u>2,758,135</u>	<u>7,313,683</u>
		<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>
		<u>76,911,428</u>	<u>83,231,522</u>	<u>86,830,639</u>	<u>85,745,203</u>
		<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.11 Revenue**

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Construction contracts	263,165,498	385,766,497	305,431,128	207,340,823
Rental income	-	300,000	125,000	-
Sale of goods	6,150	-	227,405	306,844
	<u>263,171,648</u>	<u>386,066,497</u>	<u>305,783,533</u>	<u>207,647,667</u>

**6.2.12 Finance income**

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Interest income of financial assets that are not at fair value through profit or loss: - fixed deposits	436,424	512,879	403,005	242,515
	<u>436,424</u>	<u>512,879</u>	<u>403,005</u>	<u>242,515</u>

**6.2.13 Finance costs**

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- bank overdrafts	16	2,086	2,463	98,875
- bank loans	79,875	18,131	37,159	204,065
- revolving credits	-	-	220,535	-
- bankers' acceptances	299,775	499,084	266,406	184,814
- finance lease liabilities	633,950	1,106,899	687,815	378,122
	<u>1,013,616</u>	<u>1,626,200</u>	<u>1,214,378</u>	<u>865,876</u>



## 12. ACCOUNTANTS' REPORT (CONT'D)

## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>6.2.14 Profit before tax</b>				
<b>Profit before tax is arrived at after charging:</b>				
Auditors' remuneration	70,000	88,000	-	-
- KPMG Malaysia				
- Other auditors	-	-	42,000	33,000
Depreciation on investment properties	15,671	26,865	26,864	33,306
Depreciation on property, plant and equipment	8,225,156	12,594,540	10,118,808	10,110,287
Impairment loss on trade receivables	3,350,601	8,262,348	2,366,074	-
Loss on disposal of investment properties	-	-	-	105,935
Loss on disposal of other investments	-	-	98,172	-
Other investments written off	-	-	-	13,500
Personal expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	1,108,068	1,429,285	1,208,636	927,835
- Expenses related to defined benefit plan	3,563,826	-	-	-
- Wages, salaries and others	13,821,049	21,442,826	17,316,849	13,772,634
Property, plant and equipment written off	-	-	-	324,743
Rental expense in respect of:				
- Equipment and machinery	1,680,569	6,465,918	3,786,776	2,496,654
- Motor vehicles	1,200	7,300	-	21,700
- Properties	232,023	469,434	328,802	253,506

## 12. ACCOUNTANTS' REPORT (CONT'D)

## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.14 Profit before tax (continued)

	1.7.2013 to 31.1.2014 RM	30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
		←-----Financial year ended----->		
and after crediting:				
Bad debts recovered	-	-	4,390	230,020
Fair value gain from other investments	35,575	58,989	134,515	-
Gain on disposal of a subsidiary	-	-	528,634	-
Gain on disposal of investment properties	-	-	23,967	-
Gain on disposal of plant and equipment	1,075,003	795,375	1,273,849	46,862
Rental income from equipment	311,924	924,866	1,101,955	413,809
Rental income from properties	16,800	21,707	-	-
Reversal of impairment loss on trade receivables	4,629,485	1,318,540	-	-

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.15 Tax expense****Recognised in profit or loss**

	<b>1.7.2013 to 31.1.2014 RM</b>	<b>&lt;-----Financial year ended-----&gt; 30.6.2013 RM</b>	<b>30.6.2012 RM</b>	<b>30.6.2011 RM</b>
<b>Current tax expense</b>				
Current year	6,933,354	10,085,000	6,873,588	4,373,673
Prior year	2,298,685	(552,571)	-	296,560
	<u>9,232,039</u>	<u>9,532,429</u>	<u>6,873,588</u>	<u>4,670,233</u>
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	591,545	191,507	(235,228)	(291,374)
(Over)/Under provision in prior year	(34,669)	985,269	-	-
Effect of changes in tax rate	(136,484)	-	-	-
	<u>420,392</u>	<u>1,176,776</u>	<u>(235,228)</u>	<u>(291,374)</u>
<b>Total income tax expense</b>	<u><u>9,652,431</u></u>	<u><u>10,709,205</u></u>	<u><u>6,638,360</u></u>	<u><u>4,378,859</u></u>
<b>Reconciliation of tax expense</b>				
Profit before tax	<u><u>28,097,433</u></u>	<u><u>38,574,174</u></u>	<u><u>23,865,970</u></u>	<u><u>15,677,275</u></u>
Income tax using Malaysian tax rate of 25%	7,024,358	9,643,544	5,966,493	3,919,319
Effect of lower tax rate	-	(25,000)	(25,000)	(25,000)
Effect of change in tax rate	(136,484)	-	-	-
Non-deductible expenses	500,541	657,963	696,867	187,980
Under provision in prior year	2,264,016	432,698	-	296,560
	<u><u>9,652,431</u></u>	<u><u>10,709,205</u></u>	<u><u>6,638,360</u></u>	<u><u>4,378,859</u></u>

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.16 Earnings per ordinary share****Basic earnings per ordinary share**

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
Profit attributable to ordinary shareholders	18,445,002	27,864,969	17,227,610	11,298,416
	<u>31.1.2014</u>	<u>30.6.2013</u>	<u>30.6.2012</u>	<u>30.6.2011</u>
Weighted average number of ordinary shares at beginning and end of the period/year	2,000,000	2,000,000	2,000,000	2,000,000
	<u>31.1.2014</u>	<u>30.6.2013</u>	<u>30.6.2012</u>	<u>30.6.2011</u>
	RM	RM	RM	RM
Basic earnings per ordinary share	9.22	13.93	8.61	5.65

**6.2.17 Dividends**

	Sen per share (tax-exempt)	Total amount RM	Date of payment
<b>Financial year ended 30.6.2013</b>			
Interim 2013 ordinary	300	6,000,000	1 March 2013

**6.2.18 Financial instruments****6.2.18.1 Categories of financial instruments**

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

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL"):
  - Held for trading ("HFT");
- (c) Financial liabilities measured at amortised cost ("FL").

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/ (FL) RM	FVTPL - HFT RM
<b>31.1.2014</b>			
<b>Financial assets</b>			
Unit trusts	2,219,327	-	2,219,327
Trade and other receivables	129,351,396	129,351,396	-
Cash and cash equivalents	35,156,202	35,156,202	-
	<u>166,726,925</u>	<u>164,507,598</u>	<u>2,219,327</u>
<b>Financial liabilities</b>			
Loans and borrowings	(34,477,087)	(34,477,087)	-
Trade and other payables	(76,911,428)	(76,911,428)	-
	<u>(111,388,515)</u>	<u>(111,388,515)</u>	<u>-</u>
<b>30.6.2013</b>			
<b>Financial assets</b>			
Unit trusts	2,183,752	-	2,183,752
Trade and other receivables	127,075,827	127,075,827	-
Cash and cash equivalents	23,820,154	23,820,154	-
	<u>153,079,733</u>	<u>150,895,981</u>	<u>2,183,752</u>
<b>Financial liabilities</b>			
Loans and borrowings	(33,300,147)	(33,300,147)	-
Trade and other payables	(83,231,522)	(83,231,522)	-
	<u>(116,531,669)</u>	<u>(116,531,669)</u>	<u>-</u>
<b>30.6.2012</b>			
<b>Financial assets</b>			
Unit trusts	2,241,336	-	2,241,336
Trade and other receivables	117,320,070	117,320,070	-
Cash and cash equivalents	24,786,195	24,786,195	-
	<u>144,347,601</u>	<u>142,106,265</u>	<u>2,241,336</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/ (FL) RM	FVTPL - HFT RM
<b>30.6.2012</b>			
<b>Financial liabilities</b>			
Loans and borrowings	(23,868,265)	(23,868,265)	-
Trade and other payables	(86,830,639)	(86,830,639)	-
	<u>(110,698,904)</u>	<u>(110,698,904)</u>	<u>-</u>
<b>30.6.2011</b>			
<b>Financial assets</b>			
Quoted shares	162,000	-	162,000
Unit trusts	2,106,821	-	2,106,821
Trade and other receivables	100,801,651	100,801,651	-
Cash and cash equivalents	15,733,725	15,733,725	-
	<u>118,804,197</u>	<u>116,535,376</u>	<u>2,268,821</u>
<b>Financial liabilities</b>			
Loans and borrowings	(12,257,787)	(12,257,787)	-
Trade and other payables	(85,745,203)	(85,745,203)	-
	<u>(98,002,990)</u>	<u>(98,002,990)</u>	<u>-</u>

## 6.2.18.2 Net gains and losses arising from financial instruments

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended-----> 30.6.2013    30.6.2012    30.6.2011 RM            RM            RM		
Net gains/(losses) on:				
Fair value through profit or loss	35,575	58,989	36,343	(13,500)
Loans and receivables	1,715,308	(6,430,929)	(1,958,679)	472,535
Financial liabilities measured at amortised cost	(1,013,616)	1,626,200	1,214,378	865,876
	<u>737,267</u>	<u>(4,745,740)</u>	<u>(707,958)</u>	<u>1,324,911</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

#### CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

##### 6.2.18 Financial instruments (continued)

##### 6.2.18.3 Financial risk management

Econpile (M) Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

##### 6.2.18.4 Credit risk

Credit risk is the risk of a financial loss to Econpile (M) Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Econpile (M) Group's exposure to credit risk arises principally from its receivables from customers.

##### Receivables

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

##### *Exposure to credit risk, credit quality and collateral*

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with Econpile (M) Group. Econpile (M) Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the current and previous reporting periods by geographic region is solely domestic.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.18 Financial instruments (continued)****6.2.18.4 Credit risk (continued)****Receivables (continued)***Impairment losses*

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

	<b>Gross RM</b>	<b>Individual impairment RM</b>	<b>Net RM</b>
<b>31.1.2014</b>			
Not past due	80,813,127	(1,195,790)	79,617,337
Past due 1 - 60 days	28,405,136	-	28,405,136
Past due 61 - 120 days	438,179	-	438,179
Past due more than 120 days	10,359,060	(6,801,323)	3,557,737
	<u>120,015,502</u>	<u>(7,997,113)</u>	<u>112,018,389</u>
<b>30.6.2013</b>			
Not past due	67,582,585	(1,333,410)	66,249,175
Past due 1 - 60 days	32,968,501	(1,096,493)	31,872,008
Past due 61 - 120 days	5,131,511	(832,307)	4,299,204
Past due more than 120 days	11,248,291	(6,013,787)	5,234,504
	<u>116,930,888</u>	<u>(9,275,997)</u>	<u>107,654,891</u>
<b>30.6.2012</b>			
Not past due	84,586,816	-	84,586,816
Past due 1 - 60 days	2,021,046	-	2,021,046
Past due 61 - 120 days	2,837,483	-	2,837,483
Past due more than 120 days	13,949,897	(2,366,074)	11,583,823
	<u>103,395,242</u>	<u>(2,366,074)</u>	<u>101,029,168</u>
<b>30.6.2011</b>			
Not past due	70,902,002	-	70,902,002
Past due 1 - 60 days	2,165,362	-	2,165,362
Past due 61 - 120 days	6,322,191	-	6,322,191
Past due more than 120 days	9,631,516	-	9,631,516
	<u>89,021,071</u>	<u>-</u>	<u>89,021,071</u>



**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.18 Financial instruments (continued)****6.2.18.4 Credit risk (continued)****Receivables (continued)***Impairment losses (continued)*

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	<b>1.7.2013 to</b>	<b>&lt;-----Financial year ended-----&gt;</b>		
	<b>31.1.2014</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>30.6.2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
At 1 July 2013/2012/2011/ 2010	9,275,997	2,366,074	-	-
Impairment loss recognised	3,350,601	8,262,348	2,366,074	-
Impairment loss reversed	(4,629,485)	(1,318,540)	-	-
Impairment loss written off	-	(33,885)	-	-
	<u>7,997,113</u>	<u>9,275,997</u>	<u>2,366,074</u>	<u>-</u>
At 31 January/30June	<u>7,997,113</u>	<u>9,275,997</u>	<u>2,366,074</u>	<u>-</u>

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

**Investments and other financial assets***Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, Econpile (M) Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the consolidated statement of financial position.

The investments are unsecured.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.18 Financial instruments (continued)****6.2.18.4 Credit risk (continued)****Financial guarantees***Risk management objectives, policies and processes for managing the risk*

Econpile (M) Group provides unsecured financial guarantees to contract customers of construction contracts.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk of Econpile (M) Group amounts to RM33,218,419 (30.6.2013: RM25,119,115; 30.6.2012: RM27,608,443; 30.6.2011: RM16,928,154) representing the financial guarantees given to contract customers as at end of the reporting period.

As at the end of the reporting period, there was no indication that Econpile (M) Group would default on its obligations under the construction contracts.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

**6.2.18.5 Liquidity risk**

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

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 12. ACCOUNTANTS' REPORT (CONT'D)

6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)  
 CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.5 Liquidity risk (continued)

*Maturity analysis*

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

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
<b>31.1.2014</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	76,911,428	-	76,911,428	76,911,428	-	-	-
Bank loans - secured	2,968,045	*	4,457,436	229,424	229,424	688,272	3,310,316
Bankers' acceptances - secured	9,869,000	4.77 - 6.00	9,869,000	9,869,000	-	-	-
Finance lease liabilities	21,640,042	4.68 - 7.00	22,879,678	12,875,149	7,530,697	2,473,832	-
	111,388,515		114,117,542	99,885,001	7,760,121	3,162,104	3,310,316

**30.6.2013***Non-derivative financial liabilities*

Trade and other payables	83,231,522	-	83,231,522	83,231,522	-	-	-
Bank loans - secured	3,022,000	*	4,588,478	229,424	229,424	688,272	3,441,358
Bankers' acceptances - secured	9,559,000	4.77 - 5.88	9,559,000	9,559,000	-	-	-
Finance lease liabilities	20,719,147	4.70 - 7.00	21,937,081	10,460,515	7,998,390	3,478,176	-
	116,531,669		119,316,081	103,480,461	8,227,814	4,166,448	3,441,358

\* Represents base financing rate minus a margin of 2.10% per annum.

## 12. ACCOUNTANTS' REPORT (CONT'D)

6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)  
CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.5 Liquidity risk (continued)

*Maturity analysis (continued)*

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM	More than 5 years RM
<b>30.6.2012</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	86,830,639	-	86,830,639	86,830,639	-	-	-
Bank loans - secured	160,676	*	179,618	179,618	-	-	-
Revolving credits - secured	2,315,018	8.10	2,315,018	2,315,018	-	-	-
Bankers' acceptances - secured	7,153,000	4.91 - 5.59	7,153,000	7,153,000	-	-	-
Finance lease liabilities	14,239,571	4.09 - 7.69	15,187,973	7,340,674	5,645,209	2,202,090	-
	110,698,904		111,666,248	103,818,949	5,645,209	2,202,090	-

**30.6.2011***Non-derivative financial liabilities*

Trade and other payables	85,745,203	-	85,745,203	85,745,203	-	-	-
Bank loans - secured	1,090,325	**	1,146,396	966,778	179,618	-	-
Bankers' acceptances - secured	5,655,000	3.60 - 5.75	5,655,000	5,655,000	-	-	-
Bank overdrafts - secured	647,717	8.10	647,717	647,717	-	-	-
Finance lease liabilities	4,864,745	4.09 - 7.69	5,179,405	2,791,179	2,011,198	356,704	20,324
	98,002,990		98,373,721	95,805,877	2,190,816	356,704	20,324

\* Represents lenders' cost of funds rate plus a margin of 1.25% per annum.

\*\* Represents lenders' cost of funds rate plus a margin ranging from 1.25% - 2.00% per annum.

12. ACCOUNTANTS' REPORT (CONT'D)



6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6.2.18 Financial instruments (continued)

6.2.18.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect Econpile (M) Group's financial position or cash flows. Econpile (M) Group is not exposed to foreign currency risk as all of its sales and purchases are denominated in RM. Econpile (M) Group is also not exposed to other price risk.

6.2.18.6.1 Interest rate risk

Econpile (M) Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Econpile (M) Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

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

Interest rate exposure arising from Econpile (M) Group's borrowings is managed through the use of fixed and floating rate debts. Econpile (M) Group does not use derivative financial instruments to hedge its debt obligations.

*Exposure to interest rate risk*

The interest rate profile of Econpile (M) Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.1.2014	30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
<b>Fixed rate instruments</b>				
Financial assets	15,227,568	14,811,371	11,459,867	14,441,686
Financial liabilities	(31,509,042)	(30,278,147)	(23,707,589)	(10,519,745)
	-----	-----	-----	-----
	(16,281,474)	(15,466,776)	(12,247,722)	3,921,941
	=====	=====	=====	=====
<b>Floating rate instruments</b>				
Financial liabilities	(2,968,045)	(3,022,000)	(160,676)	(1,738,042)
	=====	=====	=====	=====

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.18 Financial instruments (continued)****6.2.18.6 Market risk (continued)****6.2.18.6.1 Interest rate risk (continued)***Interest rate risk sensitivity analysis**(a) Fair value sensitivity analysis for fixed rate instruments*

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

*(b) Cash flow sensitivity analysis for variable rate instruments*

A change of 30 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	<b>Profit or loss</b>	
	<b>30 bps</b>	<b>30 bps</b>
	<b>increase</b>	<b>decrease</b>
	<b>RM</b>	<b>RM</b>
<b>31.1.2014</b>		
Floating rate instruments	(6,678)	6,678
	=====	=====
<b>30.6.2013</b>		
Floating rate instruments	(6,800)	6,800
	=====	=====
<b>30.6.2012</b>		
Floating rate instruments	(362)	362
	=====	=====
<b>30.6.2011</b>		
Floating rate instruments	(3,911)	3,911
	=====	=====

## 12. ACCOUNTANTS' REPORT (CONT'D)

## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of finance lease liabilities also approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liabilities.

31.1.2014 Financial assets	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
Unit trusts	-	2,219,327	-	-	-	-	2,219,327	2,219,327
<b>Financial liabilities</b>								
Bank loan - secured	-	-	-	-	-	(2,929,996)	(2,929,996)	(2,968,045)

## 12. ACCOUNTANTS' REPORT (CONT'D)

## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.18 Financial instruments (continued)

## 6.2.18.7 Fair value of financial instruments (continued)

	Fair value of financial instruments carried at fair value				Total RM	Fair value of financial instruments not carried at fair value *	Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM				
<b>Financial assets</b>								
Unit trusts	-	2,183,752	-	2,183,752	-	2,183,752	2,183,752	
<b>Financial liabilities</b>								
Bank loan - secured	-	-	-	-	(3,022,000)	(3,022,000)	(3,022,000)	
<b>30.6.2012</b>								
<b>Financial assets</b>								
Unit trusts	-	2,241,336	-	2,241,336	-	2,241,336	2,241,336	
<b>Financial liabilities</b>								
Bank loan - secured	-	-	-	-	(160,676)	(160,676)	(160,676)	
<b>30.6.2011</b>								
<b>Financial assets</b>								
Quoted shares	162,000	-	-	162,000	-	162,000	162,000	
Unit trusts	-	2,106,821	-	2,106,821	-	2,106,821	2,106,821	
<b>Financial liabilities</b>								
Bank loans - secured	-	-	-	-	(1,090,325)	(1,090,325)	(1,090,325)	

\* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.



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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.18 Financial instruments (continued)****6.2.18.7 Fair value information (continued)****Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

*Investments in equity securities*

The fair value of quoted shares is determined by reference to their quoted closing bid price at the end of the reporting period while the fair values of unit trusts are determined by reference to statements provided by the fund managers of the unit trusts.

*Non-derivative financial liabilities*

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

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and 2 fair values during the financial period (30.6.2013: no transfer in either direction).

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. For financial instruments not carried at fair value, Econpile (M) Group have applied discounted cash flows valuation technique in the determination of fair values within Level 3. The Group Senior Finance Manager has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.19 Capital management

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

The debt-to-equity ratios at 31 January 2014, 30 June 2013, 30 June 2012 and 30 June 2011 were as follows:

	31.1.2014	30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
Total loans and borrowings	34,477,087	33,300,147	23,868,265	12,257,787
Less: Cash and cash equivalents (exclude deposits pledged)	(20,928,634)	(10,116,551)	(14,404,261)	(8,338,188)
Net debt	13,548,453	23,183,596	9,464,004	3,919,599
Total equity	107,185,740	88,740,738	66,875,769	49,648,159
Debt-to-equity ratios	0.13	0.26	0.14	0.08

There was no change in Econpile (M) Group's approach to capital management during the financial period.

## 6.2.20 Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	31.1.2014	30.6.2013	30.6.2012	30.6.2011
	RM	RM	RM	RM
Guarantees given to contract customers in relation to construction contracts	33,218,419	25,119,115	27,608,443	16,928,154

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.21 Related parties****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to Econpile (M) Group if Econpile (M) Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where Econpile (M) Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of Econpile (M) Group either directly or indirectly. Key management personnel include all the Directors of Econpile (M) Group.

Econpile (M) Group has related party relationship with its key management personnel.

**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of Econpile (M) Group are shown below. The balances related to the below transactions are shown in Note 6.2.4 and 6.2.10.

	1.7.2013 to 31.1.2014 RM	<-----Financial year ended----->		
		30.6.2013 RM	30.6.2012 RM	30.6.2011 RM
<b>A. Company with a common Director</b>				
Sale of motor vehicles	-	525,000	-	-
	=====	=====	=====	=====
<b>B. Holding company</b>				
Waiver of expenses paid on behalf	164,758	-	-	-
	=====	=====	=====	=====
<b>C. Key management personnel</b>				
<i>Directors</i>				
- Remuneration	2,023,680	1,839,040	1,519,340	1,331,264
- Post-employment benefits	3,563,826	-	-	-
	=====	=====	=====	=====

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.22 Disposal of a subsidiary**

On 29 June 2012, EMSB disposed of its entire equity interest in Active Rhythm Sdn. Bhd. for a total cash consideration of RM2,500,000. Econpile (M) Group recognised a gain on disposal of RM528,634.

The following summarised the major classes of consideration received and the derecognised amounts of assets disposed and liabilities discharged at the disposal date:

	<b>RM</b>
Non-current assets:	
Investment properties	2,106,625
Current assets	1,803,745
Current liabilities	(1,939,004)
	<hr/>
Net assets disposed	1,971,366
Gain on disposal of a subsidiary	528,634
	<hr/>
Net proceeds from disposal	2,500,000
Less: Cash and cash equivalents disposed	(898)
	<hr/>
Net cash and cash equivalents received	2,499,102
	<hr/> <hr/> <hr/>

**6.2.23 Comparative figures**

Certain comparative figures of Econpile (M) Group have been restated to reflect the following reclassifications:

- i) Certain properties have been classified as property, plant and equipment instead of investment properties previously;
- ii) Amounts due from contract customers and amounts due to contract customers are now presented on a gross basis rather than on a net basis;
- iii) Prepayments have been separately presented from trade and other receivables; and
- iv) Fair value gain from other investments is presented as other income rather than finance income.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.23 Comparative figures (continued)

## Consolidated statement of financial position

	30.6.2012		30.6.2011	
	As restated (prior to adoption of MFRS) RM	As previously stated RM	As restated (prior to adoption of MFRS) RM	As previously stated RM
Property, plant and equipment	29,796,153	27,579,046	22,885,780	20,661,819
Investment properties	1,926,938	4,144,045	4,691,860	6,915,821
Trade and other receivables	117,320,070	106,116,639	100,801,651	93,744,498
Prepayments	1,672,662	-	593,992	-
Trade and other payables	86,830,639	73,954,546	85,745,203	78,094,058

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

	<----- Financial year ended----->			
	30.6.2012		30.6.2011	
	As restated (prior to adoption of MFRS) RM	As previously stated RM	As restated (prior to adoption of MFRS) RM	As previously stated RM
Other income	2,833,994	3,236,999	591,733	834,248
Finance income	403,005	-	242,515	-

## 6.2.24 Explanation of transition to MFRS

As stated in Note 5.1, the financial statements for the year ended 30 June 2013 are the first financial statements of Econpile (M) Group prepared in accordance with MFRS.

The accounting policies set out in Note 7 have been applied in preparing the financial statements of Econpile (M) Group for the financial period ended 31 January 2014, the comparative information presented in these financial statements for the financial years ended 30 June 2013, 30 June 2012 and 30 June 2011 and in the preparation of the opening MFRS consolidated statement of financial position at 1 July 2010 (Econpile (M) Group's date of transition to MFRS).

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.24 Explanation of transition to MFRSs (continued)**

In preparing the opening consolidated statement of financial position at 1 July 2010, Econpile (M) Group has adjusted amounts reported previously in financial statements prepared in accordance with PERS, taking into account the restatements as disclosed in Note 6.2.23. An explanation of how the transition has affected Econpile (M) Group's financial position, financial performance and cash flows is set out as follows:

**6.2.24.1 Reconciliation of consolidated statement of financial position**

	←	1.7.2010	→
	Balances after restatements RM (Note 6.2.23)	Effect of transition to MFRS RM	MFRS RM
<b>Assets</b>			
Property, plant and equipment	20,943,041	4,269,185	25,212,226
Investment properties	5,775,166	-	5,775,166
Other investments	2,332,321	-	2,332,321
<b>Total non-current assets</b>	<b>29,050,528</b>	<b>4,269,185</b>	<b>33,319,713</b>
Trade and other receivables	71,928,583	-	71,928,583
Prepayments	663,443	-	663,443
Current tax assets	2,082	-	2,082
Cash and cash equivalents	10,283,093	-	10,283,093
<b>Total current assets</b>	<b>82,877,201</b>	<b>-</b>	<b>82,877,201</b>
<b>Total assets</b>	<b>111,927,729</b>	<b>4,269,185</b>	<b>116,196,914</b>
<b>Equity</b>			
Share capital	2,000,000	-	2,000,000
Retained earnings	32,080,558	4,269,185	36,349,743
<b>Total equity</b>	<b>34,080,558</b>	<b>4,269,185</b>	<b>38,349,743</b>
<b>Liabilities</b>			
Loans and borrowings	2,283,345	-	2,283,345
Deferred tax liabilities	1,846,043	-	1,846,043
<b>Total non-current liabilities</b>	<b>4,129,388</b>	<b>-</b>	<b>4,129,388</b>
Loans and borrowings	6,416,882	-	6,416,882
Trade and other payables	66,745,299	-	66,745,299
Current tax liabilities	555,602	-	555,602
<b>Total current liabilities</b>	<b>73,717,783</b>	<b>-</b>	<b>73,717,783</b>
<b>Total liabilities</b>	<b>77,847,171</b>	<b>-</b>	<b>77,847,171</b>
<b>Total equity and liabilities</b>	<b>111,927,729</b>	<b>4,269,185</b>	<b>116,196,914</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.24 Explanation of transition to MFRSs (continued)

## 6.2.24.1 Reconciliation of consolidated statement of financial position (continued)

	←	30.6.2011	→
	Balances after restatements RM (Note 6.2.23)	Effect of transition to MFRS RM	MFRS RM
<b>Assets</b>			
Property, plant and equipment	22,885,780	4,239,454	27,125,234
Investment properties	4,691,860	-	4,691,860
Other investments	2,318,821	-	2,318,821
<b>Total non-current assets</b>	<b>29,896,461</b>	<b>4,239,454</b>	<b>34,135,915</b>
Trade and other receivables	100,801,651	-	100,801,651
Prepayments	593,992	-	593,992
Current tax assets	1,540	-	1,540
Cash and cash equivalents	15,733,725	-	15,733,725
<b>Total current assets</b>	<b>117,130,908</b>	<b>-</b>	<b>117,130,908</b>
<b>Total assets</b>	<b>147,027,369</b>	<b>4,239,454</b>	<b>151,266,823</b>
<b>Equity</b>			
Share capital	2,000,000	-	2,000,000
Retained earnings	43,408,705	4,239,454	47,648,159
<b>Total equity</b>	<b>45,408,705</b>	<b>4,239,454</b>	<b>49,648,159</b>
<b>Liabilities</b>			
Loans and borrowings	2,456,523	-	2,456,523
Deferred tax liabilities	1,554,669	-	1,554,669
<b>Total non-current liabilities</b>	<b>4,011,192</b>	<b>-</b>	<b>4,011,192</b>
Loans and borrowings	9,801,264	-	9,801,264
Trade and other payables	85,745,203	-	85,745,203
Current tax liabilities	2,061,005	-	2,061,005
<b>Total current liabilities</b>	<b>97,607,472</b>	<b>-</b>	<b>97,607,472</b>
<b>Total liabilities</b>	<b>101,618,664</b>	<b>-</b>	<b>101,618,664</b>
<b>Total equity and liabilities</b>	<b>147,027,369</b>	<b>4,239,454</b>	<b>151,266,823</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.24 Explanation of transition to MFRSs (continued)

## 6.2.24.1 Reconciliation of consolidated statement of financial position (continued)

	←	30.6.2012	→
	Balances after restatements RM (Note 6.2.23)	Effect of transition to MFRS RM	MFRS RM
<b>Assets</b>			
Property, plant and equipment	29,796,153	4,209,723	34,005,876
Investment properties	1,926,938	-	1,926,938
Other investments	2,291,336	-	2,291,336
<b>Total non-current assets</b>	<b>34,014,427</b>	<b>4,209,723</b>	<b>38,224,150</b>
Trade and other receivables	117,320,070	-	117,320,070
Prepayments	1,672,662	-	1,672,662
Current tax assets	5,993	-	5,993
Cash and cash equivalents	24,786,195	-	24,786,195
<b>Total current assets</b>	<b>143,784,920</b>	<b>-</b>	<b>143,784,920</b>
<b>Total assets</b>	<b>177,799,347</b>	<b>4,209,723</b>	<b>182,009,070</b>
<b>Equity</b>			
Share capital	2,000,000	-	2,000,000
Retained earnings	60,666,046	4,209,723	64,875,769
<b>Total equity</b>	<b>62,666,046</b>	<b>4,209,723</b>	<b>66,875,769</b>
<b>Liabilities</b>			
Loans and borrowings	7,606,258	-	7,606,258
Deferred tax liabilities	1,319,441	-	1,319,441
<b>Total non-current liabilities</b>	<b>8,925,699</b>	<b>-</b>	<b>8,925,699</b>
Loans and borrowings	16,262,007	-	16,262,007
Trade and other payables	86,830,639	-	86,830,639
Current tax liabilities	3,114,956	-	3,114,956
<b>Total current liabilities</b>	<b>106,207,602</b>	<b>-</b>	<b>106,207,602</b>
<b>Total liabilities</b>	<b>115,133,301</b>	<b>-</b>	<b>115,133,301</b>
<b>Total equity and liabilities</b>	<b>177,799,347</b>	<b>4,209,723</b>	<b>182,009,070</b>



**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.24 Explanation of transition to MFRSs (continued)****6.2.24.2 Reconciliation of consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2012 and 30 June 2011**

<b>30 June 2011</b>	<b>Balances after restatements RM (Note 6.2.23)</b>	<b>Effect of transition to MFRS RM</b>	<b>MFRS RM</b>
Revenue	207,647,667	-	207,647,667
Cost of sales	(182,489,390)	-	(182,489,390)
<b>Gross profit</b>	<b>25,158,277</b>	<b>-</b>	<b>25,158,277</b>
Other income	591,733	-	591,733
Administrative expenses	(9,419,643)	(29,731)	(9,449,374)
<b>Results from operating activities</b>	<b>16,330,367</b>	<b>(29,731)</b>	<b>16,300,636</b>
Finance income	242,515	-	242,515
Finance costs	(865,876)	-	(865,876)
<b>Net finance costs</b>	<b>(623,361)</b>	<b>-</b>	<b>(623,361)</b>
<b>Profit before tax</b>	<b>15,707,006</b>	<b>(29,731)</b>	<b>15,677,275</b>
Tax expense	(4,378,859)	-	(4,378,859)
<b>Profit for the year and total comprehensive income for the year</b>	<b>11,328,147</b>	<b>(29,731)</b>	<b>11,298,416</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)

## CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 6.2.24 Explanation of transition to MFRSs (continued)

## 6.2.24.2 Reconciliation of consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2012 and 30 June 2011 (continued)

30 June 2012	Balances after restatements RM (Note 6.2.23)	Effect of transition to MFRS RM	MFRS RM
Revenue	305,783,533	-	305,783,533
Cost of sales	(271,142,355)	-	(271,142,355)
<b>Gross profit</b>	<b>34,641,178</b>	<b>-</b>	<b>34,641,178</b>
Other income	2,833,994	-	2,833,994
Administrative expenses	(12,768,098)	(29,731)	(12,797,829)
<b>Results from operating activities</b>	<b>24,707,074</b>	<b>(29,731)</b>	<b>24,677,343</b>
Finance income	403,005	-	403,005
Finance costs	(1,214,378)	-	(1,214,378)
<b>Net finance costs</b>	<b>(811,373)</b>	<b>-</b>	<b>(811,373)</b>
<b>Profit before tax</b>	<b>23,895,701</b>	<b>(29,731)</b>	<b>23,865,970</b>
Tax expense	(6,638,360)	-	(6,638,360)
<b>Profit for the year and total comprehensive income for the year</b>	<b>17,257,341</b>	<b>(29,731)</b>	<b>17,227,610</b>

## 6.2.24.3 Material adjustments to the consolidated statements of cash flows for 2011 and 2012

There are no material differences between the consolidated statement of cash flows presented under MFRS and the consolidated statement of cash flows presented under PERS and FRS.

**12. ACCOUNTANTS' REPORT (CONT'D)****6.2 ECONPILE (M) SDN. BHD. AND ITS SUBSIDIARIES (CONTINUED)****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****6.2.24 Explanation of transition to MFRSs (continued)****6.2.24.4 Notes to reconciliations****Property, plant and equipment – Deemed cost exemption – fair value**

Econpile (M) Group elected to apply the optional exemption to measure certain property, plant and equipment at fair value at the date of transition to MFRS and use that fair value as deemed cost under MFRS.

The aggregate fair value of these property, plant and equipment of Econpile (M) Group at 1 July 2010 was determined to be RM6,500,000, compared to the then carrying amount of RM2,230,815 under PERS.

The impact arising from the change is summarised as follows:

	<---- Financial year ended ---->		
	30.6.2012	30.6.2011	
	RM	RM	
<b>Consolidated statement of profit or loss and other comprehensive income</b>			
Administrative expenses - depreciation	(29,731)	(29,731)	
	=====	=====	
	<b>30.6.2012</b>	<b>30.6.2011</b>	<b>1.7.2010</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Consolidated statement of financial position</b>			
Property, plant and equipment	4,209,723	4,239,454	4,269,185
	-----	-----	-----
<b>Adjustment to retained earnings</b>	<b>4,209,723</b>	<b>4,239,454</b>	<b>4,269,185</b>
	=====	=====	=====

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**7. Significant accounting policies**

The accounting policies set out below have been applied consistently to the periods presented in this report.

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

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

EHB Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial period. This resulted in changes to the following policies:

- Control exists when EHB Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when EHB Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- EHB Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, EHB Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of EHB Group.

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

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(a) Basis of consolidation (continued)****(ii) Business combinations**

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

For new acquisitions, EHB Group measures the cost of goodwill at the acquisition date as:

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

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

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

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

**(iii) Transactions eliminated on consolidation**

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

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

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

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

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

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(b) Financial instruments (continued)****(ii) Financial instrument categories and subsequent measurement**

EHB Group and the Company categorise financial instruments as follows:

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

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

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

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

**(b) *Loans and receivables***

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

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method and are subject to review for impairment (see Note 7(h)(i)).

***Financial liabilities***

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

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

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

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(b) Financial instruments (continued)****(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

**(iv) Derecognition**

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

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

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

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date and in accordance to Note 7(q).

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

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

**12. ACCOUNTANTS' REPORT (CONT'D)**



**7. Significant accounting policies (continued)**

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

**(ii) Subsequent costs**

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

**(iii) Depreciation**

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that EHB Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

- buildings 50 years
- plant and machinery 5 years
- piling and site equipment 5 years
- office equipment 5 years
- furniture and fittings 5 years
- motor vehicles 5 years
- renovation 5 years

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

**(d) Leased assets**

**(i) Finance lease**

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



**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(d) Leased assets (continued)****(i) Finance lease (continued)**

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

**(ii) Operating leases**

Leases where EHB Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

**(e) Investment properties****Investment properties carried at cost**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land, freehold buildings and leasehold buildings which in substance is a finance lease held for a currently undetermined future use or rented out.

Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses similarly to property, plant and equipment as disclosed in Note 7(c).

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Freehold land is not depreciated while the estimated useful life for buildings for the current and comparative periods is 50 years.

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(f) Construction work-in-progress**

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amounts due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amounts due to contract customers which is part of trade and other payables in the statement of financial position.

**(g) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

**(h) Impairment****(i) Financial assets**

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

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

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

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(h) Impairment (continued)****(ii) Other assets**

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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

**(i) Equity instruments**

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

**Ordinary shares**

Ordinary shares are classified as equity.

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(j) Employee benefits****(i) Short-term employee benefits**

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

**(ii) State plans**

EHB Group's contributions to statutory pension funds are charged to profit or loss in the financial period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iii) Defined benefit plans**

EHB Group's obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for EHB Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. EHB Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. EHB Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**12. ACCOUNTANTS' REPORT (CONT'D)**



**7. Significant accounting policies (continued)**

**(k) Revenue and other income**

**(i) Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

**(ii) Goods sold**

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

**(iii) Rental income**

Rental income from investment properties and machinery are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**(iv) Interest income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

**(l) Borrowing costs**

Borrowing costs are recognised in profit or loss using the effective interest method.

**12. ACCOUNTANTS' REPORT (CONT'D)****7. Significant accounting policies (continued)****(m) Income tax**

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

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

**(n) Earnings per ordinary share**

EHB Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is not presented as EHB Group has no shares or other instruments with potential dilutive effects.

**(o) Operating segments**

An operating segment is a component of EHB Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of EHB Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**7. Significant accounting policies (continued)****(p) Contingencies****Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**(q) Fair value measurement**

From 1 July 2013, EHB Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, EHB Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of EHB Group's assets or liabilities other than the additional disclosures.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**8. Audited financial statements**

No audited financial statements have been prepared in respect of any period subsequent to 31 January 2014 for EHB Group.

**9. Events after the reporting period**

In November 2013, EHB submitted its initial public offering ("IPO") application to the Securities Commission Malaysia ("SC") for the listing of and quotation for the entire enlarged issued and paid-up share capital of 535,000,010 shares of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

In March 2014, the IPO was approved by SC subject to certain terms and conditions. Further approvals from the Ministry of International Trade and Industry and Bursa Securities were obtained in April 2014.

Yours faithfully

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

**Chew Beng Hong**  
Approval Number: 2920/02/16 (J)  
Chartered Accountant

Petaling Jaya, Selangor

Date: 23 May 2014



## 12. ACCOUNTANTS' REPORT (CONT'D)



**KPMG (Firm No. AF 0758)**  
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### **Independent Auditors' Report on the Financial Statements of Econpile Holdings Berhad**

(Company No. 1017164-M)  
(Incorporated in Malaysia)

#### ***The Board of Directors***

Econpile Holdings Berhad  
No.55C, Jalan Sungai Besi  
57100 Kuala Lumpur

Dear Sirs

#### **Report on the Financial Statements**

We have audited the financial statements of Econpile Holdings Berhad, which comprise the statements of financial position as at 31 January 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 information, as set out on pages 1 to 59.

#### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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*Auditors' Responsibility (continued)*

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 give a true and fair view of the financial position of the Group and of the Company as of 31 January 2014 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

The comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the comparatives in the notes to the financial statements relating to the statements of profit or loss and other comprehensive income for the previous period ended 31 January 2013 were extracted and compiled by management from the Group's and the Company's management accounts. We did not perform an audit on these comparatives and accordingly, we express no assurance thereon.

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12. ACCOUNTANTS' REPORT (CONT'D)

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**Other Matters (continued)**

This report has been prepared solely for the Board of Directors of the Company in connection with the Company's proposed listing of and quotation for its shares on the Main Market of Bursa Malaysia Securities Berhad 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 be 'A. Sub'.

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

Petaling Jaya, Selangor

Date: 7 May 2014

**12. ACCOUNTANTS' REPORT (CONT'D)**

**KPMG (Firm No. AF 0758)**  
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## **Independent Auditors' Report to the members of Econpile Holdings Berhad**

(Company No. 1017164-M)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Econpile Holdings Berhad, which comprise the statement of financial position as at 30 June 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 17.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

**12. ACCOUNTANTS' REPORT (CONT'D)**

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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

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

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Chew Beng Hong**  
Approval Number: 2920/02/14(J)  
Chartered Accountant

Petaling Jaya, Selangor

Date: 18 October 2013

## 12. ACCOUNTANTS' REPORT (CONT'D)



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
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### **Independent Auditors' Report on the Financial Statements of Econpile (M) Sdn. Bhd.**

(Company No. 164265-P)  
(Incorporated in Malaysia)

#### ***The Board of Directors***

Econpile (M) Sdn. Bhd.  
No.55C, Jalan Sungai Besi  
57100 Kuala Lumpur

Dear Sirs

#### **Report on the Financial Statements**

We have audited the financial statements of Econpile (M) Sdn. Bhd., which comprise the statements of financial position as at 31 January 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 information, as set out on pages 1 to 57.

#### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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Company No. 164265-P

*Auditors' Responsibility (continued)*

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 give a true and fair view of the financial position of the Group and of the Company as of 31 January 2014 and of their financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

The comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the comparatives in the notes to the financial statements relating to the statements of profit or loss and other comprehensive income for the previous period ended 31 January 2013 were extracted and compiled by management from the Group's and the Company's management accounts. We did not perform an audit on these comparatives and accordingly, we express no assurance thereon.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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Company No. 164265-P

**Other Matters (continued)**

This report has been prepared solely for the Board of Directors of the Company in connection with the holding company's proposed listing of and quotation for its shares on the Main Market of Bursa Malaysia Securities Berhad 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 be 'R. M. B.' or similar, written in a cursive style.

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

Petaling Jaya, Selangor

Date: 7 May 2014



**12. ACCOUNTANTS' REPORT (CONT'D)**

**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
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## **Independent Auditors' Report to the members of Econpile (M) Sdn. Bhd.**

(Company No. 164265-P)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of Econpile (M) Sdn. Bhd., which comprise the statements of financial position as at 30 June 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and 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 information, as set out on pages 5 to 91.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)



Company No. 164265-P

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 June 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

**Report on Other Legal and Regulatory Requirements**

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiary that has been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit report on the accounts of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

The financial statements of the Group and of the Company as at and for the financial year ended 30 June 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 14 December 2012.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Chew Beng Hong**  
Approval Number: 2920/02/14(J)  
Chartered Accountant

Petaling Jaya, Selangor

Date: 13 September 2013

12. ACCOUNTANTS' REPORT (CONT'D)

**SUNDAR & ASSOCIATES** (AF No 1127)

Chartered Accountants (M)

Suite B-02-05, Dataran 3 Two, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

Tel:603-79577272 Fax: 603-79565275

**Independent Auditors' Report to the Members of  
ECONPILE (M) SDN. BHD.** (164265-P)

**Report on the Financial Statements**

We have audited the financial statements of Econpile (M) SDN. BHD., which comprise the statements of financial position as at 30 June 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flow of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 74.

**Directors' Responsibility for the Financial Statements**

The directors of the Group and 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 controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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)**

Sundar & Associates  
Chartered Accountants

**Independent Auditors' Report to the Members of  
ECONPILE (M) SDN. BHD. (164265-P) (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 Group and of the Company as of 30 June 2012 and of its financial performance and cash flows for the year then ended.


**Report on Other Legal and Regulatory Requirements**

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


- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provision of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

This report is made solely to the 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.



SUNDAR & ASSOCIATES  
AF No:1127  
Chartered Accountants (M)



SUNDARASAN A/L ARUMUGAM  
1876/02/14(J/PH)  
Chartered Accountant (M)

Petaling Jaya  
Date : 14 DEC 2012

12. ACCOUNTANTS' REPORT (CONT'D)

**SUNDAR & ASSOCIATES** (AF No 1127)

Chartered Accountants (M)

Suite B-02-05, Dataran 3 Two, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.  
Tel:603-79577272 Fax: 603-79565275

**Independent Auditors' Report to the Members of  
ECONPILE (M) SDN. BHD.** (164265-P)

**Report on the Financial Statements**

We have audited the financial statements of Econpile (M) SDN. BHD., which comprise the balance sheet as at 30 June 2011 of the Group and of the Company, and the income statement, statement of changes in equity and cash flow statement of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 31.

**Directors' Responsibility for the Financial Statements**

The directors of the Group and of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entities Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

12. ACCOUNTANTS' REPORT (CONT'D)

Sundar & Associates  
Chartered Accountants

**Independent Auditors' Report to the Members of  
ECONPILE (M) SDN. BHD. (164265-P) (Cont'd)**

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Private Entities 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 30 June 2011 and of its financial performance and cash flows for the year then ended.

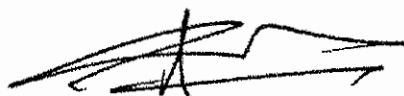
**Report on Other Legal and Regulatory Requirements**

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

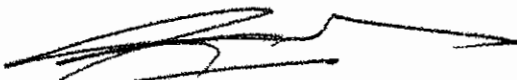
- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provision of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

This report is made solely to the 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.



SUNDAR & ASSOCIATES  
AF No:1127  
Chartered Accountants (M)



SUNDARASAN A/L ARUMUGAM  
1876/02/12(J/PH)  
Chartered Accountant (M)

Petaling Jaya

Date : 06 DEC 2011

## 12. ACCOUNTANTS' REPORT (CONT'D)



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
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### **Independent Auditors' Report on the Financial Statements of Platinum Production Sdn. Bhd.**

(Company No. 515775-H)  
(Incorporated in Malaysia)

#### ***The Board of Directors***

Platinum Production Sdn. Bhd.  
No. 55C, Jalan Sungai Besi  
57100 Kuala Lumpur

Dear Sirs

#### **Report on the Financial Statements**

We have audited the financial statements of Platinum Production Sdn. Bhd., which comprise the statement of financial position as at 31 January 2014 of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 1 to 21.

#### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of the financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express an opinion on the 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.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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Company No. 515775-H

*Auditors' Responsibility (continued)*

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 give a true and fair view of the financial position of the Company as of 31 January 2014 and of its financial performance and cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

**Other Matters**

The comparatives for the statements of profit or loss and other comprehensive income, changes in equity and cash flows as well as the comparatives in the notes to the financial statements relating to the statement of profit or loss and other comprehensive income for the previous period ended 31 January 2013 were extracted and compiled by management from the Company's management accounts. We did not perform an audit on these comparatives and accordingly, we express no assurance thereon.

This report has been prepared solely for the Board of Directors of the Company in connection with the ultimate holding company's proposed listing of and quotation for its shares on the Main Market of Bursa Malaysia Securities Berhad and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG  
Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya, Selangor

Date: 7 May 2014



## 12. ACCOUNTANTS' REPORT (CONT'D)



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
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### **Independent Auditors' Report to the members of Platinum Production Sdn. Bhd.**

(Company No. 515775-H)  
(Incorporated in Malaysia)

#### **Report on the Financial Statements**

We have audited the financial statements of Platinum Production Sdn. Bhd., which comprise the statement of financial position as at 30 June 2013, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 36.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

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

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

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

KPMG, a partnership established under Malaysian law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

## 12. ACCOUNTANTS' REPORT (CONT'D)



Company No. 515775-H

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 30 June 2013 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Report on Other Legal and Regulatory Requirements**

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

### **Other Matters**

The financial statements of the Company as at and for the financial year ended 30 June 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 14 December 2012.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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

**Chew Beng Hong**  
Approval Number: 2920/02/14(J)  
Chartered Accountant

Petaling Jaya, Selangor

Date: 13 September 2013

## 12. ACCOUNTANTS' REPORT (CONT'D)

### SUNDAR & ASSOCIATES (IAF No 1127)

Chartered Accountants (M)

Suite B-02-05, Dataran 3 Two, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

Tel:603-79577272 Fax: 603-79565275

### Independent Auditors' Report to the Members of PLATINUM PRODUCTION SDN. BHD. (515775-H)

#### Report on the Financial Statements

We have audited the financial statements of PLATINUM PRODUCTION SDN. BHD., which comprise the statements of financial position as at 30 June 2012, and the statements of financial position, comprehensive income, changes in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 41.

#### 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 controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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)**

Sundar & Associates  
Chartered Accountants

**Independent Auditors' Report to the Members of  
PLATINUM PRODUCTION SDN. BHD. (515775-H) (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 of 30 June 2012 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

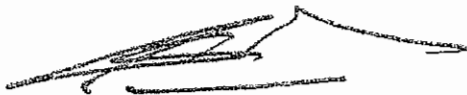
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



SUNDAR & ASSOCIATES  
AF No:1127  
Chartered Accountants (M)



SUNDARASAN A/L ARUMUGAM  
1876/02/14(J/PE)  
Chartered Accountant (M)

Petaling Jaya  
Date : 14 DEC 2012

12. ACCOUNTANTS' REPORT (CONT'D)

**SUNDAR & ASSOCIATES** (AF No 1127)

Chartered Accountants (M)

Suite 8-02-05, Dataran J Tweo, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

Tel 603-79577272 Fax 603-79565275

**Independent Auditors' Report to the Members of  
PLATINUM PRODUCTION SDN. BHD. (515775-11)**

**Report on the Financial Statements**

We have audited the financial statements of **PLATINUM PRODUCTION SDN. BHD.**, which comprise the balance sheet as at 30 June 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 17.

**Directors' Responsibility for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Private Entities Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

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

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

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

**12. ACCOUNTANTS' REPORT (CONT'D)**

Sundar & Associates  
Chartered Accountants

**Independent Auditors' Report to the Members of  
PLATINUM PRODUCTION SDN. BHD., (515775-PE) (Cont'd)**

**Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with Private Entities 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 30 June 2011 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

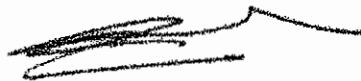
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**SUNDAR & ASSOCIATES**  
AF No:1127  
Chartered Accountants (M)



**SUNDARASAN A/L ARUMUGAM**  
1876/02/12(J/PH)  
Chartered Accountant (M)

Petaling Jaya  
Date : 06 DEC 2011

### 13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP

(Prepared for inclusion in this Prospectus)



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388  
Fax +60 (3) 7721 3399  
Internet [www.kpmg.com.my](http://www.kpmg.com.my)

The Board of Directors  
Econpile Holdings Berhad  
Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

23 May 2014

Dear Sirs

**Econpile Holdings Berhad (“the Company”)  
Report on the Compilation of Pro Forma Consolidated Financial Information Included  
in a Prospectus for the listing of and quotation for the entire enlarged issued and paid-  
up share capital of the Company on the Main Market of Bursa Malaysia Securities  
Berhad**

We have completed our assurance engagement to report on the compilation of the pro forma consolidated financial information of Econpile Holdings Berhad (“EHB” or “the Company”) and its subsidiaries (collectively defined as “EHB Group”) by the Board of Directors of the Company. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 January 2014, consolidated statement of profit or loss and other comprehensive income for the 7 months ended 31 January 2014, pro forma consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2011, 2012 and 2013 and the consolidated statement of cash flows for the 7 months ended 31 January 2014, and related notes as set out in Appendix I, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are specified in the Securities Commission’s *Prospectus Guidelines* (“the Guidelines”) and described in Note 1 of Appendix I.

The pro forma consolidated financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the Initial Public Offering (“IPO”) on EHB Group’s financial position as at 31 January 2014 and EHB Group’s financial performance for the years ended 30 June 2011, 2012 and 2013 and the 7 months ended 31 January 2014 and cash flows for the 7 months ended 31 January 2014 as if the events had taken place at 31 January 2014. As part of this process, information about EHB Group’s financial position, financial performance and cash flows have been extracted by the Board of Directors from the financial statements of EHB and the subsidiaries for the 7 months ended 31 January 2014, on which audit reports have been issued.

**Directors’ Responsibility for the Pro Forma Consolidated Financial Information**

The Board of Directors of the Company is responsible for compiling the pro forma consolidated financial information on the basis described in Note 1 of Appendix I.

**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**



*Econpile Holdings Berhad*  
*Report on the Compilation of Pro Forma Consolidated Financial*  
*Information Included in a Prospectus for the listing of and quotation for*  
*the entire enlarged issued and paid-up share capital of the Company on*  
*the Main Market of Bursa Malaysia Securities Berhad*  
23 May 2014

**Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by the Guidelines, about whether the pro forma consolidated financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis described in Note 1 of Appendix I.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma consolidated financial information on the basis described in Note 1 of Appendix I.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of the pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 January 2014 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of EHB Group, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances.



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**



*Econpile Holdings Berhad  
Report on the Compilation of Pro Forma Consolidated Financial  
Information Included in a Prospectus for the listing of and quotation for  
the entire enlarged issued and paid-up share capital of the Company on  
the Main Market of Bursa Malaysia Securities Berhad  
23 May 2014*

**Reporting Accountants' Responsibilities (continued)**

The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

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

**Opinion**

In our opinion,

- (a) the pro forma consolidated financial information has been compiled, in all material respects, on the basis stated in Note 1 of Appendix I using the audited financial statements of EHB and the subsidiaries for the years ended 30 June 2011, 2012 and 2013 and for the 7 months ended 31 January 2014 prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997 and in a manner consistent with the format of the statements of financial position, profit or loss and other comprehensive income and cash flows and the accounting policies adopted by the Company and its subsidiaries; and
- (b) each material adjustment made to the information used in the preparation of the pro forma consolidated financial information is appropriate for the purposes of preparing the pro forma consolidated financial information.

**Other Matters**

Our report on the pro forma consolidated financial information has been prepared for inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of EHB on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and should not be relied upon for any other purposes.

Yours faithfully

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

**Chew Beng Hong**  
Approval Number: 2920/02/16 (J)  
Chartered Accountant

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**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**


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*Appendix I*

**ECONPILE HOLDINGS BERHAD (“EHB”)  
AND ITS SUBSIDIARIES (“EHB GROUP”)**

**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

**1. Basis of preparation**

The pro forma consolidated financial information consists of the following:

- (a) The pro forma consolidated statement of financial position of EHB Group as at 31 January 2014;
- (b) Consolidated statement of profit or loss and other comprehensive income of EHB Group for the 7 months ended 31 January 2014, and pro forma consolidated statement of profit or loss and other comprehensive income of EHB Group for the years ended 30 June 2011, 2012 and 2013; and
- (c) The consolidated statement of cash flows of EHB Group for the 7 months ended 31 January 2014.

The pro forma consolidated financial information has been prepared on the basis stated below using the audited financial statements of EHB and the subsidiaries for the years ended 30 June 2011, 2012 and 2013 and for the 7 months ended 31 January 2014 prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997 and in a manner consistent with the format of the statements of financial position, profit or loss and other comprehensive income and cash flows and the accounting policies adopted by EHB and its subsidiaries.

The pro forma consolidated statement of financial position as at 31 January 2014 is prepared for illustrative purposes and only to show the effects of the transactions, as described below, with the assumption that these transactions were completed on 31 January 2014.

For the purposes of the pro forma consolidated statement of profit or loss and comprehensive income for the years ended 30 June 2011, 2012 and 2013, EHB Group is assumed to have been in existence throughout the periods under review.

**Pro forma I – Initial Public Offering (“IPO”) - Public Issue and Offer for Sale****Public Issue**

Pro forma I is prepared incorporating the Public Issue of up to 90,000,000 ordinary shares of RM0.20 each in EHB (the “Issue Shares”) at a premium of RM0.34 per share in conjunction with the listing of and quotation for 535,000,010 EHB shares on the Main Market of Bursa Securities comprising:-

- (a) 27,000,000 Issue Shares at a premium of RM0.34 per share subscribed for by the Malaysian public;
- (b) 3,500,000 Issue Shares at a premium of RM0.34 per share subscribed for by eligible Directors, employees and persons who have contributed to the success of EHB Group;



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD (“EHB”)  
AND ITS SUBSIDIARIES (“EHB GROUP”)**
**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**
**1. Basis of preparation (continued)**
**Initial Public Offering (“IPO”) - Public Issue and Offer for Sale (continued)**
**Public Issue (continued)**

- (c) 47,500,000 Issue Shares at a premium of RM0.34 per share subscribed for by identified investors via private placement; and
- (d) 12,000,000 Issue Shares at a premium of RM0.34 per share subscribed for by selected Bumiputera investors approved by the Ministry of International Trade and Industry via private placement.

**Offer For Sale**

As part of this exercise, The Cheng Eng and Pang Sar, the current shareholders of the Company, will offer 55,000,000 EHB shares at a premium of RM0.34 per share to be made available for selected Bumiputera investors approved by the Ministry of International Trade and Industry via private placement.

**Pro forma II – Utilisation of proceeds from IPO**

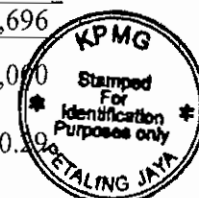
Pro forma II is prepared after incorporating transactions as described in Pro forma I and the estimated proceeds from the IPO which will be utilised as follows:-

<b>Purpose</b>	<b>Estimated amount RM'000</b>	<b>Expensed as at 31.1.2014 RM'000</b>	<b>Balance to be incurred RM'000</b>
Regulatory authorities' fees	160	(160)	-
Printing and advertising fees	350	-	350
Professional fees	1,700	(511)	1,189
Underwriting, placement and brokerage fees	1,400	-	1,400
Issuing house expenses	50	-	50
Miscellaneous	50	-	50
	3,710	(671)	3,039
<b>Purchase of machinery and equipment</b>	14,580	-	14,580
<b>Repayment of bank borrowings</b>	12,150	-	12,150
<b>Working capital</b>	18,160	-	18,160
	48,600	(671)	47,929



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**
**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**
**2. Pro forma consolidated statement of financial position**

			(I)	(II)
	Note	Audited consolidated statement of financial position at 31 January 2014	After issue of new ordinary shares (Pro forma I)	After Pro forma I and utilisation of proceeds from IPO (Pro forma II)
		RM'000	RM'000	RM'000
<b>Assets</b>				
Property, plant and equipment	3a.	53,948	53,948	68,528
Investment properties		2,240	2,240	2,240
Other investments		2,269	2,269	2,269
<b>Total non-current assets</b>		<b>58,457</b>	<b>58,457</b>	<b>73,037</b>
Trade and other receivables		129,359	129,359	129,359
Prepayments		3,302	3,302	3,302
Current tax assets		11	11	11
Cash and cash equivalents	3b.	35,156	83,756	53,987
<b>Total current assets</b>		<b>167,828</b>	<b>216,428</b>	<b>186,659</b>
<b>Total assets</b>		<b>226,285</b>	<b>274,885</b>	<b>259,696</b>
<b>Equity</b>				
Share capital	3c.	89,000	107,000	107,000
Share premium	3d.	-	30,600	28,993
Deficit in business combination		(87,000)	(87,000)	(87,000)
Retained earnings	3e.	105,186	105,186	103,754
<b>Total equity</b>		<b>107,186</b>	<b>155,786</b>	<b>152,747</b>
<b>Liabilities</b>				
Loans and borrowings		12,498	12,498	12,498
Employee benefits		3,564	3,564	3,564
Deferred tax liabilities		2,917	2,917	2,917
<b>Total non-current liabilities</b>		<b>18,979</b>	<b>18,979</b>	<b>18,979</b>
Loans and borrowings	3f.	21,979	21,979	9,829
Trade and other payables		76,919	76,919	76,919
Current tax liabilities		1,222	1,222	1,222
<b>Total current liabilities</b>		<b>100,120</b>	<b>100,120</b>	<b>87,970</b>
<b>Total liabilities</b>		<b>119,099</b>	<b>119,099</b>	<b>106,949</b>
<b>Total equity and liabilities</b>		<b>226,285</b>	<b>274,885</b>	<b>259,696</b>
No. of shares in issue ('000)		445,000	535,000	535,000
Net assets per share attributable to equity holders of the Company (RM)		0.24	0.29	0.29



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**
**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**
**3. Effect on the pro forma consolidated statement of financial position**
**a. Movement in property, plant and equipment**

	RM'000
Balance at 31 January 2014/Pro forma I	53,948
Effects of Pro forma II:-	
Purchase of machinery and equipment	14,580
	<u>68,528</u>

**b. Movement in cash and cash equivalents**

	RM'000
Balance at 31 January 2014	35,156
Effects of Pro forma I:-	
Offer of new ordinary shares	48,600
	<u>83,756</u>
Balance after Pro forma I	
Effects of Pro forma II:-	
Utilisation of proceeds from IPO	
- Purchase of machinery and equipment	(14,580)
- Repayment of bank borrowings	(12,150)
- Listing expenses	(3,039)
	<u>(29,769)</u>
Balance after Pro forma I and II	<u>53,987</u>

**c. Movement in share capital**

	RM'000
Balance at 31 January 2014	89,000
Effects of Pro forma I:-	
Issue of new ordinary shares	18,000
	<u>107,000</u>



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**
**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**
**3. Effect on the pro forma consolidated statement of financial position (continued)**
**d. Movement in share premium**

	RM'000
Balance at 31 January 2014	-
Effects of Pro forma I:-	
Issue of new ordinary shares	30,600
	<hr/>
Balance after Pro forma I	30,600
Effects of Pro forma II:-	
Listing expenses	(1,607)
	<hr/>
Balance after Pro forma I and II	<u>28,993</u>

**e. Movement in retained earnings**

	RM'000
Balance at 31 January 2014/Pro forma I	105,186
Effects of Pro forma II:-	
Listing expenses	(1,432)
	<hr/>
Balance after Pro forma I and II	<u>103,754</u>

**f. Movement in loans and borrowings**
***Current***

	RM'000
Balance at 31 January 2014	21,979
Effects of Pro forma II:-	
Repayment of bank borrowings	(12,150)
	<hr/>
Balance after Pro forma I and II	<u>9,829</u>



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**4. Pro forma consolidated statement of profit or loss and other comprehensive income**

	<b>Audited</b>	<b>----- Proforma -----</b>		
	<b>1.7.2013 to</b>	<b>1.7.2012 to</b>	<b>1.7.2011 to</b>	<b>1.7.2010 to</b>
	<b>31.1.2014</b>	<b>30.6.2013</b>	<b>30.6.2012</b>	<b>30.6.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	263,172	386,066	305,783	207,647
Cost of sales	(223,465)	(328,405)	(271,142)	(182,489)
<b>Gross profit</b>	<b>39,707</b>	<b>57,661</b>	<b>34,641</b>	<b>25,158</b>
Other income	5,381	3,875	2,834	592
Administrative expenses	(16,413)	(21,849)	(12,798)	(9,449)
<b>Results from operating activities</b>	<b>28,675</b>	<b>39,687</b>	<b>24,677</b>	<b>16,301</b>
Finance income	436	513	403	242
Finance costs	(1,014)	(1,626)	(1,214)	(866)
<b>Net finance costs</b>	<b>(578)</b>	<b>(1,113)</b>	<b>(811)</b>	<b>(624)</b>
<b>Profit before tax</b>	<b>28,097</b>	<b>38,574</b>	<b>23,866</b>	<b>15,677</b>
Tax expense	(9,652)	(10,709)	(6,638)	(4,379)
<b>Profit for the year and total comprehensive income for the year</b>	<b>18,445</b>	<b>27,865</b>	<b>17,228</b>	<b>11,298</b>



**13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)**
*Appendix I*
**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**
**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**
**5. Consolidated statement of cash flows**

	1.7.2013 to 31.1.2014 RM'000
<b>Cash flows from operating activities</b>	
Profit before tax	28,097
<i>Adjustments for:</i>	
Depreciation of investment properties	16
Depreciation of property, plant and equipment	8,225
Fair value gain from other investments	(36)
Finance costs	1,014
Finance income	(436)
Gain on disposal of property, plant and equipment	(1,075)
<b>Operating profit before changes in working capital</b>	<b>35,805</b>
Change in employee benefits	3,564
Change in trade and other receivables and prepayments	(3,205)
Change in trade and other payables	(6,312)
<b>Cash generated from operations</b>	<b>29,852</b>
Interest paid	*
Tax paid	(10,091)
<b>Net cash from operating activities</b>	<b>19,761</b>
<b>Cash flows from investing activities</b>	
Acquisition of property, plant and equipment	(2,560)
Interest received from fixed deposits	436
Net cash acquired from reverse acquisition	**
Proceeds from disposal of property, plant and equipment	1,175
<b>Net cash used in investing activities</b>	<b>(949)</b>

\* represents RM16

\*\* represents RM2





13. REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION OF ECONPILE GROUP (CONT'D)

*Appendix I*

**ECONPILE HOLDINGS BERHAD ("EHB")  
AND ITS SUBSIDIARIES ("EHB GROUP")**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

5. Consolidated statement of cash flows (continued)

	1.7.2013 to 31.1.2014 RM'000
<b>Cash flows from financing activities</b>	
Drawdown of bankers' acceptances	310
Interest paid on loans and borrowings	(1,014)
Placement of deposits pledged with licensed banks	(524)
Repayment of bank loan	(54)
Repayment of finance lease liabilities	(6,719)
	<hr/>
<b>Net cash used in financing activities</b>	<b>(8,001)</b>
	-----
<b>Net increase in cash and cash equivalents</b>	<b>10,811</b>
Cash and cash equivalents at 1 July 2013	10,117
	<hr/>
<b>Cash and cash equivalents at 31 January 2014</b>	<b>20,928</b>
	=====

**Cash and cash equivalents**

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

	31.1.2014 RM'000
Cash and bank balances	19,929
Deposits placed with licensed banks	15,227
	<hr/>
	35,156
Less: Deposits pledged	(14,228)
	<hr/>
	20,928
	=====



## 14. DIRECTORS' REPORT

*(Prepared for inclusion in this Prospectus)*

# ECONPILE HOLDINGS BERHAD

(1017164-M)

T: 603 9222 3333

F: 603 9222 3888

Business Address

: 55C, Jalan Sungai Besi, 57100 Kuala Lumpur, Malaysia

Registered Office

: Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra,  
59200 Kuala Lumpur, Malaysia

**Registered Office:**

Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

Date: **30 MAY 2014**

The Shareholders of Econpile Holdings Berhad

**Econpile Holdings Berhad ("Econpile" or "Company")**

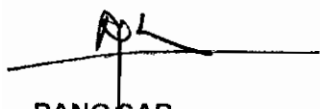
Dear Sir/ Madam

On behalf of the Board of Directors of Econpile ("Board"), I wish to report that, after making due enquiries in relation to our Company and its subsidiaries ("Group") during the period between 31 January 2014, being the date to which the last audited financial statements of our Group have been made up, and the date hereof, being a date not earlier than 14 days before the date of this Prospectus:-

- (a) In the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (b) In the opinion of the Board, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (c) The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in the Prospectus, there are no contingent liabilities have arisen by reason of any guarantees or indemnities given by our Group;
- (e) There has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/ or principal sums in relation to any borrowings in our Group since the last audited financial statements of our Group; and
- (f) Save as disclosed in the Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of our Group since the last audited financial statements of our Group.

Yours faithfully,

For and on behalf of the Board  
**ECONPILE HOLDINGS BERHAD**



**PANG SAR**  
**EXECUTIVE DIRECTOR/ GROUP CHIEF EXECUTIVE OFFICER**

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## 15. ADDITIONAL INFORMATION

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### 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 issue of this Prospectus.
- ii. As at the date of this Prospectus, we have only one (1) class of shares, namely ordinary shares of RM0.20 each, all of which rank equally with one another.
- iii. Save as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiary companies have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years immediately preceding the date of this Prospectus.
- iv. Save for the Issue Shares reserved for our eligible Directors and employees and persons who have contributed to the success of our Group as disclosed in Section 3.6.1(ii) of this Prospectus:-
  - a) none of our Group's Director or employee has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiary companies; and
  - b) there is currently no other scheme involving our Directors or employees in the capital of our Company or any of our subsidiary companies.
- v. Neither our Company nor any of our subsidiary companies has any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- vi. Neither our Company nor our subsidiary companies has any outstanding convertible debt securities as at the date of this Prospectus.
- vii. There are no limitations imposed by law or by the constituent documents of our Company on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our securities.

### 15.2 Articles of Association

The following provisions are reproduced from our Articles of Association. The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Articles of Association unless they are otherwise defined here or the context otherwise requires:-

**15. ADDITIONAL INFORMATION (CONT'D)****i. Transfer of Securities**

The provisions of our Articles of Association in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:-

Articles 44 – 53**Transfer of Listed Securities**

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

**Transfer of Shares**

45. *The instrument of transfer lodged with the Company shall be executed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the transferee's name is entered in the Register as the holder of that share and/or the Record of Depositors, as the case may be.* Execution Requirements
46. *The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.* Directors' right to decline registration
47. *The Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.* Depository's right to refuse transfer
48. *Subject to the Central Depositories Act and the Rules, any Member may transfer all or any of its securities by instrument in writing in the form prescribed and approved by the Exchange and the Registrar (as the case may be). Subject to these Articles, there shall be no restriction on the transfer of fully paid-up shares except where required by law. The instruments shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the shares transferred until the transfer is registered and the name of the transferee is entered in the Register and/or Record of Depositors as the case may be, in respect thereof. All transfer of deposited securities shall be effected in accordance with the Act, the Central Depositories Act and the Rules.* Transfer fully paid securities

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**15. ADDITIONAL INFORMATION (CONT'D)**


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**ii. Remuneration of Directors**

The provisions of our Articles of Association in relation to the remuneration of our Directors are set out below:-

Articles 112 – 114**Directors**

- |      |   |                                |
|------|---|--------------------------------|
| 112. | <i>Subject to these Articles, the fees of the Directors shall from time to time be determined by the Company in general meeting provided always:-</i>   | <i>Directors' remuneration</i> |
|      | (1) <i>Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;</i>  |                                |
|      | (2) <i>salaries payable to Directors holding any executive office pursuant to a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or a percentage of turnover;</i>   |                                |
|      | (3) <i>all remuneration payable to Directors shall be deemed to accrue from day to day;</i>   |                                |
|      | (4) <i>fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting;</i>   |                                |
|      | (5) <i>any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.</i>   |                                |
| 113. | <i>The Directors may be paid all travelling, hotel and other expenses, properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.</i> | <i>Expenses</i>                |
| 114. | <i>The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:-</i>   | <i>Special remuneration</i>    |
|      | (1) <i>render any special or extra services to the Company; or</i>  |                                |
|      | (2) <i>to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.</i>   |                                |

*Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits, or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.*

**15. ADDITIONAL INFORMATION (CONT'D)****iii. Voting and Borrowing Powers of Directors**

The provisions of our Articles of Association in relation to the voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:-

Articles 121 – 127**Powers of the Directors**

- |       |  |                                  |
|-------|--|----------------------------------|
| 121.  | <i>Subject to the Act, the Memorandum of the Company and these Articles, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or these Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.</i>   | General power                    |
| 122.  | <i>The Directors may by power of attorney or otherwise, appoint any corporation, firm, individual, or any fluctuating body of persons, to be the attorney or attorneys or agent of the Company for such purposes and with such powers, authorities and discretions (not exceeding those exercisable by the Directors) and for such period and on such terms as to remuneration and otherwise as they may think fit, with or without power to sub-delegate.</i>   | Power to appoint attorneys, etc. |
| 122A. | <i>The Directors may delegate any of their powers to any committee consisting of one or more Directors. Such other persons may be given voting rights by the Directors as members of the committee. A committee may consist of a majority of persons who are not Directors. Notwithstanding that a committee may include persons (whether a majority or otherwise) who are not Directors, references in these Articles to a 'committee of Directors' or words to similar effect include a committee which includes members who are not Directors. The Directors may also delegate to any managing director, any Director holding any other executive office, any other Director or such other person as the Directors may think fit such of their powers as they consider desirable to be exercised by him. Any such delegation may be with or without the power to sub-delegate as the Directors may think fit and may be subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two (2) or more members shall be governed by these Articles regulating the proceedings of Directors so far as they are capable of applying.</i> | Power to delegate                |

**15. ADDITIONAL INFORMATION (CONT'D)**

123. *The Directors may in each financial year contribute subscriptions, other payments or guarantees by the Company of an aggregate amount not exceeding three per centum (3%) of the net profit before tax of the Company for charitable or benevolent objects or for any exhibition or for any public, general or useful object including (without limitation) the promotion of culture, sports, recreation, art and craft but such limitation on the amounts which the Directors may contribute shall not apply to any contributions related to or in the course of the business of the Company, any Subsidiary or associated company of the Company or any contributions likely (directly or indirectly) to benefit or further the interests of any of the persons referred to in Article 139.* Power to contribute to charity, etc.
124. *Any sale or disposal by the Directors of a substantial portion of the Company's main undertaking or property shall be subject to the prior approval of the shareholders in general meeting.* Disposal of Substantial portion of undertaking, etc.
125. *All cheques, promissory notes, drafts, bills of exchange and other instruments (whether negotiable, transferable or not), and all receipts for money paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Directors may from time to time by resolution determine.* Signing of cheques, etc.

**Borrowing Powers of Directors**

126. *Except as provided by Article 127, the Directors may exercise all the powers of the Company to borrow money of any sum or sums from any person, bank, firm or company and to mortgage or charge its undertaking, property and uncalled capital, and any part thereof and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company, its Subsidiaries or any other party. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for payment of money, the performance of contracts or obligations or for the benefit or interest of the Company or its Subsidiaries.* General borrowing powers
127. *The Directors shall not borrow any money or mortgage or charge any of the Company's or its Subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.* Restrictions on borrowing

**15. ADDITIONAL INFORMATION (CONT'D)**

Article 152

**Proceedings of Directors**

152. *Except as otherwise provided by these Articles, a Director shall not vote at a meeting of Directors or of a committee of Directors on any resolution concerning any contract, proposed contract, arrangement or other matter in which he has, directly or indirectly, a personal interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs:-* *Disqualification from voting*

- (1) *in a case where the contract or proposed contract relates to any loan to the company – that he has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan; or*
- (2) *in a case where the contract or proposed contract has been or will be made with or for the benefit of or on behalf of a Related Corporation - that he is a director of that corporation.*

*For avoidance of doubt, a Director shall be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.*

**iv. Changes in Capital and Variation of Class Rights**

The provisions of our Articles of Association in relation to changes in capital and variations of class rights which are more stringent than those provided in the Act are set out below:-

Articles 12 – 23

**Variation of Rights**

12. *If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may (subject to Sections 55 and 65 of the Act and whether or not the Company is being wound up) be varied or abrogated with:-* *Variation of class rights*

- (1) *the consent in writing of the holders of three-fourths of the issued shares of that class shall be valid and effectual as a special resolution carried at the meeting; or*
- (2) *the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.*

*To every such separate general meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two (2) persons and any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall with such adaptations as are necessary apply.*



**15. ADDITIONAL INFORMATION (CONT'D)**

13. *All new issues of Securities for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees or entitled persons with such Securities save and except where the Company is specifically exempted from complying with Section 38 of the Central Depositories Act, in which event it shall be so similarly be exempted from compliance with this Article. For this purpose, the Company shall notify the Depository of the names of the allottees or entitled persons and all such particulars as may be required by the Depository to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees or entitled persons. Notwithstanding these Articles, the Company shall comply with the provisions of the Central Depositories Act and the Rules in all matters relating to the prescribed Securities.* New issues of Securities
14. *Subject to Section 65 of the Act, the rights attached to any class shall not (unless otherwise provided by the terms of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking in any respect pari passu with that class.* No deemed variation

**Share Capital**

15. *Subject to the Act and these Articles, any unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Directors who may offer, issue, allot (with or without conferring a right of renunciation), grant options over, grant any right or rights to subscribe for such shares or any right or rights to convert any Security into such shares, or otherwise deal with or dispose of them to such persons at such times and on such terms and conditions as they may determine.* Issue of Securities
16. *Article 15 shall be subject to the following provisions:-* Restrictions on issue
- (1) *the Company shall not offer, issue, allot, grant options over shares, grant any right or right to subscribe for shares or any right or rights to convert any security into shares or otherwise deal with or dispose of shares which will or may have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meeting;*
  - (2) *no Director shall participate in a Share Issuance Scheme unless the Members in general meeting have approved the specific allotment to such Director;*
  - (3) *no shares shall be issued at a discount except in accordance with Section 59 of the Act; and*
  - (4) *the rights attached to shares of a class other than ordinary shares shall be expressed in the resolution creating them.*

**15. ADDITIONAL INFORMATION (CONT'D)**

17. Subject to the Act and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or as the Directors (subject to them being duly authorised to do so by an ordinary resolution of the Company) may determine provided that where the capital of the Company consists of shares of different monetary denominations, voting rights shall be determined 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. Rights attached to shares
18. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article in such manner as they think most beneficial to the Company. Pre-emption
19. Notwithstanding Article 18 (but subject to the Act and the Listing Requirements, the Company may waive the requirement from convening a general meeting to obtain shareholders' approval for further issue or issues of shares (other than bonus or rights issues) where:- Waiver for issues
- (1) the aggregate issues of shares (other than bonus and rights issues and other issues of shares which have been specifically approved by the shareholders in a general meeting) in any one financial year in which such further issue or issues are made do not exceed 10% (or such higher percentage as the Exchange may from time to time allow either in respect of a particular financial year, generally or otherwise) of the Company's issued share capital; and
- (2) there is in force a resolution of the Company in general meeting authorising the Directors to make such further issue or issues as stated above.
20. The Company may, pursuant to Section 58 of the Act, pay commission at a rate not exceeding ten per centum (10%) of the price at which the shares are issued. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful. Commission

**15. ADDITIONAL INFORMATION (CONT'D)**

- |     |   |   |
|-----|---|---|
| 21. | <i>Except as authorised or required by law or these Articles, no person shall be recognised by the Company as holding any share on any trust, and the Company shall not be bound by or be compelled in any way or recognise (even when having notice of it) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as provided by law) any other rights in respect of any share except an absolute right to the entirety of the share in the registered holder.</i> | <i>No recognition of trust</i>              |
| 22. | <i>The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder recognise a renunciation of such share by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation on such terms and conditions as the Directors may determine.</i>   | <i>Renunciation</i>                         |
| 23. | <i>Subject to the Rules, not more than one (1) person can be entered as the holder of a share in the Record of Depositors.</i>  | <i>Restriction on number of joint names</i> |

**15.3 Promoters, Substantial Shareholders and Directors**

- i. The names, description and addresses of our Directors are set out in Section 1 of this Prospectus.
- ii. Save as disclosed in Sections 8.2.4, 8.8 and 8.9 of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholders and Directors within two (2) years preceding the date of this Prospectus.
- iii. Save as disclosed in Sections 10.4 and 15.5 of this Prospectus, none of our Directors or substantial shareholders have any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the date of this Prospectus.
- iv. Save for our Promoters and substantial shareholders as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- v. Save as disclosed in this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

**15.4 Material Litigation and Arbitration**

As at the LPD, neither our Company nor our subsidiary companies is engaged in any material litigation or arbitration, either as plaintiff or defendant and our Board is not aware of any proceedings pending or threatened against our Group or any facts likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

**15. ADDITIONAL INFORMATION (CONT'D)****15.5 Material Contracts**

Save as disclosed below, neither our Company nor our subsidiary companies has entered into any materials contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the LPD:-

**15.5.1 Econpile**

- i. A share sale agreement dated 26 September 2013 entered into between The Cheng Eng and Pang Sar as the vendors and our Company as the purchaser for the acquisition of 2,000,000 ordinary shares of RM1.00 each in ESB, representing 100% of the issued and paid-up share capital of ESB, for a total consideration of RM89,000,000 satisfied via the issuance of 445,000,000 new Econpile Shares, as disclosed in Section 5.5 of this Prospectus;
- ii. A placement agreement dated 18 April 2014 entered into between our Company and the Placement Agent to place out to identified investors up to 59,500,000 IPO Shares for a placement fee of up to 2.0% of the IPO Shares at the IPO Price upon terms and conditions contained therein. Please refer to Section 3.12.3 of this Prospectus for further details; and
- iii. An underwriting agreement dated 28 April 2014 entered into between our Company and the Underwriter to underwrite 27,000,000 IPO Shares at the IPO Price subject to the terms and conditions contained therein. Please refer to Section 3.13 for this Prospectus for further details on the Underwriting Agreement.

**15.5.2 ESB**

A share sale agreement dated 21 June 2012 entered into between ESB as the vendor and The Cheng Eng and Pang Sar as the purchasers in relation to the disposal of the entire issued and paid-up share capital of Active Rhythm Sdn Bhd by ESB, for total cash consideration of RM2,500,000.

**15.6 Repatriation of Capital and Remittance of Profit**

There are no governmental law, decree, regulation or other requirement in Malaysia which may affect the repatriation of capital and the remittance of profit by or to our Group.

**15.7 Public Take-Overs**

None of the following has occurred since our incorporation on 14 September 2012 and up to the LPD:-

- i. public take-over offers by third parties in respect of our Shares; and
- ii. public take-over offers by us in respect of other companies' shares.

**15.8 Consents**

- i. Our Principal Adviser, Underwriter and Placement Agent, Due Diligence Solicitors, Principal Bankers, Share Registrar, Issuing House and Company Secretaries have, before the issuance of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion of their names in the form and context in which they appear in this Prospectus;

## 15. ADDITIONAL INFORMATION (CONT'D)

- ii. Our Auditors and Reporting Accountants have, before the issuance of this Prospectus, given and have not subsequently withdrawn their written consents to the inclusion of their name, the Accountants' Report and letters relating to the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus; and
- iii. Our Independent Market Researcher has, before the issuance of this Prospectus, given and has not subsequently withdrawn its written consents to the inclusion of its name, the Independent Market Research Report and extracts of the said report in the form and context in which they are contained in this Prospectus.

### 15.9 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur during normal business hours for a period of 12 months from the date of this Prospectus:-

- i. Our Memorandum and Articles of Association;
- ii. The Independent Market Researcher Report prepared by Protégé Associates and its summary thereof as included in Section 7 of this Prospectus;
- iii. The Accountants' Report as included in Section 12 of this Prospectus;
- iv. The Reporting Accountants' letter on the proforma consolidated financial information of Econpile Group as included in Section 13 of this Prospectus;
- v. The Directors' Report as included in Section 14 of this Prospectus;
- vi. The material contracts referred to in Section 15.5 of this Prospectus;
- vii. The letters of consent referred to in Section 15.8 of this Prospectus;
- viii. The audited consolidated financial statements of our Company and subsidiary companies for the past three (3) financial years up to the FYE 30 June 2013 and the seven (7)-month FPE 31 January 2014; and
- ix. The service agreements of our Group Managing Director and Executive Director/ Group Chief Executive Officer as referred to in Section 8.9 of this Prospectus.

### 15.10 Responsibility Statements

- i. 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 that, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.
- ii. RHBIB, being our Principal Adviser, Underwriter and Placement Agent, acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE

### 16.1 Opening and Closing of Application

Applications will be accepted from 10.00 a.m. on 11 June 2014 and will close at 5.00 p.m. on 18 June 2014 for such further period or periods as our Directors, Promoters, Offerors and our Underwriter in their absolute discretion may decide. **Late applications will not be accepted.**

If the closing date of the application period is extended, the dates of the balloting, allotment and Listing would be extended accordingly. Any extension of the closing date for application will be advertised in a widely circulated English as well as Bahasa Malaysia newspaper in Malaysia.

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from Issuing House, RHBIB and ADAs which are registered members of Bursa Securities.

### 16.2 Methods of Application

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

- i. Application Form; or
- ii. Electronic Share Application; or
- iii. Internet Share Application

A summary of the method of applications are set out below:-

Class of Applicants	Application Method
i. Malaysian Public	
• Individuals	White Application Forms or Electronic Share Application or Internet Share Application
• Corporations or institutions	White Application Forms Only
ii. Our eligible Directors and employees of our Group and persons who have contributed to the success of our Group	Pink Application Forms only
iii. Investors identified by way of private placements	Application Forms only

You can submit only one (1) application for the IPO Shares. For example, if you submit an application using an Application Form, you may not submit an application by way of Electronic Share Application or Internet Share Application and vice versa. A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or by way of Internet Share Application.

### 16.3 Procedures for Application

Applications must be made in relation to and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

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## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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**FULL INSTRUCTIONS FOR THE APPLICATION OF THE IPO SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

### **16.3.1 Application by the Malaysian Public**

Applications for 27,000,000 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. A corporation or institution cannot apply for Shares by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.54 per Issue Share.

### **16.3.2 Application by Our Eligible Directors and Employees of Our Group and Persons who have Contributed to the Success of Our Group**

Applications for 3,500,000 Issue Shares made available for application by our eligible Directors and employees of our Group and persons who have contributed to the success of our Group must be made on the **Pink Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.54 per Issue Share.

Our eligible Directors and employees of our Group and persons who have contributed to the success of our Group are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. Our eligible Directors and employees of our Group and persons who have contributed to the success of our Group who have been successfully allocated Issue Shares may also, at the discretion of our Directors and Offerors, be allocated Issue Shares under the public offer to the Malaysian Public.

### **16.3.3 Application by Identified Investors by way of Private Placement**

Applications for 59,500,000 Issue Shares and 55,000,000 Offer Shares made available for application by the identified investors must be made on the **Application Form** provided only and **NOT** by way of other Application Forms or by way of Electronic Share Application or Internet Share Application. The amount payable in full on application is RM0.54 per Issue Share or Offer Share.

Investors under the private placement are not precluded from making additional applications using the **White Application Forms** under the Malaysian Public category. If you have been successfully allocated Issue Shares or Offer Shares under the placement, you may also, at the discretion of our Directors and Offerors, be allocated Issue Shares under the public offer to the Malaysian Public.

You **must have a CDS account** before you can submit your application by way of Application Forms or by way of Electronic Share Application or by way of Internet Share Application.

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for the IPO Shares in this exercise.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

### 16.4 Applications Using Application Forms

#### 16.4.1 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:-

- i. **White** Application Forms for application by Malaysian Public;
- ii. Application Forms for application by identified investors; and
- iii. **Pink** Application Forms for application by the eligible Directors and employees of our Group and persons who have contributed to the success of our Group

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- i. RHBIB;
- ii. Participating organisations of Bursa Securities;
- iii. Members of the Association of Banks in Malaysia;
- iv. Members of the Malaysian Investment Banking Association; and
- v. Issuing House

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

You may submit only one (1) Application Form and your application must be for 100 Shares or multiples thereof. **Multiple applications will not be accepted.** We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Your application for the IPO Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors and our Offerors may at their absolute discretion not accept 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.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("NRIC") number must be exactly the same as stated in:-

- i. a) your NRIC;
- b) any valid temporary identity document as issued by the National Registration Department from time to time; or



## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- c) Your "Resit Pengenalán Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and

- ii. the Record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

If you are a corporation or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and the address must be the registered address.

We together with Issuing House will not issue any acknowledgement of the receipt of your Application Forms or application monies.

### 16.4.2 Terms and Conditions for Application using Application Forms

Your applications by way of Application Forms shall be made on, and subject to, the following terms and conditions:-

- i. If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- ii. If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:-
  - a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - b) There is a majority of Malaysian citizens on the board of Directors or trustee.
- iii. If you are a superannuation, co-operative, foundation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.
- iv. Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in Section 16.4.2(ii) and (iii) above or the trustees thereof.
- v. Application for the IPO Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors and Offerors may at their absolute discretion not accept 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.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- vi. Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
- a) BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
  - b) MONEY ORDER or POSTAL ORDER (for Applicants from Sabah and Sarawak only); or
  - c) GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad; or
  - d) ATM STATEMENT obtained from any of the following financial institutions:-
    - Alliance Bank Malaysia 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.555**" and crossed "**A/C PAYEE ONLY**" (excluding ATM statements) and endorsed on the reverse side with your name and address.

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders, postal orders, GGO or ATM statement. Details of the remittances must be completed in the appropriate boxes provided in the Application Forms.

- vii. You must state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House and/ or our Company. If you do not presently have a CDS account, you may open one by contacting any of the ADAs listed in Section 16.11 of this Prospectus.
- viii. Your name and address must be written on the reverse side of the banker's draft, cashier's order, money orders, postal orders, GGO or ATM statement.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- ix. Our Directors and Offerors reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and Offerors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- x. Issuing House, on the authority of our Directors and Offerors, reserves the right to reject your application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- xi. Issuing House, on the authority of our Directors and Offerors, reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- xii. Where your application is not accepted or accepted in part only, the full amount or the balance of your application monies, as the case may be, will be returned without interest and shall be despatched to you within 10 Market Days from the date of the final ballot of the application lists by ordinary post or registered post at your address registered with Bursa Depository or where your application is not accepted because you have not provided a CDS account, to the address per the NRIC or "Resit Pengenalán Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel, at your own risk.
- xiii. You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- xiv. Issuing House, on authority of our Directors and Offerors reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest and shall be despatched to you within 10 Market Days from the date of the final ballot of the application lists by ordinary post or registered post at your address registered with Bursa Depository, at your own risk.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xv. Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

OR

P.O Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 18 June 2014, or such other later date or dates as our Directors, Promoters, Offerors and our Underwriter in their absolute discretion may decide.

- xvi. Please direct all your enquiries in respect of the White Application Form to Issuing House.

### 16.5 Applications Using Electronic Share Application

#### 16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- i. You must have an account with a Participating Financial Institution (as detailed in Section 16.5.2 below) and an ATM card issued by that Participating Financial Institution to access the account.
- ii. You must have a CDS Account.
- iii. You are to apply for the IPO Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in Section 16.5.3 below.

You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:-

- Your Personal Identification Number ("PIN");
- MIH Share Issue Account Number 555;
- Your CDS Account number;
- Number of IPO Shares applied for and/ or the RM amount to be debited from the account; and
- You are to confirm several mandatory statements.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.5.2 Participating Financial Institutions**

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

- Affin Bank Berhad;
- AmBank (M) Berhad;
- 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).

**16.5.3 Terms and Conditions for Electronic Share Applications**

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in Section 16.5.1 above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the IPO Shares through an ATM of any of the Participating Financial Institutions.

**You must be an individual with a CDS account to make an Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.**

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you 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 IPO Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a 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 us or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

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## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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Upon the closing of the offer for the application for our IPO Shares on 18 June 2014 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 IPO Shares to Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for the IPO Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you 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 you making only one (1) application.

**You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.**

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

- i. Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- ii. You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
  - You have attained 18 years of age as at the closing date of the share application;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
  - This is the only application that you are submitting; and
  - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to Issuing House and other relevant authorities.

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act 2013 and Section 45 of the Securities Industry (Central Depositories) Act 1991, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to Issuing House or any other relevant regulatory bodies.

- iii. You confirm that you are not applying for the IPO Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one (1) Electronic Share Application and shall not make any other application for the IPO Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- iv. You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject 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 made.
- v. You agree and undertake to subscribe for or purchase and to accept the number of IPO Shares applied for as stated on the Transaction Record or any lesser number of IPO Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of IPO Shares applied for shall signify, and shall be treated as, your acceptance of the number of IPO Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- vi. Issuing House, on the authority of our Directors and Offerors reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- vii. If your Electronic Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two (2) Market Days after the balloting date. Where your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from Issuing House. You may check your accounts on the fifth (5th) Market Day from the balloting day.
- viii. If your Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application held in reserve, is subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within ten (10) Market Days from the date of the final ballot.
- ix. You request and authorise us:-
- a) to credit the IPO Shares allotted or allocated to you into your CDS account; and
  - b) to issue share certificate(s) representing such IPO Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- x. You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Participating Financial Institutions or Bursa Depository, irrevocably agree that if:-
- a) we or Issuing House do/ does not receive your Electronic Share Application; or
  - b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, Issuing House, the Participating Financial Institutions or Bursa Depository for the IPO Shares applied for or for any compensation, loss or damage.



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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- xi. All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- xii. You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- xiii. By making and completing an Electronic Share Application, you agree that:-
  - a) in consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - b) we, the Participating Financial Institutions, Bursa Depository and Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/ their control;
  - c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the IPO Shares for which your 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 IPO Shares;
  - d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the IPO Shares allotted or allocated to you; and
  - e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- xiv. Our Directors and Offerors reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and Offerors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- xv. Issuing House on the authority of our Directors and Offerors reserves the right to reject your applications, if it does not conform to these instructions.
- xvi. 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.

### 16.6 Applications Using Internet Share Application

#### 16.6.1 Steps for Internet Share Application

The exact steps for Internet Share Application for the IPO Shares are set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the IPO Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

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

- i. Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- ii. Login to the Internet financial services facility by entering your user identification ("User ID") and PIN/ password.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- iii. Navigate to the section of the website on applications in respect of initial public offerings.
- iv. Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- v. Select the designated hyperlink on the screen to accept the above-mentioned terms and conditions, having read and understood such terms and conditions.
- vi. At the next screen, complete the online application form.
- vii. Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- viii. By confirming such information, you will undertake that the following mandatory statements are true and correct:-
  - a) You have attained 18 years of age as at the closing date of the share application;
  - b) You are a Malaysian citizen residing in Malaysia;
  - c) You have, prior to making the Internet Share Application, received and/ or had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
  - d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;
  - e) The Internet Share Application is the only application that you are submitting for the IPO Shares;
  - f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act 2013 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 you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus; and
  - i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Applications services.
- ix. Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application for the IPO.
  - x. 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 for the application of the IPO is being made.
  - xi. 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.
  - xii. You are advised to print out the Confirmation Screen for reference and retention.

### 16.6.2 Terms and Conditions for Internet Share Application

Your application for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**You are advised not to apply for the IPO Shares through any website other than the Internet financial services website of the Internet Participating Financial Institutions.**

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- Affin Investment Bank Berhad at [www.affintrade.com](http://www.affintrade.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- RHB Bank Berhad at [www.rhb.com.my](http://www.rhb.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE IPO SHARES ARE SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES 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 set out below:-

- i. In order to make an Internet Share Application, you must:-
  - a) be an individual with a CDS account and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the other joint account holder's name;
  - b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your User ID and PIN/ password for the relevant Internet financial services facilities; and
  - c) be a Malaysian citizen and have a Malaysian address.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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

- ii. An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- iii. You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-
  - a) You have attained 18 years of age as at the date of the application for the IPO Shares;
  - b) You are a Malaysian citizen residing in Malaysia;
  - c) You have, prior to making the Internet Share Application, received and/ or have had access to a printed/ electronic copy of this Prospectus, the contents of which you have read and understood;
  - d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the IPO Shares;
  - e) The Internet Share Application is the only application that you are submitting for the IPO Shares;
  - f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 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 you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - h) You are not applying for the IPO Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

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## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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- i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet 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 you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- iv. Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details your Internet Share Application, including the number of IPO Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.6.2 (iii) above.

- v. You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the IPO Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- vi. You irrevocably agree and undertake to subscribe for and to accept the number of IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such IPO Shares or not to allot or allocate any IPO Shares to you, you agree to accept our decision as final.

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of IPO Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- a) Your acceptance of the number of IPO Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
  - b) Your agreement to be bound by our Memorandum and Articles of Association.
- vii. You are fully aware that multiple or suspected multiple Internet Share Applications for the IPO Shares will be rejected. Issuing House on the authority of our Directors and Offerors reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- viii. If your Internet Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from Issuing House. You may check your account on the fifth (5<sup>th</sup>) Market Days from the balloting day.

If your Internet Share Application is successful in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve and is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within ten (10) Market Days from the date of the final ballot.



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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

Except where Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of IPO Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- ix. Internet Share Applications will be closed at 5.00 p.m. on 18 June 2014 or such other date(s) as our Directors, our Offerors and our Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- x. You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, Issuing House and/ or the Internet Participating Financial Institutions and/ or the Authorised Financial Institutions do not receive your 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, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- xi. All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, Issuing House, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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

- xii. By making and completing an Internet Share Application, you are deemed to have agreed that:-
- a) In consideration of our Company agreeing to allow and accept the making of any application for the IPO Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents for us, your Internet Share Application is irrevocable;
  - b) You have irrevocably requested and authorised us to register the IPO Shares allotted or allocated to you for deposit into your CDS account;
  - c) Neither us 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 Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(x) herein or to any cause beyond their control;
  - d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by Issuing House, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
  - e) The acceptance of your offer to subscribe for the IPO Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
  - f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Underwriter and Principal Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which you may have been relied on in making the Internet Share Application;
  - h) Our acceptance of your Internet Share Application 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.
- xiii. The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- a) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fee will be charged for application by their account holders;
  - b) Affin Investment Bank Berhad ([www.affintrade.com](http://www.affintrade.com)) – No fee will be charged for application by their account holders;
  - c) CIMB Bank Berhad ([www.cimbclicks.com.my](http://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;
  - d) CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
  - e) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - f) Public Bank Berhad ([www.pbepbank.com](http://www.pbepbank.com)) – RM2.00; and
  - g) RHB Bank Berhad ([www.rhb.com.my](http://www.rhb.com.my)) – RM2.50.

### 16.7 Over/ Under-subscription

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and Offerors and on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we are required to have at least 25% of our enlarged issued and paid-up capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the IPO. In the event thereof, your monies paid in respect of your applications will be returned without interest. Our Directors and Offerors will determine how the applications will be selected.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

In the event of an under-subscription of IPO Shares by our Group's eligible Directors and employees and persons who have contributed to our Group's success, such IPO Shares will be made available for application by way of private placement, failing which will be made available for application by the Malaysian Public.

In the event of an under-subscription of the IPO Shares by the Malaysian Public, such IPO Shares not taken up will then be offered to the identified investors by way of private placement, if there is demand. Thereafter, any unsubscribed IPO Shares will be made available for subscription by our Underwriter.

Where your successfully balloted application under the White Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within 10 Market Days from the date of the final ballot of the application list to your address registered with Bursa Depository.

Where your successfully balloted application under the 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 Applications and Acceptances

Issuing House, on the authority of our Directors and Offerors reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your 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.

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

**Your applications must be for at least 100 Shares or multiples thereof.**

**IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF YOUR APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST TO YOU WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY AT YOUR OWN RISK.**

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

**ISSUING HOUSE, ON THE AUTHORITY OF OUR DIRECTORS AND OFFERORS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS BY ORDINARY POST OR REGISTERED POST AT YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY AT YOUR OWN RISK.**

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## **16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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### **16.9 CDS Accounts**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as "Prescribed Securities". Therefore, the IPO Shares 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 aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

#### **16.9.1 Application by way of Applications Forms**

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House or us, and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares.

#### **16.9.2 Application by way of Electronic Share Applications**

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

#### **16.9.3 Application by way of Internet Share Applications**

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

If you fail to comply with these specific instructions or there is inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, Issuing House on the authority of our Directors and Offerors reserves the right to reject your application. Issuing House on the authority of our Directors and Offerors also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, or your records with the Participating Financial Institutions in the case of Electronic Share Application or Internet Participating Financial Institutions in the case of Internet Share Application, differ from those in Bursa Depository's records such as your identity card number, name and nationality.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.10 Notice of Allotment**

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by logging on to Issuing House website at [www.mih.com.my](http://www.mih.com.my) or by calling your respective ADAs at the telephone number as stated in Section 16.11 of this Prospectus or Issuing House at 03-7841 8000 or 03-7841 8289, between five (5) to 10 Market Days (during office hours only) after the balloting date.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)****16.11 List of ADAs**

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

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No : 03-91308803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square No. 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
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-020
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor (West & Center Wing) & 1 <sup>st</sup> Floor East Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	073-021
HONG LEONG INVESTMENT BANK BERHAD	Level 7, 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	7th, 22nd, 23rd, & 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 Lingkar 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	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90562921	054-005
JUPITER SECURITIES SDN BHD	7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
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
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
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	21st Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
HONG LEONG INVESTMENT BANK BERHAD (FORMERLY KNOWN AS MIMB INVESTMENT BANK BERHAD)	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	066-006
RHB INVESTMENT BANK BERHAD	12th, 20th & 21st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028
RHB INVESTMENT BANK BERHAD	No.5 & 7 Jalan Pandan Indah 4/ 33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
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 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
<b><u>SELANGOR DARUL EHSAN</u></b>		
AFFIN INVESTMENT BANK BERHAD	3rd & 4th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/ 3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AFFIN INVESTMENT BANK BERHAD	1st Floor, 20-22 Jalan 21/22 SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78776229	028-006
AFFIN INVESTMENT BANK BERHAD	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	028-007
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/ 60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Ground Floor & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah, E9/ E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/ 1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
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	No. 55C, 2nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80241773	073-006

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
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
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002
MALACCA SECURITIES SDN BHD	No. 58A & 60A Jalan SS2/67 47300 Subang Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No: 03-30508888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77188888	098-004
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/ 63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	Unit 1B & 2B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059
RHB INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No : 03-61483361	087-051
RHB INVESTMENT BANK BERHAD	Ground Floor and First Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	087-049
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/ A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56317888	096-002
SJ SECURITIES SDN BHD	No. 74-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221915	096-004
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

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A, Jalan SS20/1 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
<b><u>MELAKA</u></b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
KENANGA INVESTMENT BANK BERHAD	71 & 73 (A & B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A – 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka 75000 Melaka Tel No : 06-2833622	087-002
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>PERAK DARUL RIDZUAN</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216010	078-009
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd and 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-010
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
KENANGA INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 4th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
HWANGDBS INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	1st & 2nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
<b><u>PULAU PINANG</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2619288	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-001
KENANGA INVESTMENT BANK BERHAD	7th, 8th & 16th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023
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 Sentral Tower No. 3, Penang Street 10200 Penang Tel No : 04-2690888	054-002
MALACCA SECURITIES SDN BHD	Prima Tanjung Suite 98-3-13A Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No : 04-8981525	012-004

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
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 Lebu Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
M&A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground - 3rd Floor & 5th - 8th Floor Lebu Bishop 10200 Penang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No : 04-8352988	087-056

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
SJ SECURITIES SDN BHD	12th Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No : 04-2289836	096-003
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Penang Tel No : 04-2273000	064-004
<b><u>PERLIS INDRA KAYANGAN</u></b>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	087-060
<b><u>KEDAH DARUL AMAN</u></b>		
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A Tingkat 1EMUM 55 No. 55, Jalan Gangsa Kawasan Perumahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
<b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b>		
KENANGA INVESTMENT BANK BERHAD	1C & 1D, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	073-033
HWANGDBS INVESTMENT BANK BERHAD	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
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No: 06-7669555	098-005
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	087-040
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
<b><u>JOHOR DARUL TAKZIM</u></b>		
UOB KAY HIAN SECURITIES (M) 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
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70 Jalan Rosmerah 2/ 17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
AMINVESTMENT BANK BERHAD	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-024

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (A & B) Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-017

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No.5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-2237423	073-019
M&A 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
M&A SECURITIES SDN BHD	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No : 07-2366288	057-006
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
HONG LEONG INVESTMENT BANK BERHAD (FORMERLY KNOWN AS 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	066-005
RHB INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/ 1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	087-038
RHB INVESTMENT BANK BERHAD	1st Floor, No. 2, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD	Ground & 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
<b><u>PAHANG DARUL MAKMUR</u></b>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041
<b><u>KELANTAN DARUL NAIM</u></b>		
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
<b><u>TERENGGANU DARUL IMAN</u></b>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 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

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055
<b><u>SARAWAK</u></b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-001
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2 - 4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K.T.L.D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No : 082-422252	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	087-050
RHB INVESTMENT BANK BERHAD	Ground and 1st Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel No : 082-250888	087-003
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 Bangunan Binamas, Lot 138 Section 54, Jalan Padungan 93100 Kuching Sarawak Tel No : 082-236333	058-006

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>SABAH</u></b>		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
KENANGA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011
RHB INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258618	087-036