

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT

### 5.1 PROMOTERS / SUBSTANTIAL SHAREHOLDERS

#### 5.1.1 Particulars and Shareholdings

The details of the substantial shareholders / promoters of the Group and their shareholdings in PIC after the IPO are as follows: -

Name	Place of incorporation/ Nationality	Designation	No. of Shares Held in PIC after the IPO ^			
			Direct	%	Indirect	%
ZKSB	Malaysia	Shareholder	38,745,674	41.22	-	-
Haji Zaid bin Haji Abdullah	Malaysian	Group Managing Director	19,055,710	20.27	<sup>(1)</sup> 39,065,674	41.56
Hajjah Zaidah binti Mohd Salleh	Malaysian	Group Executive Director	320,000	0.34	<sup>(2)</sup> 57,801,384	61.49
Hassan bin Hussain	Malaysian	Group Executive Director	8,200,000	8.72	-	-

Notes: -

(1) Deemed interested by virtue of his substantial shareholding in ZKSB and his spouse's direct shareholding in PIC.

(2) Deemed interested by virtue of her substantial shareholding in ZKSB and being the spouse of Haji Zaid bin Haji Abdullah.

^ Assuming full subscription of Shares made available to them via the Public Issue.

#### 5.1.2 Profiles of Promoters / Substantial Shareholders

##### ZKSB

##### (i) Background Information

ZKSB was incorporated on 4 July 1992 in Malaysia under the Companies Act, 1965 as a private limited company with the name of Panomonic Sdn. Bhd. Subsequently, on 16 July 1993 it changed its name to Zaiyadal Keluarga Sdn Bhd. ZKSB is principally an investment holding company.

##### (ii) Directors and Substantial Shareholders

The particulars of the directors of ZKSB and their respective shareholdings in ZKSB as at 31 August 2004 are set out below: -

Name	Nationality	Designation	No. of Shares held in ZKSB			
			Direct	(%)	Indirect	(%)
<b>Directors / Substantial Shareholders</b>						
Haji Zaid bin Haji Abdullah	Malaysian	Director	7,787,727	80.0	1,946,932*	20.0
Hajjah Zaidah binti Mohd Salleh	Malaysian	Director	1,946,932	20.0	7,787,727*	80.0
Hassan bin Hussain	Malaysian	Director	-	-	-	-

Note:

\*

Deemed interested by virtue of his/her spouse's shareholdings in ZKSB.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

**Haji Zaid bin Haji Abdullah**, age 52, is the Group Managing Director of PIC and was appointed to the Board on 1 November 1990. He also holds directorships in all the subsidiary companies of PIC. He graduated with a Bachelor of Economics (Accounting) and Advanced Diploma in Accounting from the University of Malaya and is a Chartered Accountant by profession. Prior to the setting up of the PIC Group in 1992, he held the position of Director of Finance in Shapadu Corporation from 1978 to 1982 and was then promoted to Group Executive Director of Shapadu Group of Companies, a position he upheld until he left in 1992 to develop PIC Group. He set up ASMA in 1993 and was the initial Managing Director for the ASMA. He was directly involved in managing all the works related to the setting up of ASMA that includes but not limited to the finalizing of the Concession Agreement with the Government, setting up of the CAQM and CWQM stations as well as the Environmental Data Centre. He was also involved in the formulation of the training program for the CAQM specialists / technicians with the Alberta Institute of Technology, Calgary, Canada. The acquiring of a majority stake in ALS through the joint venture agreement with Australian Laboratory Services Pty Ltd was also initiated by him and he has successfully turned around the company. With his vast experience in the corporate business world, he had contributed much to the success and growth of the PIC Group.

**Hajjah Zaidah binti Mohd Salleh**, age 49, is the Group Executive Director (Special functions / Corporate / Secretarial) of PIC and was appointed to the Board on 1 November 1990. She also holds directorships in all the subsidiaries of PIC. She is a Chartered Accountant graduated from the University of Malaya with Bachelor of Economics (Accounting) in 1977 and Advanced Diploma in Accounting in 1978. She started her career in 1978 as an Accountant in Jabatan Telekom and was promoted to Financial Controller ("G") in 1981. In 1984 and she was entrusted to head the Regional Accounts Division as the Regional Accountant of Telekom Malaysia. In 1989, she was promoted to the position of a Senior Accountant (Operations), a position she upheld until she left in 1993 to join PIC. She was initially the Group Financial Controller who oversees all financial related matters in the Group. She has been directly involved in obtaining the financial assistance from the relevant financial institutions, PUNB & PNS to facilitate the setting up of the Group and was promoted to her current position in year 2003.

**Hassan bin Hussain**, age 49, is the Group Executive Director of PIC. He was appointed to the Board on 8 June 2000 and since then, has significantly contributed to the formulation of the Group's corporate strategy. He has a Master of Business Administration Degree majoring in Finance from the New York University in 1985. He started his career with a Dutch company that specializes in the manufacture of steel drums mainly used for the export of edible oils and chemicals. After approximately two years with the company, he joined the merchant bank industry. He has approximately twenty one (21) years of experience in the merchant banking industry. His last position in the banking industry was as the Chief Executive Officer of Affin Merchant Bank Berhad, one of the leading merchant banks in Malaysia. Subsequently, he has been the Executive Deputy Chairman of Salcon Sdn Bhd, a water treatment plant company from mid 1999 to mid 2002. He assumed his current position in the Group since August 2003.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.1.3 Directorships and Substantial Shareholdings of Substantial Shareholders / Promoters in All Other Public Corporations for the Past Two Years Preceding the Date Hereof

Save as disclosed below, as of 31 August 2004, none of the Substantial Shareholders / promoters has any directorships or major shareholdings in other public corporations for the past two (2) years.

Name	Name of Company/ Business	Principal Activities of Company/ Nature of Business	Shareholdings/ Interests as at 31 July 2003			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Hassan bin Hussain	Kumpulan Emas Berhad	Process Engineering & Operation for clean water, waste water treatment, Property development and Timber	9,836,000	2.14	-	-

## 5.2 DIRECTORS

### 5.2.1 Particulars and Shareholdings

Particulars of the Directors and their respective shareholdings in the Company after the IPO are as follows:-

Name	Designation / Functions	No. of Shares Held ^			
		Direct	%	Indirect	%
Haji Zaid bin Haji Abdullah	Group Managing Director	19,055,710	20.27	<sup>(1)</sup> 39,065,674	41.56
Hajjah Zaidah binti Mohd Salleh	Group Executive Director	320,000	0.34	<sup>(2)</sup> 57,801,384	61.49
Hassan bin Hussain	Group Executive Director	8,200,000	8.72	-	-
Dato' Mohamed bin Hashim	Independent, Non-Executive Chairman	150,000	0.16	-	-
Emeritus Professor Dato' Dr. Mohd Sham bin Mohd Sani	Independent Non-Executive Director	150,000	0.16	-	-
Lee Weng Chong	Independent, Non-Executive Director	150,000	0.16	-	-

Notes: -

(1) Deemed interested by virtue of his substantial shareholding in ZKSB and his spouse's direct shareholding in PIC.

(2) Deemed interested by virtue of her substantial shareholding in ZKSB and being the spouse of Haji Zaid bin Haji Abdullah.

^ Assuming full subscription of Shares made available to them via the Public Issue.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.2.2 Profiles of Directors

The profiles of Haji Zaid bin Haji Abdullah, Hajjah Zaidah binti Mohd Salleh and Hassan bin Hussain are set out in Section 5.1.2 of this Prospectus.

**Dato' Mohamed bin Hashim**, age 67, is the Independent Non-Executive Chairman of PIC and was appointed to the Board on 8 July 2004. He graduated from Queens University, Belfast in B.Sc (Eng) with First Class Honours in 1962. He started his career as a Graduate Apprentice in England and joined Imperial Chemical Industries (UK and Malaysia) from 1964 to 1972. He was an Executive Director in Petroliam Nasional Berhad (PETRONAS) for thirteen (13) years. Prior to joining Petronas, he served as an Executive Director in Pemas Engineering Sdn Bhd. Since 1989 to the present, he operates his own business.

**Emeritus Professor Dato' Dr. Mohd Sham bin Mohd Sani**, age 61, was appointed as the Independent Non-Executive Director of PIC on 8 July 2004. He also holds directorship in ASMA. He obtained his Bachelor, Master and PhD in Geography (Urban Climatology and Air Pollution) from the University of Canterbury, Christchurch, New Zealand; the first two degrees in 1966 and 1968 respectively and the PhD in 1977. He specializes in Geography (Urban Climatology and Air Pollution) and has been teaching at University Kebangsaan Malaysia for thirty (30) years before his retirement in March 2000. On invitation and part-time basis he also taught at various universities locally and abroad as visiting lecturer / professor. He has done substantial numbers of researches and has produced several books, academic articles and professional reports as a result of these research activities.

**Lee Weng Chong**, age 47, was appointed as the Independent Non-Executive Director of PIC on 19 July 2004. He is a graduate from the University of Aston, United Kingdom with a Bachelor of Science Degree in Chemical Engineering and obtained his professional qualification as a Chartered Chemical Engineer from the Institute of Chemical Engineers, United Kingdom. He started his career with Alfa Laval in United Kingdom, a global process equipment supplier and subsequently continued to serve the company in Singapore. He is currently, the President for Asia Pacific region in Trelleborg Sealing Solutions Asia Pacific based in Singapore, a company that provides precision seals for the industrial, automotive and aerospace markets.

### 5.2.3 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid and payable to the Directors of PIC for services rendered in all capacities to the Group for the last financial year ended 31 December 2003 and proposed for the current financial year ending 31 December 2004 are as follows:-

Remuneration Band (RM '000)	Financial year ended 31 December 2003		Financial year ending 31 December 2004	
	Aggregate Remuneration	Number of Directors	Aggregate Remuneration	Number of Directors
Up to 50,000	40,000	5	80,000	2
50,001 – 100,000	-	-	52,000	1
100,001 – 200,000	167,434	1	-	-
200,001 – 500,000	275,252	1	399,000	1
Above 500,000	1,584,114	1	1,463,800	2
<b>Total</b>	<b>2,066,800</b>	<b>8</b>	<b>1,994,800</b>	<b>6</b>

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 5.3 AUDIT COMMITTEE

The main functions of the Audit Committee fall within the ambit of the Listing Requirements, which include the review of audit plans and audit reports with the Group's auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the balance sheet and profit and loss accounts, and nomination of the auditors. The Audit Committee comprises of the following individuals: -

Name	Designation	Directorship
Dato' Mohamed bin Hashim	Chairman	Independent, Non-Executive Chairman
Emeritus Prof. Dato' Dr. Mohd Sham bin Mohd Sani	Member	Independent, Non-Executive Director
Hajjah Zaidah binti Mohd Salleh	Member	Group Executive Director

### 5.4 KEY MANAGEMENT

#### 5.4.1 Particulars and Shareholdings of the Key Management Team

The details of the key management of the Group and their shareholdings in PIC after the IPO are as follows: -

Name	Designation	No. of Shares Held In PIC After the IPO #			
		Direct	(%)	Indirect	(%)
<b>Key Management</b>					
Raman bin Kasim	Managing Director/ Principal Consultant (ASMA)	200,000	0.21	-	-
Dr. Chin Teen Teen	General Manager (ALS)	200,000	0.21	-	-
Dr. Abdul Rani bin Abdullah	General Manager / Principal Consultant - (ASMA)	100,000	0.11	-	-
Mohamed Nazari bin Jaafar	Senior Manager - GIS / EIT Department (ASMA)	20,000	0.02	-	-
Azman bin Zainal Abidin	Senior Manager - Air Department (ASMA)	20,000	0.02	-	-
Nurida binti Mohd Yusop	Client Service Manager (ALS)	30,000	0.03	-	-
Nadzrah Hashim	Group Finance and Accounts Manager (PIC)	60,000	0.06	-	-
Fadillah binti Omar	Finance and Accounts Manager (ASMA)	15,000	0.01	-	-
Dr Koh Yew Ming	Deputy Laboratory Manager (ALS)	20,000	0.02	-	-

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name	Designation	No. of Shares Held in PIC After the IPO #			
		Direct	(%)	Indirect	(%)
Lam Nen Ying	Business Manager (ALS)	20,000	0.02	-	-

Note: -

# Assuming full subscription of Shares made available to them via the Public Issue.

### 5.4.2 Profiles of the Key Management

**Raman bin Kasim**, age 50, is the Managing Director and Principal Consultant of ASMA. He graduated with a Bachelor of Science (Hons) in Chemical Engineering from the Loughborough University of Technology, United Kingdom and is a chemical engineer by profession. He worked for Shell Malaysia for 24 years prior to joining ASMA in June 2001. In Shell, he has served in various capacities which took him from sales and marketing of the whole product range including petrochemicals to supply and distribution operation, technical commercial development, strategic alliances with Petronas and including stints as regional area managers. One of his last appointments in the oil company was as General Manager of Brand, Communication and Customer Services. He was a member of the management team and board member representing Shell in Bonuslink Malaysia Sdn Bhd and Usaha Rawang Sdn Bhd.

**Dr. Chin Teen Teen**, age 39, is the General Manager of ALS. She has been with the company since 1997. Prior to ALS, she was attached to the Research & Development Division at the Center of Advanced Food Technologies in New Jersey, USA. She is responsible for numerous technical and managerial functions in ALS including technical development, business development, equipment acquisition, lab facility design and overall management. Her main focus is to ensure continuous business growth, expansion into the overseas market, improving upon current business processes for cost controls and human asset management. She currently sits on the AECCOM Council and also is on the SIRIM Technical Working Committee. She obtained her Bachelor of Science (Chemistry) from the University of New Brunswick, Canada and received her PhD (Chemistry) from University of Vermont, 1993.

**Dr. Abdul Rani bin Abdullah**, age 46, is the General Manager and Principal Consultant of ASMA. He graduated with a Bachelor of Science (Medicinal and Pharmaceutical Chemistry) from the Loughborough University of Technology, United Kingdom and has a PhD in Organic Chemistry from the University of New South Wales. Prior to joining ASMA in 2001, he was a lecturer and Associate Professor at University of Malaya where he served for 14 years. His field of specialisation is environmental organic chemistry. He has been very active in environmental research where many of his findings have been published in international journals and presented in numerous national and international seminars. His consultancy experience began while at the university where Dr Rani served as a consultant in various projects of national and international interests encompassing monitoring, assessment and management and control solutions to environmental problems.

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**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**Mohamed Nazari bin Jaafar**, age 39, is the Senior Manager for the GIS and EIT departments in ASMA. He graduated from the East Carolina University, North Carolina, USA with a Bachelor of Science (Urban Planning) and has a Master of Science Planning from the University of Tennessee, Knoxville, Tennessee, USA. Initially, he served ASMA as a consultant in 2002 for the Putrajaya Wetlands and Lake Management and Operating System (PWLMOS) Phase 1 project. He brought in Phase II of the project when he joined the company in April 2003. He was formerly a lecturer in the University of Malaya. His area of specialisation is GIS and IT.

**Azman bin Zainal Abidin**, age 50, is the Senior Manager of the Air Department in ASMA. He graduated from the University Putra Malaysia with a Bachelor of Science (Environmental) and has a Master of Science in Environment. Prior to joining ASMA in August 2003, he was a lecturer in Universiti Putra Malaysia where he served for 16 years. His area of interest is air pollution and meteorology. He has published numerous research papers in local and international journals, and has been a consultant in various environmental projects. He has sat in various governmental task forces, notably the Air Quality Task Force and the Haze Task Force. He was instrumental in developing the Malaysian Air Pollutants Index (MAPI) that is currently being used by the DOE to describe the daily state of the air quality in the country. He is currently actively involved in climate change studies. In this respect, he was a key member in the preparation of Malaysia's Initial Communication on climate change, in which he headed the team that prepared the National Inventory on Greenhouse Gases (GHG) emissions. He has expanded the inventory work to include GHG emission forecasts and mitigation options. He sits in the National Secretariat on Clean Development Mechanism (CDM) for the Energy sector.

**Nurida binti Mohd Yusop**, age 30 has been with ALS since 1998 and progressed from a chemist in the laboratory to a Senior Chemist, Deputy Technical and Client Services Manager and is now the Client Services Manager. She is responsible for ensuring that the client's expectations are consistently exceeded both for the Malaysian based and regional clients. She has managed numerous projects ranging from management of wastewater treatment projects, large scale nationwide water monitoring projects and contaminated sites testing projects. Prior to joining ALS, she was a project co-ordinator with Sime Engineering where she ensured on-time deliveries of large turnkey engineering works. She received a Bachelor of Science (Chemistry) from the University of Malaya in 1996.

**Nadzrah binti Hashim**, age 35, is the Group Finance and Accounts Manager in PIC. She graduated with a Bachelor (Hons) in Accounting and Finance from South Bank University, London in 1997. She joined PIC in 1998 as an Accountant in the Corporate Division and was promoted to Corporate Finance Manager in 2001. She was promoted to her current position in 2003. She heads the Corporate Finance and Accounts Department and is responsible for the treasury function, corporate, taxation, financial matters and also monitoring functions.

**Fadillah binti Omar**, age 39, is the Manager for the Finance and Accounts Department in ASMA. She graduated from University of Kent at Canterbury (England) with a BA (Hons) in Accounting. She joined ASMA in April 2003 with more than 15 years of working experience serving different industries namely, audit, broadcasting, hospitality and solid waste management in both Malaysia and overseas. Her area of responsibilities covers finance and accounts, procurement and inventory management.

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

**Dr Koh Yew Ming**, age 31 has been with ALS since 2003 and serves as the Deputy Laboratory Manager. He graduated from Universiti Sains Malaya with a Bachelor of Science in Chemistry and has a PhD in Chemistry from the Universiti Sains Malaysia. He is responsible for all aspects of the laboratory production, quality control, method development and staffing for these laboratory sections. In general, he oversees the Wet Chemistry Section, Inorganics and Organics Sections and the Microbiological Section of ALS. Prior to joining ALS, he was involved in drug screening and confirmatory studies during the Commonwealth Games and is highly familiar with drug studies, pharmacokinetic studies and bio-availability studies.

**Lam Nen Ying**, age 31 is the Business Manager of ALS and is in charge of the full operations of ALS's branch office in Johor Bahru. He has been with ALS since 2002. He is responsible for the continuous business growth and marketing for the southern region of Malaysia. He is also in charge of the laboratory operations and administration for the Johor Bahru branch office to ensure the smooth operation, on-time delivery and good coordination between the Johor Bahru office and the main office in Kuala Lumpur. He has been in laboratory analysing industries since 1999, specialising in palm oils and food markets. He received his degree of Bachelor of Science in Engineering from the National Taiwan University in 1996.

### 5.5 INVOLVEMENT OF DIRECTORS / KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

None of the Executive Directors or key management of the PIC Group is involved in other businesses or corporations save for the following :-

#### Haji Zaid bin Haji Abdullah

Haji Zaid bin Haji Abdullah principally spends his time and effort on activities relating to the Group. Haji Zaid bin Haji Abdullah is also involved in the following corporations other than the Group :-

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Progressive Impact Aquaculture Sdn Bhd	Prawn breeding, rearing and marketing	Director	234,173	6.41	2,752,002*	75.31
Foxboro	Marketing and Servicing instruments and systems for process management and control	Director	-	-	2,550#	51.00
ZKSB	Investment Holding Company	Director	7,787,727	80.00	1,946,932^	20.00
PI Cak Sdn Bhd	Dormant	Director	-	-	44,001*	44.00
PI-CSE Systems & Engineering (M) Sdn Bhd	Systems integrator, software system consultancy and engineering	Director	-	-	-	-
PI Trading Sdn Bhd	Dormant	Director	-	-	807,401*	80.74
PI Styrol Block Sdn Bhd	Patent rights holder	Director	-	-	56,002*	56.00
Kajicuaca Malaysia Sdn Bhd	Dormant	Director	-	-	320,000*	64.00
Metronic Impact Sdn Bhd	Building surveillance system	Director	-	-	47,999*	47.99



## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
PI Tech	Providing computerised security access system CCTV and alarm control.	Director	-	-	1,750,629*	80.00
EPS Systems & Engineering Sdn Bhd	Civil constructions	Director	-	-	480,400*	80.00
Kal-Yadain Sdn Bhd	Investment holding	Director	97,572	9.09	-	-
Excellent Variety Sdn Bhd	Dormant	Director	-	-	67,000 <sup>@</sup>	67.00
Nordin Torji Property Sdn Bhd	Dormant	Director	10,001	99.99	-	-
Progressive Global Traders Sdn Bhd	Dormant	Director	-	-	60,000 <sup>^</sup>	60.00

Notes :-

# Deemed interested by virtue of his substantial shareholding in ZKSB which in turn a substantial shareholder of PI Tech.

\* Deemed interested by virtue of his substantial shareholding in ZKSB.

<sup>^</sup> Deemed interested by virtue of his spouse's direct shareholding in ZKSB.

<sup>@</sup> Deemed interested by virtue of his substantial shareholding in ZKSB which in turn a substantial shareholder of EPS Systems & Engineering Sdn Bhd.

& Deemed interested by virtue of his substantial shareholding in ZKSB which in turn a substantial shareholder of PI Trading Sdn Bhd.

### Hajjah Zaidah binti Mohd Salleh

Hajjah Zaidah binti Mohd Salleh principally spends her time and effort on activities relating to the Group. Hajjah Zaidah binti Mohd Salleh is also involved in the following corporations other than the Group :-

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Progressive Impact Aquaculture Sdn Bhd	Prawn breeding, rearing and marketing	Director	-	-	2,752,002*	75.31
Foxboro	Marketing and Servicing instruments and systems for process management and control	Director	-	-	2,550#	51.00
ZKSB	Investment Holding Company	Director	1,946,932	20.00	7,787,727 <sup>^</sup>	80.00
PI-CSE Systems & Engineering (M) Sdn Bhd	Systems integrator, software system consultancy and engineering	Director	-	-	-	-
PI Cak Sdn Bhd	Dormant	Director	-	-	44,001*	44.00
PI Trading Sdn Bhd	Dormant	Director	-	-	807,401*	80.74
Kajicuaca Malaysia Sdn Bhd	Dormant	Director	-	-	320,000*	64.00
Metronic Impact Sdn Bhd	Building surveillance system	Director	-	-	47,999*	47.99
PI Tech	Providing computerised security access system CCTV and alarm control.	Director	-	-	1,750,629*	80.00

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
EPS Systems & Engineering Sdn Bhd	Civil constructions	Director	-	-	480,400*	80.00
Rasal Keluarga Sdn Bhd	Investment holding	Alternate Director	31,250	12.50	-	-
PI Styrol Block Sdn Bhd	Patent holder	Director	-	-	60,000 <sup>^</sup>	60.00
Nordin Torji Property Sdn Bhd	Dormant	Director	1	neg.	-	-

Notes :-

\* Deemed interested by virtue of her substantial shareholding in ZKSB.

# Deemed interested by virtue of her substantial shareholding in ZKSB which in turn a substantial shareholder of PI Tech

^ Deemed interested by virtue of her spouse's direct shareholding in ZKSB.

@ Deemed interested by virtue of her substantial shareholding in ZKSB which in turn a substantial shareholder of EPS Systems & Engineering Sdn Bhd.

& Deemed interested by virtue of her substantial shareholding in ZKSB which in turn a substantial shareholder of PI Trading Sdn Bhd.

neg. Negligible

**Hassan bin Hussain**

Hassan bin Hussain principally spends his time and effort on activities relating to the Group. Hassan bin Hussain is also involved in the following corporations other than the Group :-

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
Asia Pacific Management Insight Sdn Bhd	Financial & Management Consultancy	Executive Chairman	10,000	33.33	-	-
Excel Oscar (M) Sdn Bhd	Financial & Management Consultancy	Director	1	neg.	-	-
Foxboro	Marketing and Servicing instruments and systems for process management and control	Director	-	-	2,550*	51.00
Smart Platform (M) Sdn Bhd	Dormant	Director	70,000	70.00	-	-
Excellent Variety Sdn Bhd	Dormant	Director	33,000	33.00	67,000 <sup>@</sup>	67.00
Kumpulan Emas Berhad	Process Engineering & Operation for clean water, waste water treatment, Property development and Timber	Shareholder	9,836,000	2.14	-	-
PI Tech	Providing computerised security access system CCTV and alarm control	Director	437,657	20.00	-	-

## 5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)

Name of Company/ Business	Principal Activities of Company/ Nature of Business	Directorship/ Shareholder	Shareholdings/ Interests			
			Direct		Indirect	
			No. of Shares	%	No. of Shares	%
PI Cak Sdn Bhd	Dormant	Shareholder	11,000	11.00	-	-
Progressive Impact Aquaculture Sdn Bhd	Prawn breeding, rearing and marketing	Director	668,000	18.28	-	-
PI Trading Sdn Bhd	Dormant	Shareholder	192,599	19.26	-	-
PI Styrol Block Sdn Bhd	Patent holder	Shareholder	14,000	14.00	-	-
Kajicuaca Malaysia Sdn Bhd	Dormant	Shareholder	80,000	16.00	-	-
Metronic Impact Sdn Bhd	Building surveillance system	Shareholder	12,000	12.00	-	-
EPS Systems & Engineering Sdn Bhd	Civil constructions	Shareholder	120,100	20.00	-	-
ZKSB	Investment Holding Company	Director	-	-	-	-
Progressive Global Traders Sdn Bhd	Dormant	Director	-	-	60,000 <sup>4</sup>	60.00

Notes :-

- \* Deemed interested by virtue of his substantial shareholding in PI Tech.
  - ^ Deemed interested by virtue of his substantial shareholding in PI Trading Sdn Bhd.
  - @ Deemed interested by virtue of his substantial shareholding in EPS Systems & Engineering Sdn Bhd.
  - & Deemed interested by virtue of his substantial shareholding in PI Trading Sdn Bhd.
- neg. : Negligible

### 5.6 DECLARATION OF DIRECTORS AND KEY MANAGEMENT

Save as disclosed below, none of the Directors or key management is or has been involved in any of the following events :-

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; and
- (c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

## **5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Details of the Directors or key management who has been involved in a petition under the bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel are as follows:-

- (i) A petition for winding-up was filed against PI Sea Products Sdn Bhd ("PI Sea Products") (formerly known as Seavariety Products Sdn Bhd) by Angkasa Raya Sdn Bhd ("Angkasa") vide Petition No. D4-28-170-2000 in the High Court of Kuala Lumpur, a company where Haji Zaid Bin Haji Abdullah was then an executive director and Hajjah Zaidah binti Mohd Salleh was then an alternate director. The claim filed was for the monthly rental charges in respect of a premise known as Suite EF, Tingkat 21, Bangunan Angkasa Raya, Jalan Ampang 50450 Kuala Lumpur. PI Sea Products claimed that the claims made by Angkasa should be addressed to Abdul Rahman Bin Kassim, a former director of PI Sea Products and Haji Ismail Daud, a technical adviser of PI Sea Products ("Third Party"). PI Sea Products state that it did not have any knowledge of the tenancy neither did it authorised the then director (Abdul Rahman bin Kassim) to rent the premise as it was resolved in the first annual general meeting of PI Sea Products on 25 July 1993 that its entire operation will be moved to Kuantan and all operations in Kuala Lumpur will cease. The defence raised by PI Sea Products is that it has not authorised any of its directors or officers to lease the premise and in the event that there is any agreement made between the Third Party and Angkasa, the agreement is made in their individual capacity. Nonetheless, a winding up order was made against PI Sea Products Sdn Bhd on 24 November 2000. From a file search conducted at the Kuala Lumpur High Court on 16 July 2004 in respect of this petition, no further development was noted from the minutes of the court file subsequent to the granting of the winding-up Order on 24 November 2000.
- (ii) A petition for winding-up was filed against System Magnecard Incorporated (M) Sdn Bhd by SICPA (Malaysia) Sdn Bhd vide Petition No. D1-28-316-1995 in the High Court of Kuala Lumpur, a company which Dato' Mohamed Bin Hashim was then a director. The claim filed was for the payment of equipments delivered. Dato' Mohamed Bin Hashim has resigned as a director of the said company with effect from 20 December 1995. The said petition was struck out with liberty to refile pursuant to an order of the Court made on 26 September 1996. From a file search conducted at the Kuala Lumpur High Court on 16 July 2004 in respect of this petition, no further development was noted from the minutes of the court file subsequent to the Order of Court made on 26 September 1996.

### **5.7 FAMILY RELATIONSHIPS**

Save for Haji Zaid bin Haji Abdullah and Hajjah Zaidah binti Haji Mohd Salleh who are husband and wife, there is no family relationship (as defined in Section 122A of the Act) between the Substantial Shareholders, Promoters, Directors and key management of the PIC Group.

### **5.8 EXISTING OR PROPOSED SERVICE AGREEMENTS**

As at the date of this Prospectus, there are no existing or proposed service agreements between the Group and its Directors and key management.

**5. INFORMATION ON PROMOTERS/SUBSTANTIAL SHAREHOLDERS/DIRECTORS AND KEY MANAGEMENT (Cont'd)****5.9 CHANGES IN SHAREHOLDINGS IN THE COMPANY FOR THE PAST THREE (3) YEARS ENDED 31 AUGUST 2004**

The significant changes of the promoters' and Substantial Shareholders' shareholdings in the Company for the past three (3) years preceding the date hereof are as follows: -

Name	Ordinary share of RM0.50 each		Ordinary share of RM1.00 each											
	From 12.8.2004 to 1.8.2004 <sup>(3)</sup>		From 1.9.2001 to 31.8.2002				From 1.9.2002 to 31.8.2003				From 1.9.2003 to 11.8.2004			
	Direct	Indirect	Acquisition	Disposal	Direct	Indirect	Acquisition	Disposal	Direct	Indirect	Acquisition	Disposal	Direct	Indirect
ZKSB	49,045,674	-	-	-	9,200,027	-	-	-	9,200,027	-	15,322,810	-	24,522,837	-
Haji Zaid bin Haji Abdullah	25,695,710	<sup>(1)</sup> 49,045,674	-	-	254,315	<sup>(1)</sup> 9,200,027	800,000	-	1,054,315	<sup>(1)</sup> 9,200,027	12,419,890	626,350	12,847,855	24,522,837
Hajjah Zaidah binti Mohd Salleh	-	<sup>(2)</sup> 74,741,384	-	-	-	<sup>(2)</sup> 9,454,342	-	-	-	<sup>(2)</sup> 10,254,342	-	-	-	<sup>(2)</sup> 37,370,692
Hassan bin Hussain	8,700,000	-	-	-	-	-	-	-	-	-	4,350,000	-	4,350,000	-
PNS	-	-	-	-	8,000,000	-	-	800,000	7,200,000	-	-	7,200,000	-	-
PUNB	-	-	-	-	2,570,000	-	-	-	2,570,000	-	-	2,570,000	-	-

Notes: -

- (1) Deemed interested by virtue of his substantial shareholding in ZKSB.
- (2) Deemed interested by virtue of her substantial shareholding in ZKSB and being the spouse of Haji Zaid bin Haji Abdullah.
- (3) The existing par value of RM1.00 each per ordinary share was subdivided into 2 ordinary shares of RM0.50 on 16 August 2004.

**5.10 DIRECTORSHIPS AND SUBSTANTIAL SHAREHOLDINGS IN ALL OTHER PUBLIC CORPORATIONS FOR THE PAST TWO (2) YEARS**

Save for Hassan bin Hussain as disclosed in Section 5.5 above, none of the Directors has substantial shareholdings or hold directorships in other public corporations for the past two (2) years preceding 31 August 2004 (being the last practicable date prior to the printing of the Prospectus).

**6. APPROVAL AND CONDITIONS****6.1 APPROVALS AND CONDITIONS**

The SC and MITI approved the IPO on 21 June 2004 and 5 May 2004 respectively. The conditions imposed by the authorities and status of compliance are as follows: -

<b>Conditions Imposed By SC</b>					<b>Status of Compliance</b>
<b><u>SC's letter dated 21 June 2004</u></b>					
(i) The following shareholders are not allowed to sell, transfer or assign their respective shareholdings amounting to 45% of the enlarged issued and paid-up capital of PIC for at least 1 year from the date of listing of PIC on the Second Board of Bursa Securities:					Complied via the undertaking letters dated 3 September 2004 furnished to SC.
<b>Substantial Shareholders</b>	<b>Shareholding after the Public Issue</b>		<b>Shareholding Placed under Moratorium</b>		
	<b>No. of shares</b>	<b>%</b>	<b>No. of shares</b>	<b>%</b>	
ZKSB	38,745,674	41.22	27,741,989	29.51	
Haji Zaid bin Haji Abdullah Hassan bin Hussain	18,935,710	20.14	13,558,011	14.42	
	8,200,000	8.72	1,000,000	1.07	
<b>Total</b>	<b>65,881,384</b>	<b>70.08</b>	<b>42,300,000</b>	<b>45.00</b>	
In this regard, the individual shareholders ZKSB should provide written undertaking to the SC that they would not sell, transfer or assign their shareholdings in ZKSB during the moratorium period.					
(ii) With regard to the trade debtors, PIC should comply with the following:					
<ul style="list-style-type: none"> <li>PIC should fully disclose in the listing prospectus the debtors' position, the ageing analysis and for amounts exceeding the credit period, comments by the directors on the recoverability of the amount;</li> </ul>					Complied as disclosed in Section 9.4(vi).
<ul style="list-style-type: none"> <li>Full provision should be made for all overdue trade debtors which are in dispute or under legal action or for amounts which have been outstanding for more than 6 months. In this regard, the directors of PIC should submit a confirmation to the SC that this condition has been complied with prior to the issuance of the listing Prospectus; and</li> </ul>					Complied via PIC's letter dated 3 September 2004 furnished to SC.
<ul style="list-style-type: none"> <li>The directors of PIC should confirm and submit a declaration to the SC that debts exceeding credit period are recoverable and that full provision has been made to the accounts/forecast/projections;</li> </ul>					Complied via PIC's letter dated 3 September 2004 furnished to SC.
(iii) PIC should discharge itself from all guarantees extended to companies controlled by/related to the substantial shareholders and directors of PIC as well as withdraw all third party utilization of PIC's facilities extended to these companies prior to the issue of the listing prospectus;					Complied. PIC has withdrawn all third parties utilisation of PIC's facilities pursuant to the Disposals.

## 6. APPROVAL AND CONDITIONS (Cont'd)

Conditions Imposed By SC		Status of Compliance
(iv) PIC/AmMerchant Bank Berhad (AmMerchant) should comply with the following requirements in relation to the public issue/offer for sale shares which will be offered vide placement to selected public investors:		To be complied
<ul style="list-style-type: none"> <li>• At least 30% of the securities should, to the extent possible, be allocated to Bumiputera investors;</li> <li>• Placement of the securities must be done through an independent placement agent; and</li> <li>• Upon implementation of the placement exercise, AmMerchant or the independent placement agent (where applicable), must submit to the SC, for its notification, a final list of the placees, and a confirmation that the placement complies with the Policies and Guidelines on Issue/Offer of Securities (SC Guidelines);</li> </ul>		
(v) PIC/AmMerchant should make detailed disclosure in the listing prospectus with regard to the following:		
<ul style="list-style-type: none"> <li>• PIC's dependency on the revenue generated from the Concession Agreement between ASMA and the Government of Malaysia for the provision of environmental monitoring and data management services for Jabatan Alam Sekitar and steps taken/to be taken to address the dependency;</li> </ul>		Complied as disclosed in Section 4.4.12.
<ul style="list-style-type: none"> <li>• Salient terms and conditions of the Concession Agreement between ASMA and the Government of Malaysia, including but not limited to, circumstances under which the Concession Agreement can be terminated;</li> </ul>		Complied as disclosed in Section 13.5(i).
<ul style="list-style-type: none"> <li>• The licensing requirement in relation to equipment containing radioactive material; and</li> </ul>		Complied as disclosed in Section 4.4.15.
<ul style="list-style-type: none"> <li>• Details of the summon served on ASMA by the Atomic Energy Licensing Board;</li> </ul>		Complied as disclosed in Section 4.4.15.
(vi) PIC Should comply with the following conditions in relation to the landed properties:		
<b>Properties</b>	<b>Conditions</b>	
Lot Nos. P.T.17702, P.T. 17701 and P.T. 17707, Mukim of Damansara, District of Petaling Selangor and Lot No. 42270, Mukim of Tebrau, District of Johor Baru, Johor.	<ul style="list-style-type: none"> <li>• The company is to undertake to use its best endeavour to have the ownership transferred and registered into the document of title within 1 year from the date of this letter; and</li> </ul>	To be complied. Refer to Section 8.1 for latest update.
	<ul style="list-style-type: none"> <li>• The Company is to make a quarterly announcement to Bursa Securities on the status of the application and to update the SC when such announcements are made.</li> </ul>	To be complied

**6. APPROVAL AND CONDITIONS (Cont'd)**

Conditions Imposed By SC	Status of Compliance
(vii) AmMerchant/PIC should provide the SC the status of compliance with the National Development Policy requirement upon completion of the proposed listing proposal; and	To be complied.
(viii) PIC/AmMerchant should comply with other requirements relating to the proposal as stipulated in the SC Guidelines.	To be complied.

Conditions Imposed By MITI	Status of Compliance																								
<b>MITI's letter dated 5 May 2004</b>																									
(i) To obtain the approval of the SC for the Listing Scheme and to comply with the guidelines on acquisition, mergers and takeover.	Complied. The approval from SC was received via letter dated 21 June 2004																								
(ii) The MITI has agreed to recognise the following as Bumiputera shareholder:-	Complied via the undertaking letters dated 3 September 2004 furnished to SC.																								
<table border="1"> <thead> <tr> <th rowspan="2">Substantial Shareholders</th> <th colspan="2">Shareholding before IPO</th> <th colspan="2">Shareholding after IPO</th> </tr> <tr> <th>No. of shares</th> <th>%</th> <th>No. of shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>ZKSB</td> <td>9,457,027</td> <td>45.30</td> <td>38,745,674</td> <td>41.22</td> </tr> <tr> <td>Haji Zaid bin Haji Abdullah</td> <td>2,027,965</td> <td>9.71</td> <td>18,935,710</td> <td>20.14</td> </tr> <tr> <td><b>Total</b></td> <td><b>11,484,992</b></td> <td><b>55.01</b></td> <td><b>57,681,384</b></td> <td><b>61.36</b></td> </tr> </tbody> </table>	Substantial Shareholders	Shareholding before IPO		Shareholding after IPO		No. of shares	%	No. of shares	%	ZKSB	9,457,027	45.30	38,745,674	41.22	Haji Zaid bin Haji Abdullah	2,027,965	9.71	18,935,710	20.14	<b>Total</b>	<b>11,484,992</b>	<b>55.01</b>	<b>57,681,384</b>	<b>61.36</b>	
Substantial Shareholders		Shareholding before IPO		Shareholding after IPO																					
	No. of shares	%	No. of shares	%																					
ZKSB	9,457,027	45.30	38,745,674	41.22																					
Haji Zaid bin Haji Abdullah	2,027,965	9.71	18,935,710	20.14																					
<b>Total</b>	<b>11,484,992</b>	<b>55.01</b>	<b>57,681,384</b>	<b>61.36</b>																					
The abovementioned Bumiputera investors are subject to the moratorium as imposed by the SC.																									

**6.2 MORATORIUM ON SHARES**

In accordance with the SC Guidelines, certain shareholders of PIC will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the enlarged issued and paid-up capital of PIC for one (1) year from the date of admission of PIC to the Official List of the Second Board of Bursa Securities.

The existing shareholders of PIC whose Shares are subjected to the moratorium as imposed by the SC are as follows: -

Name of shareholders	No. of Shares held after IPO *	% of enlarged issued and paid-up capital (%)	No. of Shares held under moratorium	% of enlarged issued and paid-up capital # (%)
ZKSB	38,745,674	41.22	27,741,989	29.51
Haji Zaid bin Haji Abdullah	19,055,710	20.27	13,558,011	14.42
Hassan bin Hussain	8,200,000	8.72	1,000,000	1.07
	<b>65,881,384</b>	<b>70.08</b>	<b>42,300,000</b>	<b>45.0</b>

Notes:

# Computed based on enlarged issued and paid up share capital of 94,000,000 Shares.

\* Assuming full subscription of Shares made available to them via the Public Issue.



**6. APPROVAL AND CONDITIONS (Cont'd)**

The restriction, which is fully accepted by the shareholders, is specifically endorsed on the share certificates representing the respective shareholdings of the shareholders which are under moratorium to ensure that PIC's registrars do not register any transfer not in compliance with the restriction imposed by the SC. The shareholders have provided an undertaking that they shall not sell, transfer or assign their respective shareholdings under moratorium in accordance with the SC Guidelines.

The shareholders of ZKSB, namely Haji Zaid bin Haji Abdullah and Hajjah Zaidah binti Mohd Salleh have also provided an undertaking that they shall not sell, transfer or assign their respective shareholdings in ZKSB during the moratorium period.

The endorsement affixed on the share certificates is as follows: -

*"The shares comprised herein are not capable of being sold, transferred or assigned for the period as determined by the Securities Commission ("**Moratorium Period**"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction".*

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST****7.1 EXISTING AND PROPOSED RELATED-PARTY TRANSACTIONS AND CONFLICT OF INTEREST**

The Group has ongoing trade transactions with companies, which the Promoters, directors and/or Substantial Shareholders of PIC are Substantial Shareholders and/or directors. Details of the related-party transactions are as follows: -

Related party	Nature of transaction	Interested Promoter / director / Substantial Shareholder	Transaction value
ZKSB	Service agreement between PIC and ZKSB.	Haji Zaid bin Haji Abdullah and Hajjah Zaidah binti Mohd Salleh	RM96,000 per annum
Foxboro	Rental of head office of PIC located at No 21, Jalan Astaka U8/84, Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor, Malaysia	Haji Zaid bin Haji Abdullah, Hajjah Zaidah binti Mohd Salleh and Hassan bin Hussain	RM337,884 per annum
Progressive Impact Aquaculture Sdn Bhd	Rental of leasehold land located at Lot No. P.T. 7605, Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan	Haji Zaid bin Haji Abdullah, Hajjah Zaidah binti Mohd Salleh and Hassan bin Hussain	RM1,900 per month

The interests of the Promoters, directors and Substantial Shareholders of PIC in the aforesaid transactions as at the date of this Prospectus are as follows: -

Interested promoter / director / Substantial Shareholder	Nature of interest
ZKSB	Promoter and substantial shareholder of PIC.
Haji Zaid bin Haji Abdullah	Shareholder and director of PI Tech, ZKSB, Foxboro and Progressive Impact Aquaculture Sdn Bhd.
Hajjah Zaidah binti Mohd Salleh	Shareholder and director of PI Tech, ZKSB, Foxboro and Progressive Impact Aquaculture Sdn Bhd.
Hassan bin Hussain	Shareholder and director of PI Tech, Foxboro and Progressive Impact Aquaculture Sdn Bhd.

The transactions with the related parties are of revenue in nature, which are required for the Group's day-to-day operations. The Directors and the Substantial Shareholders of PIC have provided an undertaking that all the business transactions between the Group, the Directors and Substantial Shareholders and persons connected to them and the key management of PIC, shall be based on commercial terms and shall not be disadvantages to the Group.

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)****7.2 INTEREST OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS IN THE PROMOTIONS OF ANY ASSETS ACQUIRED OR PROPOSED TO BE ACQUIRED OR DISPOSED OR PROPOSED TO BE DISPOSED OF OR LEASED TO THE PIC GROUP WITHIN TWO (2) YEARS PRECEDING THE DATE OF THE PROSPECTUS**

Save as disclosed below, none of the Directors or Substantial Shareholders of PIC has any interest, directly or indirectly in the promotion of or in any assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiary companies within the two (2) years preceding the date of this Prospectus.

- (a) Letter of offer dated 28 October 2002 from the Solicitors of Dato' Dr. A Bakar bin Jaafar for the sale of 39,474 ordinary shares of RM1.00 each ("Sale Shares") in ASMA to PIC for the consideration of RM1,987,515.90. The transaction was completed on 5 February 2003 and the Sale Shares have been transferred to PIC;
- (b) Letter dated 12 February 2004 from PIC for the sale of 1,750,629 ordinary shares of RM1.00 each amounting to 80% of the issued and paid up share capital of PI Tech and 770,398 ordinary shares of RM1.00 each amounting to 77.04% of the issued and paid up share capital of PI Trading Sdn Bhd to ZKSB for the sum of RM1,228,002.00 and RM0.80 respectively which has been duly accepted by ZKSB. The sale and purchase transaction is conditional upon the approval of SC for the listing of PIC on the Second Board of Bursa Securities;
- (c) Letter dated 12 February 2004 from PIC for the sale of 437,657 ordinary shares of RM1.00 each amounting to 20% of the issued and paid-up share capital of PI Tech and 192,599 ordinary shares of RM1.00 each amounting to 19.26% of the issued and paid up share capital of PI Trading Sdn Bhd to Hassan bin Hussain for the sum of RM307,000 and RM0.20 respectively which has been duly accepted by Hassan bin Hussain. The sale and purchase transaction is conditional upon the approval of SC for the Listing;
- (d) Letter dated 12 February 2004 from PIC for the sale of 3,340,002 ordinary shares of RM1.00 each amounting to 91.4% of the issued and paid-up share capital of Progressive Impact Aquaculture Sdn Bhd to PI Trading Sdn Bhd for the sum of RM1,670,001 which has been duly accepted by PI Trading Sdn Bhd. The sale and purchase transaction is conditional upon the approval of SC for the Listing. However, the parties have via a letter dated 2 August 2004 revoked this sale;
- (e) Letter of offer dated 12 February 2004 from PIC to PI Tech for the disposal of the following companies:-

	Name of Company	No. of Shares	%	Purchase Price RM
1.	Foxboro	2,550	51.00	983,698
2.	PI-CSE Systems & Engineering (M) Sdn Bhd	150,000	30.00	150,000
3.	EPS Systems & Engineering Sdn Bhd	600,500	100.00	202,698
4.	Metronic Impact Sdn Bhd	59,999	60.00	59,999
5.	PI Styrol Block Sdn Bhd	70,002	70.00	1.00
6.	PI Cak Sdn Bhd	55,001	55.00	1.00
7.	Kajicuaca Malaysia Sdn Bhd	400,000	80.00	1.00

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

The sale and purchase transaction is conditional upon the approval of SC for the Listing. Pursuant to a letter dated 19 February 2004 ("Supplemental Letter"), the parties have agreed to vary the terms and conditions for disposal of PIC's shareholding in Foxboro. The parties have agreed that the disposal of Foxboro is no longer subject to the approval of SC for the Listing. On 7 July 2004, the disposal of PI-CSE Systems & Engineering (M) Sdn Bhd to PI Tech was completed.

However, the parties (i.e. PIC and PI Tech) have via a letter dated 2 August 2004 agreed that the disposals of the following companies be revoked :-

No.	Name of Company	No. of Shares	%
1.	EPS Systems & Engineering Sdn Bhd	600,500	100
2.	Metronic Impact Sdn Bhd	59,999	60
3.	PI Styrol Block Sdn Bhd	70,002	70
4.	PI Cak Sdn Bhd	55,001	55
5.	Kajicuaca Malaysia Sdn Bhd	400,000	80

- (f) Two letters of offer dated 2 August 2004 from PIC to ZKSB and Hassan bin Hussain respectively for the disposal of the following companies:-

No.	Name of Company	ZKSB			Hassan bin Hussain		
		No. of Shares	%	Purchase Price RM	No. of Shares	%	Purchase Price RM
1.	EPS Systems & Engineering Sdn Bhd	480,400	80.00	162,158.00	120,100	20.00	40,540.00
2.	Metronic Impact Sdn Bhd	47,999	48.00	47,999.00	12,000	12.00	12,000.00
3.	PI Styrol Block Sdn Bhd	56,002	56.00	0.80	14,000	14.00	0.20
4.	PI CAK Sdn Bhd	44,001	44.00	0.80	11,000	11.00	0.20
5.	Kajicuaca Malaysia Sdn Bhd	320,000	64.00	0.80	80,000	16.00	0.20
6.	Progressive Impact Aquaculture Sdn Bhd	2,672,002	73.12	1,336,001.00	668,000	18.28	334,000.00
<b>TOTAL</b>				<b>1,546,160.40</b>			<b>386,540.60</b>

Further, in the letter dated 2 August 2004 from PIC to ZKSB for the disposal of the abovementioned companies, all rights, title and interest in respect of the patent pertaining to UI No. MY 107508-A for "A Method for Construction of Embankment Using Expandable Polystyrene" and MY 107509-A for "Expandable Polystyrene Blocks For Use as Fill Material In Construction of Embankment" granted by the Intellectual Property Corporation of Malaysia (IPC) will be assigned directly to EPS Systems & Engineering Sdn Bhd;

- (g) Letter dated 2 August 2004 from PIC to rent to Progressive Impact Aquaculture Sdn Bhd leasehold land described as Lot No. P.T. 7605, Mukim of Lumut, District of Manjung, State of Perak Darul Ridzuan at a monthly rental of RM1,900.00 for the period commencing from 2 August 2004 and ending on 2 December 2026;

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

The interests of the directors and Substantial Shareholders of PIC in the aforesaid transactions as at the date of this Prospectus are as follows: -

<b>Directors/Substantial Shareholders</b>	<b>Nature of interest</b>
1) Haji Zaid bin Haji Abdullah and Hajjah Zaidah binti Mohd Salleh	Substantial shareholders and directors of Foxboro, EPS Systems & Engineering Sdn Bhd, Metronic Impact Sdn Bhd, PI Styrol Block Sdn Bhd, PI CAK Sdn Bhd, Kajicuaca Malaysia Sdn Bhd, PI Tech, Progressive Impact Aquaculture Sdn Bhd and PI Trading Sdn Bhd.  Director of PI-CSE Systems & Engineering (M) Sdn Bhd.
2) Hassan bin Hussain	Substantial shareholder of Foxboro, EPS Systems & Engineering Sdn Bhd, Metronic Impact Sdn Bhd, PI Styrol Block Sdn Bhd, PI CAK Sdn Bhd, Kajicuaca Malaysia Sdn Bhd, PI Tech, Progressive Impact Aquaculture Sdn Bhd and PI Trading Sdn Bhd.  Director of Progressive Impact Aquaculture Sdn Bhd, PI Tech and Foxboro.
3) ZKSB	Substantial shareholder of Foxboro, EPS Systems & Engineering Sdn Bhd, Metronic Impact Sdn Bhd, PI Styrol Block Sdn Bhd, PI CAK Sdn Bhd, Kajicuaca Malaysia Sdn Bhd, PI Tech, Progressive Impact Aquaculture Sdn Bhd and PI Trading Sdn Bhd

**7.3 TRANSACTIONS BETWEEN THE PIC GROUP AND THE PROMOTERS / DIRECTORS/ SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT TEAM**

Save as disclosed in Section 7.1, there are no transactions between the PIC Group with the Promoters/Directors/Substantial Shareholders and key management team.

**7.4 TRANSACTION OF UNUSUAL IN THEIR NATURE OR CONDITIONS**

There have been no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which the Company or any of its parent or subsidiaries was a party in respect of the past one (1) financial year and the subsequent financial period thereof, if any, immediately preceding the date of the Prospectus.

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

**7.5 OUTSTANDING LOANS MADE BY COMPANY OR ANY OF ITS PARENT OR SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES**

As at 31 August 2004, being the latest practicable date prior to the printing of the Prospectus, the amount of outstanding loans (including guarantees of any kind) made by the Company or any of its parent or subsidiaries to or for the benefit of the related parties in respect of the past one (1) financial year and the subsequent financial period thereof are as below:-

- (a) Corporate guarantee given by PIC to Progressive Impact Aquaculture Sdn Bhd ("PIA") for the Al-Bai Bithaman Ajil term loan taken by PIA from Public Bank Berhad amounting to RM400,000. The tenure of the loan is ten (10) years and at a fixed profit rate of 9%. The aforesaid bank's selling price for the facility is RM614,557.07. On 20 September 2004 the aforesaid corporate guarantee has been discharged. On 17 May 2004, approval has been obtained from Public Bank Berhad to refinance the foresaid term loan under the name of Haji Zaid bin Haji Adbullah and Hajjah Zaidah binti Mohd Salleh.
- (b) Third party utilisation on PIC's trade lines facilities with Public Bank Berhad by PI Tech for issuance of tender bond purposes to Tenaga Nasional Berhad amounting to RM30,000. The aforesaid issuance is a form of bank guarantee from a period of 23 December 2003 to 22 August 2004. On 28 July 2004, Public Bank Berhad has discharged PIC from the above bank guarantee.
- (c) Letter of credit issued by Public Bank Berhad for usage by EPS Systems & Engineering Sdn Bhd. The outstanding amount of the letter of credit is RM147,200 as at 31 December 2003. Subsequent to the year-end, the amount has been fully settled.

Pursuant to the Disposals, all the above-mentioned facilities will be fully discharged and the respective companies will arrange its own financing arrangements.

**7.6 INTEREST IN SIMILAR BUSINESS**

To the best of knowledge and belief of the Directors and Substantial Shareholders of PIC, none of the Directors or Substantial Shareholders and/or key management of PIC are interested, directly or indirectly in any business carrying on a similar trade as the Group.

**7.7 RECURRENT RELATED-PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

Pursuant to Paragraph 10.09 of the Listing Requirements, a listed issuer may seek the shareholders' mandate in respect of related party transactions involving recurrent transactions of revenue or trading in nature subject to the following: -

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year; and

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**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

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- (c) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The Company would, in the ordinary course of its business, enter into transactions, including but not limited to the transactions described in Related Party Transactions set out in Section 7.1 of this Prospectus, with persons which are considered "related-party" as defined in Chapter 10 of the Listing Requirements. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Under Chapter 10 of the Listing Requirements, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons, but not for the purchase or sale of assets, undertakings or businesses ("Shareholders' Mandate").

Due to the time-sensitive nature of commercial transactions, the Shareholders' Mandate will enable the Company, in its normal course of business, to enter into the categories of related-party transactions, provided such interested person transactions are made at arm's length and on normal commercial terms.

Transactions, which do not fall within the ambit of the Shareholders' Mandate, shall be subject to the relevant provisions of the Listing Requirements.

**7.8 DECLARATION BY THE ADVISERS**

As at the date of this Prospectus, AmBank Berhad ("AmBank"), a 100%-owned subsidiary company of AMMB Holdings Berhad which also holds a 100% equity interest in AmMerchant Bank has extended term loan facilities amounted to RM6 million to PIC. It is proposed that RM6 million of the proceeds to be raised from the Rights Issue and Public Issue of approximately RM9.95 million will be utilised towards the full repayment of the term loan.

The amount represents 60.3% of the total proceeds from the Public Issue and Rights Issue. Whilst AmMerchant Bank may be deemed to be in a conflict of interest situation by virtue that its related company being a lender to PIC, and would benefit from the positive outcome of the IPO, namely the repayment of term loan facility owing to AmBank from the proceeds arising from the Public Issue, it should be noted that the repayment of the said term loan facility will benefit the Company in terms of interest savings. The loan extended to PIC represents a transaction that was entered into in the normal course of business and is only a small portion of AmBank's lending portfolio.

The basis for determining the facilities to be repaid with the proceeds from the Rights Issue and Public Issue was decided by the Board of Directors on a purely commercial basis taking into consideration the terms of the term loan facility and the interest savings arising therefrom which will hence be a contributory factor on the profitability of the Company and ultimately, the shareholders.

**7. RELATED-PARTY TRANSACTIONS/ CONFLICT OF INTEREST (Cont'd)**

Lee Hishammuddin hereby confirm that there is no conflict of interest with respect of their capacity as Solicitors to the Group for the IPO.

Messrs. Ernst & Young hereby confirm that there is no conflict of interest with respect of their capacity as Auditors and Reporting Accountants to the Group for the IPO.

Messrs. Azmi & Co Sdn Bhd hereby confirm that there is no conflict of interest with respect of their capacity as Valuer to the Group for the IPO.

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**8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP****8.1 INFORMATION ON LAND AND BUILDINGS**

A summary of the land and buildings owned by the Group is as follows: -

No	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land area / Built up area	Prices Paid / Date of Transaction	Existing encumbrances / Restrictions	Audited Net Book Value @ 31.12.2003 (RM)	Market Value/ Date of Valuation (RM)	Revaluation Surplus / (Deficit) (RM)
1.	PIC / Lot No. 64270, Mukim of Damansara, District of Petaling, Selangor Darul Ehsan for No. 19 Jalan Astaka U8/84, Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan	5 years/ Freehold	1 unit of 3 storey semi-D factory building / Office area / warehouse.	1,575.05 square metres/ 1,432.70 square metres	RM2,400,000 29.10.1999	Assigned to Malayan Banking Berhad Restrictions : None	2,248,036	3,800,000/ 13.1.2004	1,551,964
2.	PIC / Lot No. 64269 Mukim of Damansara, District of Petaling, Selangor Darul Ehsan for No. 21 Jalan Astaka U8/84, Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan	5 years/ Freehold	1 unit of 3 storey semi-D factory building / Office area / warehouse.	2,215.43 square metres/ 1,954.80 square metres	RM3,200,000 / 29.10.1999	Assigned to Malayan Banking Berhad Restrictions : None	2,998,580	5,000,000/ 13.1.2004	2,001,420
3.	PIC / Lot No. P.T.1322, Town of Shah Alam, District of Petaling, Selangor Darul Ehsan for No. 18 Jalan Liku 8/B, Section 8, 40000 Shah Alam, Selangor Darul Ehsan	9 years/ Leasehold (99 years) expiring 06.09.2097	1 unit double storey shop house / Shop house.	153.29 square metres/ 306.58 square metres	RM230,000/ 11.11.1994	Assigned to Public Bank Berhad Restrictions : This land cannot be transferred, charged, leased or encumbered without approval of the State Authority	188,217	350,000/ 13.1.2004	161,783

## 8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)

No	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description / Existing Use	Land area / Built up area	Prices Paid / Date of Transaction	Existing encumbrances / Restrictions	Audited Net Book Value @ 31.12.2003 (RM)	Market Value/ Date of Valuation (RM)	Revaluation Surplus / (Deficit) (RM)
4.	Perbadanan Kemajuan Ekonomi Negeri Johor / Lot No. 42270, Mukim of Tebrau, District of Johor Bahru, Johor Bahru, Johor Darul Takzim for No. 19 Jalan Kencana Mas 1/1, Tebrau Business Park, Taman Daya, 81100 Johor Bahru, Johor Darul Takzim (Note 1)	2 years/ Freehold	1 unit 3 storey shop office / Shop office / Laboratory.	153 square metres/ 451.91 square metres	RM457,300/ 22.4.2002	Not encumbered Restrictions : This land cannot be disposed, leased, charged, encumbered or transferred in any manner whatsoever including by way of an agreement for the purpose of disposing the land without the consent of the State Authority. The registered proprietor subsequent to Perbadanan Kemajuan Ekonomi Johor is authorized to charge the land only once to the Government or Statutory Bodies or any financial institutions registered in Malaysia. Subsequent to that, the registered proprietor shall obtain the consent of the State Authority in order to charge the land	442,818	440,000/ 12.1.2004	(2,818)
5.	PIC / H.S. (D) No. 9844, P.T. No. 7605, Mukim of Lumut, District of Manjung, State of Perak	Leasehold (30 years) expiring 02.12.2026	Agricultural land / Agriculture vacant land	22.5 acres	(Note 3)	Charged to Public Bank Berhad Restrictions : (Note 3)	-	500,000/ 28.1.2004	500,000
6.	Highlands & Lowlands Berhad / Lot No. 64275 Mukim of Damansara, District of Petaling, Selangor Darul Ehsan for No. 9 Jalan Astaka U8/84, Bukit Jelutong Business & Technology Centre, 40150 Shah Alam, Selangor Darul Ehsan (Note 2)	5 years/ Freehold	1 unit of 3 storey semi-D factory building / Office / warehouse area / Laboratory.	1,575.05 square metres/ 1,432.70 square metres	RM2,400,000/ 24.4.2000	Assigned to Public Bank Berhad Restrictions : None	2,251,645	3,200,000/ 13.1.2004	948,355

**8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)**

Notes: -

- (1) *The title of this property is currently registered in the name of Perbadanan Kemajuan Ekonomi Negeri Johor and is in the process of being transferred to PIC. PIC entered into a Sale and Purchase Agreement dated 22 April 2002 with Johor Corporation for the purchase of a piece of land held under PN 9529 Lot 42270 in the Mukim of Tebrau, District of Johor together with a three storey shop/office erected thereon for the purchase price of RM457,300.*
- (2) *The title of this property is currently registered in the name of Highlands & Lowlands Berhad, the registered proprietor and is in the process of being transferred to ALS.*
- (3) *There is no sale and purchase agreement for the agriculture land, H.S(D) 9844, P.T 7605, Mukim Lumut, District Manjung, Perak Darul Ridzuan as this land is leased from the Perak State Government for a period of thirty (30) years. The land is subject to the following conditions :-*
  - (i) *The land can only be used for the culturing of tiger prawns only;*
  - (ii) *50% of the total workers hired are to be Bumiputera workers in all activities at all times; and*
  - (iii) *The land is also subject to a further restriction that it cannot be transferred or encumbered without prior approval of the Chief Minister of Perak.*

Save for the land, the certificate of fitness for occupation have been issued for all the buildings.

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**9. FINANCIAL INFORMATION****9.1 HISTORICAL FINANCIAL INFORMATION**

This proforma consolidated results has been extracted from the Accountants' Report set out in Section 10 of this Prospectus and should be read in conjunction with the notes and assumptions thereto.

The proforma consolidated income statement of the Group as set out below is based on the audited financial statements of PIC, ASMA, ALS and QURSB and have been presented on the basis that the Disposals had been in effect throughout the relevant years under review.

However, the proforma Group results for the financial years ended 31 December 1999 to 2002 exclude the financial results of QURSB as the company was incorporated on 3 September 2003. The results of QURSB that is included in the proforma Group results for the financial year ended 31 December 2003 are from 3 September 2003 to 31 December 2003. Accordingly, the minority interests portion throughout the relevant years under review includes 25% equity interest in ASMA which was acquired by QURSB on 30 December 2003.

Financial year ended 31 December	1999	2000	2001	2002	2003	5 months period Ended 31.05.04
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	27,715	30,543	33,037	34,010	38,009	16,990
EBIDTA	14,954	14,705	16,030	17,010	17,817	8,020
Finance costs	(1,394)	(1,261)	(1,241)	(989)	(781)	(388)
Interest income	-	-	-	-	-	-
Depreciation	(3,749)	(4,040)	(4,279)	(4,213)	(4,384)	(1,822)
Amortisation of goodwill	-	-	-	(49)	(49)	(259)
Share of profits of associated companies	-	-	-	-	-	-
PBT	9,811	9,404	10,510	11,759	12,603	5,551
Taxation	(3,261)	(3,840)	(3,427)	(4,455)	4,430	(1,754)
PAT	6,550	5,564	7,083	7,304	8,173	3,797
MI	(2,000)	(2,521)	(2,714)	(2,464)	(3,193)	(629)
PAT after MI	4,550	3,043	4,369	4,840	4,980	3,168
No. of Shares assumed in issue ('000)	20,878	20,878	20,878	20,878	20,878	20,878
Gross EPS (RM)	0.47	0.45	0.50	0.56	0.60	0.27
Net EPS (RM)	0.22	0.15	0.21	0.23	0.24	0.15

Notes: -

- (a) For the financial year ended 31 December 1999, revenue is mainly contributed by ASMA amounting to RM23.6 million. The revenue of ASMA is in turn, mainly derived from managing the National Environmental Data Centre which provides environmental data to its main customer, DOE. Similarly, PBT is also mainly contributed by ASMA which recorded a PBT of RM7.3 million for 1999.

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

- (b) For the financial year ended 31 December 2000, the Group's revenue increased by approximately 10% to RM30.5 million. This is mainly due to revenue contributed by ASMA which increased by approximately 15% to RM27 million in 2000 compared to the previous year as a result of all its fifty (50) CAQM stations being fully built and ready for operations in 2000. Revenue recorded by ALS has also increased by 38% and this has contributed to the increase in the PIC Group's revenue. In line with the increase in revenue, the PBT of ASMA increased by approximately 28% to RM9.4 million. Notwithstanding this, the overall PBT declined slightly as the increase was dampened by a provision for diminution in value of investment in unit trust amounting to RM 1.1 million made during the year.
- (c) For the financial years ended 31 December 2001 and 31 December 2002, the Group recorded an increase in revenue to RM33.0 million and RM34.0 million respectively. Accordingly, PBT also showed an increase from RM10.5 million in 2001 to RM11.8 million in 2002 in line with the favourable business conditions in Malaysia.
- (d) For the financial year ended 31 December 2003, revenue increased further to RM38 million. The increase in revenue was derived from sales to new customers consistent with the company's strategy to expand its customer base. With the increase in revenue, the Group's PBT increased accordingly by approximately 7% to RM12.6 million.
- (e) Assuming the share capital of 20,878,342 ordinary shares of RM1.00 each.
- (f) The proforma gross and net EPS are computed based on the number of shares assumed to be issued of 20,878,342 ordinary shares of RM1.00 each
- (g) There were no extraordinary items and exceptional items in respect of the financial years under review.

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**9. FINANCIAL INFORMATION (Cont'd)****9.2 SEGMENTAL ANALYSIS****Analysis of Revenue by PIC and its subsidiaries : -**

Financial year /period ended						5 months period ended
	31.12.1999 (RM'000)	31.12.2000 (RM'000)	31.12.2001 (RM'000)	31.12.2002 (RM'000)	31.12.2003 (RM'000)	31.05.2004 (RM'000)
PIC	3,523	2,013	3,919	5,146	17,827	4,683
ASMA	23,637	27,104	27,144	28,425	30,557	13,215
ALS	4,524	5,766	6,618	7,803	9,959	4,368
QURSB	-	-	-	-	590	797
Consolidated adjustments	(3,969)	(4,340)	(4,644)	(7,364)	(20,024)	(6,073)
Proforma Consolidated Revenue	27,715	30,543	33,037	34,010	38,009	16,990

**Analysis of PAT by PIC and its subsidiaries : -**

Financial year /period ended						5 months period ended
	31.12.1999 (RM'000)	31.12.2000 (RM'000)	31.12.2001 (RM'000)	31.12.2002 (RM'000)	31.12.2003 (RM'000)	31.05.2004 (RM'000)
PIC	637	(1,474)	(4,174)	1,251	8,443	1,759
ASMA	4,129	6,345	6,678	6,239	7,251	3,059
ALS	1,957	1,662	1,896	2,207	3,366	1,533
QURSB	-	-	-	-	423	572
Consolidated adjustments	(2,173)	(3,490)	(31)	(4,857)	(14,503)	(3,755)
Proforma Consolidated PAT and MI	4,550	3,043	4,369	4,840	4,980	3,168

**9.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE**

As at 31 August 2004, being the latest practicable date prior to the printing of this Prospectus, the financial conditions and operations of PIC and its subsidiaries are not affected by any of the following :-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that the Group reasonably expects to have, a material favourable or unfavourable impact on financial performance, position and operations of the PIC Group;
- (ii) Material commitment for capital expenditure;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the PIC Group;
- (iv) Known events, circumstance, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position; and
- (v) Known trends, demand, commitment, events or uncertainties that have resulted in a substantial increase in revenue which is attributable to prices, volume of goods/services being sold and the introduction of new products/services or any other factors.

**9. FINANCIAL INFORMATION (Cont'd)****9.4 WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL COMMITMENTS, MATERIAL LITIGATIONS AND TRADE DEBTOR****(i) Working Capital**

The Directors are of the opinion that, after taking into account the cashflow position, the banking facilities available and the net proceeds from the Public Issue and Rights Issue, the Group will have adequate working capital for a period not less than twelve (12) months from the date of this Prospectus.

**(ii) Borrowings**

As 31 August 2004, being the last practicable date prior to the printing of this Prospectus, the total bank borrowings, which are charged at fixed profit rate, comprise term loans and hire purchase financing amounted to approximately RM10.5 million. The borrowings can be analysed further as follows: -

<b>Borrowings</b>	<b>Amount (RM '000)</b>
Short Term borrowings	6,487
Long Term borrowings	3,977
<b>Total Borrowings</b>	<b>10,464</b>

The Group has not defaulted in any of its payment of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the financial period thereof immediately preceding the date of this Prospectus.

**(iii) Contingent Liabilities**

As at 31 August 2004, being the latest practicable date prior to the printing of this Prospectus, there was no contingent liabilities incurred by the Group .

**(iv) Material Commitment**

As at 31 August 2004, being the latest practicable date prior to the printing of this Prospectus, there are no material contingent commitment for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group save as disclosed below :-

**RM'000**

Authorised and not contracted for

843**(v) Material Litigations /Arbitrations**

Save as disclosed in Section 1.10 of this Prospectus, as at 31 August 2004, being the latest practicable date prior to the printing of this Prospectus, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the profit or net asset value of the PIC Group.

**9. FINANCIAL INFORMATION (Cont'd)****(vi) Trade Debtor**

An ageing analysis of the trade debtors of the Group (excluding inter company trade debtors) as at 31 May 2004 is set out below:-

As at 31 May 2004	Ageing Analysis								Total (RM000)
	←---Within credit period--->			←-----Exceeding credit period----->					
	0 - 30 days (RM000)	31 - 60 days (RM000)	61 - 90 days (RM000)	91 - 120 days (RM000)	121 - 150 days (RM000)	151 - 180 days (RM000)	> 180 days (RM000)		
Group trade receivables	7,238	693	312	183	109	236	675	9,446	
Bad and doubtful debts provided for :- Debtors > 180 days	-	-	-	-	-	-	675	675	
Total	7,238	693	312	183	109	236	-	8,771	
Trade debts exceeding credit period	-	-	-	183	109	236	-	528	

As at 31 May 2004, there were RM0.675 million trade debts (excluding inter-company trade debts within the Group) exceeding 180 days and there were RM0.528 million trade debts exceeding Group's credit period. Full provision was made for doubtful debts of RM0.675 million (as set out in the table above).

The Directors of PIC are of opinion that trade debts exceeding credit period (net of doubtful debts provisions) are recoverable taking into consideration the long term relationship between the Group and these customers and various credit control measures being implemented by the Group to minimise customer default.

**9.5 CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004**

Financial Year Ending 31 December	Forecast 2004 (RM'000)
Revenue	42,666
PBT after exceptional item <sup>(Note 1)</sup>	18,243
Taxation	(5,468)
PAT	12,775
MI	(1,561)
Net profit for the year	11,214
Enlarged issued share capital ('000)	94,000
Gross EPS (sen)	17.75
Net EPS (sen)	11.93
Gross PE Multiple (times) <sup>(Note 2)</sup>	4.23
Net PE Multiple (times) <sup>(Note 2)</sup>	6.29

Notes: -

(1) Including exceptional item arising from the disposal of subsidiaries pursuant to the Disposals of RM4.208 million.

(2) Based on the IPO price of RM0.75 per Share.



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

**9.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST OF THE PIC GROUP FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2004**  
(Prepared for inclusion in the Prospectus)



■ **Chartered Accountants**  
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50490 Kuala Lumpur, Malaysia

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(03) 2095-9076  
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**Reporting Accountants' Report on Proforma Consolidated Profit Forecast**  
(prepared for inclusion in the Prospectus)

23 September 20004

The Board of Directors  
Progressive Impact Corporation Berhad  
No.19, Jalan Astaka U8/84  
Bukit Jelutong Business and Technology Centre  
40150 Shah Alam  
Selangor Dahrul Ehsan.

Dear Sirs

**PROGRESSIVE IMPACT CORPORATION BERHAD – PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004**

We have reviewed the forecast of proforma consolidated profit after taxation and minority interests of Progressive Impact Corporation Berhad (“PIC” or the “Company”) and its subsidiaries (the “Group”) for the year ending 31 December 2004 as set out in the accompanying statement (which we have stamped for the purpose of identification), in accordance with the professional standard in Malaysia applicable to the review of forecasts, AI 810. The forecast has been prepared for the inclusion in the Prospectus in connection with the following proposals:

**(a) Disposal of Subsidiaries and Associate**

PIC disposed its equity interest in the following companies to the existing shareholders of PIC for a total cash consideration of RM4,601,402 (the “Disposal”) :-

Name of companies	No. of shares disposed of by PIC in each company	%	Disposal consideration RM
Foxboro (M) Sendirian Berhad	2,550	51.00	983,698
PI-CSE System & Engineering Sdn. Bhd.	150,000	30.00	150,000
PI Cak Sdn. Bhd.	55,001	55.00	1
Progressive Impact Aquaculture Sdn. Bhd.	3,340,002	91.40	1,670,001

**9. FINANCIAL INFORMATION (Cont'd)****(a) Disposal of Subsidiaries and Associate (cont'd)**

Name of companies	Name of shares disposed of by PIC in each company	%	Disposal consideration RM
PI Trading Sdn. Bhd.	962,997	96.30	1
PI Styrol Sdn. Bhd.	70,002	70.00	1
Kajicuaca (M) Sdn. Bhd.	400,000	80.00	1
Metronic Impact Sdn. Bhd.	59,999	60.00	59,999
Progressive Impact Technology Sdn. Bhd.	2,188,286	100.00	1,535,002
EPS Systems & Engineering Sdn. Bhd.	600,500	100.00	202,698
			4,601,402

Upon completion of the Disposal, the new group consists of PIC, Alam Sekitar Malaysia Sdn. Bhd. ("ASMA"), ALS Technichem (M) Sdn. Bhd. ("ALS") and Quantum Up Returns Sdn. Bhd., collectively known as "PIC Group".

**(b) Revaluation of PIC's Investments and Landed Properties**

Revaluation of investments in the remaining subsidiaries, ASMA and ALS, and landed properties (the "Revaluation").

**(c) Bonus Issue**

Bonus Issue of 17,921,658 new ordinary shares of RM1.00 each in PIC to the existing shareholders of PIC on the basis of approximately 858 new ordinary shares of RM1.00 each for 1,000 existing shares held in PIC after the Revaluation. The Bonus Issue was effected through the capitalisation of the revaluation reserves and retained profits of the PIC (the "Bonus Issue").

**(d) Rights Issue**

Rights Issue of 4,700,000 new ordinary shares of RM1.00 each in PIC at an issue price of RM1.00 per ordinary share of RM1.00 each to all the existing shareholders of PIC on the basis of approximately 121 shares for every 1,000 ordinary shares of RM1.00 each held after the Bonus Issue (the "Rights Issue")

**(e) Share Split**

Upon completion of the Disposals, Revaluation, Bonus Issue and Rights Issue, the existing ordinary shares of RM0.50 each was subdivided into ordinary shares of RM0.50 each. (the "Share Split")

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



**(f) Initial Public Offering**

Public Issue of 7,000,000 new ordinary shares of RM0.50 each in PIC at an issue price of RM0.75 per share and an offer for sale of 18,000,000 ordinary shares of RM0.50 each in PIC at an offer price of RM0.75 per share (the "Initial Public Offering").

**(g) Listing and Quotation**

Listing of and quotation for the entire enlarged share capital comprising 94,000,000 ordinary shares of RM0.50 each in the Company on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, is properly prepared on the basis of the assumptions made by the directors as set out in the accompanying statement (which we have stamped for the purpose of identification) and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 May 2004. The directors of Progressive Impact Corporation Berhad are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast is based.

A forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:

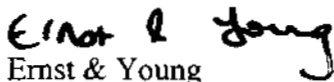
- (a) nothing has come to our attention which causes us to believe that the assumptions made by the directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the forecast of consolidated profit after taxation and minority interests; and
- (b) in our opinion, the forecast of consolidated profit after taxation and minority interests, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the year ended 31 May 2004.

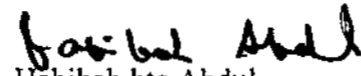
9. FINANCIAL INFORMATION (Cont'd)



The accompanying forecast and this letter have been prepared for submission to the Securities Commission in connection with the aforementioned proposals. This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

  
Ernst & Young  
AF:0039  
Chartered Accountants

  
Habibah bte Abdul  
No. 1210/05/06(J)  
Partner

Kuala Lumpur, Malaysia

**9. FINANCIAL INFORMATION (Cont'd)****PROGRESSIVE IMPACT CORPORATION BERHAD – PROFORMA  
CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER  
2004**

The directors of Progressive Impact Corporation Berhad (“PIC”) forecast that, in the absence of any unforeseen circumstances, the proforma consolidated profit after taxation and minority interests of PIC and its subsidiaries (“the Group”) for the financial year ending 31 December 2004 will be approximately as follows:

<b>Financial Year Ending :</b>	<b>After the Proposals RM'000</b>
Profit before taxation and exceptional item	14,035
Gain on disposal of subsidiaries	4,208
Profit before taxation after exceptional item	<u>18,243</u>
Taxation	(5,468)
Profit after taxation	<u>12,775</u>
Minority interest	(1,561)
Net profit for the year	<u>11,214</u>

The principal bases and assumptions upon which the proforma consolidated profit forecast has been prepared are as follows:-

**Specific Assumptions:**

1. The Proposals are planned to be completed by 31 December 2004. All shares will be fully subscribed.
2. All specific and prospective projects identified by the Group will be secured and the projects will commence and will be completed according to schedule. The contract sums and stages of completion will not differ materially from the forecasted level.
3. The terms and conditions for existing contracts and agreements entered into by the Group will not be materially different from those which remain in force currently.

**9. FINANCIAL INFORMATION (Cont'd)****PROGRESSIVE IMPACT CORPORATION BERHAD – PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004 (CONTD.)****General Assumptions:**

4. There will be no significant changes to the prevailing Malaysian and global economic and political conditions which will adversely affect the activities or performance of the Group.
5. There will be no significant changes in the present legislation or government regulations, lending guidelines and other operational regulations or restrictions affecting the Group's activities or the market in which it operates.
6. There will be no material changes in the senior management and existing key personnel, group structure (other than those taken into account in the forecast) and trading and operating policies and type of activities of the Group that will adversely affect the operations of the Group.
7. There will be no significant fluctuations in the prevailing inflation and foreign currency exchange rates. There will be no change in capital controls in Malaysia which will affect adversely the ability of the Group to manage both its domestic and overseas businesses.
8. There will not be any substantial impairment to the carrying value of the Group's property, plant and equipment and other non current assets.
9. There will be no significant changes in the current demand and in the prevailing market conditions in Malaysia and overseas which will adversely affect the Group's performance.
10. All capital expenditure programmes will be implemented, incurred and paid as planned with no material changes in the expected cost or price. There will be no major additions or disposals of property, plant and equipment or acquisitions and disposals of investments other than those incorporated in the forecast.
11. There will be no exceptional occurrences of bad and doubtful debts other than those incorporated in the forecast.
12. The existing financing facilities of the Group will remain available at the prevailing interest rates. There will be no material changes to the timing of repayment of these facilities. The Group will be able to obtain additional financing facilities whenever required at interest rates, which approximate those currently available to the Group.
13. Income is subject to tax, assumed at the current applicable rate of 28% reduced by available tax losses and unabsorbed capital allowances. It is further assumed that there will be no material changes in such law or practice or the rates and bases of taxation. There will be no significant changes to the prevailing rates and the bases of taxation applicable to the Group.

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

**PROGRESSIVE IMPACT CORPORATION BERHAD – PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2004 (CONTD.)**

14. The Group will not engage in any material litigation and there will be no legal proceedings against the Group which will adversely affect the activities or performance of the Group or give rise to any contingent liabilities which will materially affect the position or business of the Group.
15. There will be sufficient skilled and unskilled labour, materials, services, plant and machinery and equipment to meet the operation requirements anticipated to be carried out by the Group.
16. There will be no major labour disputes and material changes in wages, construction costs, cost of raw and goods purchased, locally or imported, overheads, services and other costs that will adversely affect the activities and operations of the Group.
17. There will be no significant change in accounting policies from those presently adopted by the companies in the Group for the financial year ended 31 May 2004.
18. There will be no significant changes in the technology advances that will adversely affect the performance of the Group. The Group's products and services will not be rendered obsolete and the Group will be able to anticipate or react to market changes during the forecast year.

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

**PROGRESSIVE IMPACT CORPORATION BERHAD  
PROFORMA CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR  
ENDING 31 DECEMBER 2004**

	<b>After the Proposal RM'000</b>
Revenue	42,666
Other income	683
Construction cost	-
Staff cost	(10,546)
Raw material and consumables	(5,650)
Depreciation	(4,718)
Other operating expenses	(7,675)
Profit from operations	<u>14,760</u>
Gain on disposal of subsidiary	4,208
Finance cost	(725)
Profit before taxation	<u>18,243</u>
Taxation	(5,468)
Profit after taxation	<u>12,775</u>
Minority interest	(1,561)
Profit for the year	<u>11,214</u>
No. of shares ('000)	94,000
Pre-tax profit after minority interest before exceptional item	12,474
Pre-tax profit after minority interest and exceptional item	16,682
Profit after tax and minority interest before exceptional item	7,006
Profit after tax, minority interest and exceptional item	11,214
Gross earnings before exceptional item per shares (sen)	13.27
Gross earnings after exceptional item per shares (sen)	17.75
Net earnings before exceptional item per shares (sen)	7.45
Net earnings after exceptional item per shares (sen)	11.93
Pre-tax profit margin before exceptional item	29.24
Pre-tax profit margin after exceptional item	39.10



**9. FINANCIAL INFORMATION (Cont'd)****9.7 DIRECTORS' COMMENTS ON THE PROFIT FORECAST**

The profit forecast had been prepared on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of the PIC Group.

The Board of Directors confirms that the consolidated profit forecast of PIC and the underlying bases and assumptions stated herein have been reviewed by the Directors after due and careful inquiries, and that the Directors, having taken into account the future prospects of the industry, the future direction of the Group and its level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast of the Group are achievable and the assumptions made are reasonable.

Nevertheless, in the light of the current economic environment in Malaysia, regionally and globally, certain assumptions, including interest and exchange rates, may differ significantly from the date of this Prospectus and this may have a material impact on the Group's profit forecast.

**9.8 DIVIDEND FORECAST**

It will be the policy of the Directors in recommending dividends to allow shareholders to participate in the profits of the Group as well as leaving adequate reserves for the future growth of the Group.

Based on the consolidated profit forecast for the financial year ending 31 December 2004 and assuming that the current basis for calculating taxation and the rates of taxation remain unchanged, the Directors anticipate that, the Company will be in a position to propose a gross dividend of 3.47 sen or approximately 6.94% for the financial year ending 31 December 2004, based on the enlarged issued and paid-up share capital of 94,000,000 Shares.

The intended appropriation of the forecast consolidated PAT for the financial year ending 31 December 2004 would be as follows: -

**DIVIDEND FORECAST**

<b>Financial Year Ending 31 December</b>	<b>Forecast 2004</b>
Gross dividend per Share	3.47 sen
Net dividend per Share	2.50 sen
Gross dividend yield <sup>(Note 1)</sup>	4.63%
Net dividend yield <sup>(Note 1)</sup>	3.33%
Net dividend cover (times) <sup>(Note 2)</sup>	4.77

Note: -

(1) Based on the IPO price of RM0.75 per Share.

(2) Based on net EPS.

Investors should note that future dividends might be waived if :-

- (a) The Group records a loss instead of the forecast profits; or
- (b) The payment of dividends would adversely affect the Group's cashflows and operations.

**9. FINANCIAL INFORMATION (Cont'd)****9.9 SENSITIVITY ANALYSIS****9.9.1 Variations in Costs**

Forecast for the financial year ending 31 December 2004	As forecasted (RM'000)	Assuming cost increase by 5% (RM'000)	Assuming cost decrease by 5% (RM'000)	Assuming cost increase by 10% (RM'000)	Assuming cost decrease by 10% (RM'000)
Costs	13,325	13,991	12,659	14,658	11,993
PBT (after exceptional item)	18,243	17,577	18,909	16,910	19,595

**9.9.2 Variations in Revenue**

Forecast for the financial year ending 31 December 2004	As forecasted (RM'000)	Assuming revenue increase by 5% (RM'000)	Assuming revenue decrease by 5% (RM'000)	Assuming revenue increase by 10% (RM'000)	Assuming revenue decrease by 10% (RM'000)
Revenue	42,666	44,799	40,533	46,933	38,399
PBT (after exceptional item)	18,243	20,376	16,110	22,510	13,976

The sensitivity analysis above is prepared based on the assumptions as set out in Section 9.6 herein and assuming that all other things remain unchanged except for the 5.0% and 10.0% upward and downward variations in the costs (which comprise raw material costs, consumables and other operating expenses) and revenue of the PIC Group.

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**9. FINANCIAL INFORMATION (Cont'd)****9.10 PROFORMA CONSOLIDATED BALANCE SHEETS OF PIC GROUP AS AT 31 MAY 2004**

	Audited					
	As at	Proforma	Proforma	Proforma	Proforma	Proforma
	31.5.2004	I	II	III	IV	V
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Non Current Asset</b>						
Property, plant and equipment	26,974	24,477	29,638	29,638	29,638	29,638
Investment in associate	1,028	-	-	-	-	-
Goodwill on consolidation	12,079	12,079	12,079	12,079	12,079	12,079
	<b>40,081</b>	<b>36,556</b>	<b>41,717</b>	<b>41,717</b>	<b>41,717</b>	<b>41,717</b>
<b>Current Assets</b>						
Inventories and contract work-in-progress	8,144	611	611	611	611	611
Other receivables	2,679	4,260	4,260	4,260	4,260	4,260
Trade receivables	14,416	8,771	8,771	8,771	8,771	8,771
Investment in unit trusts	132	20	20	20	20	20
Fixed deposits with licensed banks	8,089	7,904	7,904	7,904	7,904	7,904
Cash and bank balances	13,341	3,234	3,234	3,234	3,234	3,234
	<b>46,801</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>
<b>Current Liabilities</b>						
Other payables	23,829	3,624	3,624	3,624	3,624	3,624
Trade payables	1,680	879	879	879	879	879
Due to associate	950	-	-	-	-	-
Due to directors	796	105	105	105	105	105
Taxation	72	-	-	-	-	-
Short term borrowings	6,589	1,898	1,898	1,898	-	-
	<b>33,916</b>	<b>6,506</b>	<b>6,506</b>	<b>6,506</b>	<b>4,608</b>	<b>4,608</b>
<b>Net Current Assets</b>	<b>12,885</b>	<b>18,294</b>	<b>18,294</b>	<b>18,294</b>	<b>20,192</b>	<b>20,192</b>
	<b>52,966</b>	<b>54,850</b>	<b>60,011</b>	<b>60,011</b>	<b>61,909</b>	<b>61,909</b>

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

	Audited					
	As at	Proforma	Proforma	Proforma	Proforma	Proforma
	31.5.2004	I	II	III	IV	V
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financed by</b>						
Share capital	20,878	20,878	20,878	38,800	43,500	47,000
Share premium	-	-	-	-	-	250
Revaluation reserves	-	-	3,716	2,701	2,701	2,701
Retained profits	17,755	20,685	20,685	3,778	3,778	3,778
Shareholders' equity	38,633	41,563	45,279	45,279	49,979	53,729
Minority interests	3,387	2,845	2,845	2,845	2,845	2,845
	42,020	44,408	48,124	48,124	52,824	56,574
Reserve on consolidation	196	196	196	196	196	196
Long term borrowings	7,782	7,178	7,178	7,178	4,376	626
Deferred taxation	3,068	3,068	4,513	4,513	4,513	4,513
	52,966	54,850	60,011	60,011	61,909	61,909
No. of Shares in issue	20,878	20,878	20,878	38,800	43,500	94,000
NTA	26,750	29,680	33,396	33,396	38,096	41,846
NTA per share (RM)	1.28	1.42	1.60	0.86	0.88	0.44

**Notes: -**

- Proforma I – After incorporation of disposal of subsidiaries;*  
*Proforma II – Incorporates Proforma I and the Revaluation;*  
*Proforma III – Incorporates Proforma II and the Bonus Issue*  
*Proforma IV – Incorporates Proforma III and the Rights Issue; and*  
*Proforma V – Incorporates Proforma IV, Share Split and Public Issue.*

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**9. FINANCIAL INFORMATION (Cont'd)****MOVEMENTS IN THE SHARE CAPITAL, SHARE PREMIUM, RETAINED PROFIT AND REVALUATION RESERVE**

The movements in the share capital, share premium, retained profit and revaluation reserve account of the Group are as follows: -

	Share Capital (RM'000)	Share Premium (RM'000)	Retained Profits (RM'000)	Revaluation Reserves (RM'000)	Total RM'000
As at 31 May 2004	20,878	-	17,755	-	38,633
Disposals	-	-	2,930	-	2,930
As per Proforma 1 Revaluation	20,878	-	20,685	-	41,563
	-	-	-	3,716	3,716
As per Proforma 2 Bonus Issue	20,878	-	20,685	3,716	45,279
	17,922	-	(16,907)	(1,015)	-
As per Proforma 3 Rights Issue	38,800	-	3,778	2,701	45,279
	4,700	-	-	-	4,700
As per Proforma 4 Share Split, Public Issue and Offer for Sale	43,500	-	3,778	2,701	49,979
	3,500	1,750	-	-	5,250
Less: Estimated listing expenses	-	(1,500)	-	-	(1,500)
As per Proforma 5	47,000	250	3,778	2,701	53,729

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**9. FINANCIAL INFORMATION (Cont'd)****9.11 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF THE PIC GROUP AS AT 31 MAY 2004  
(Prepared for inclusion in the Prospectus)**

■ **Chartered Accountants**  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

■ Phone : (03) 2087-7000  
Fax : (03) 2095-5332  
(General Line)  
(03) 2095-9076  
(03) 2095-9078  
www.ey.com/my

**Reporting Accountants' Report on Proforma Consolidated Balance Sheets  
(prepared for inclusion in the Prospectus)**

23 September 2004

The Board of Directors  
Progressive Impact Corporation Berhad  
Tingkat 2, No. 19, Jalan Astaka U8/84  
Bukit Jelutong Business and Technology Centre  
40510 Shah Alam  
Selangor Darul Ehsan

Dear Sirs

**PROGRESSIVE IMPACT CORPORATION BERHAD  
PROFORMA BALANCE SHEETS AS AT 31 MAY 2004**

We report on the proforma consolidated balance sheets set out in the accompanying statement (which we have stamped for the purpose of identification), which has been prepared for illustrative purposes only, to provide information about how the consolidated balance sheet of Progressive Impact Corporation Berhad ("PIC" or the "Company") and its subsidiaries as at 31 May 2004 that has been presented might have been affected by the following proposals had the proposals been completed on that date:

**(a) Disposal of Subsidiaries and Associate**

PIC disposed its equity interest in the following companies to the existing shareholders of PIC for a total cash consideration of RM4,601,402 (the "Disposal") :-

<b>Name of companies</b>	<b>No. of shares disposed of by PIC in each company</b>	<b>%</b>	<b>Disposal consideration RM</b>
Foxboro (M) Sendirian Berhad	2,550	51.00	983,698
PI-CSE System & Engineering Sdn. Bhd.	150,000	30.00	150,000
PI Cak Sdn. Bhd.	55,001	55.00	1
Progressive Impact Aquaculture Sdn. Bhd.	3,340,002	91.40	1,670,001

**9. FINANCIAL INFORMATION (Cont'd)****(a) Disposal of Subsidiaries and Associate (cont'd)**

Name of companies	Name of shares disposed of by PIC in each company	%	Disposal consideration RM
PI Trading Sdn. Bhd.	962,997	96.30	1
PI Styrol Sdn. Bhd.	70,002	70.00	1
Kajicuaca (M) Sdn. Bhd.	400,000	80.00	1
Metronic Impact Sdn. Bhd.	59,999	60.00	59,999
Progressive Impact Technology Sdn. Bhd.	2,188,286	100.00	1,535,002
EPS Systems & Engineering Sdn. Bhd.	600,500	100.00	202,698
			4,601,402

Upon completion of the Disposal, the new group consists of PIC, Alam Sekitar Malaysia Sdn. Bhd. ("ASMA"), ALS Technichem (M) Sdn. Bhd. ("ALS") and Quantum Up Returns Sdn. Bhd., collectively known as "PIC Group".

**(b) Revaluation of PIC's Investments and Landed Properties**

Revaluation of investments in the remaining subsidiaries, ASMA and ALS, and landed properties (the "Revaluation").

**(c) Bonus Issue**

Bonus Issue of 17,921,658 new ordinary shares of RM1.00 each in PIC to the existing shareholders of PIC on the basis of approximately 858 new ordinary shares of RM1.00 each for 1,000 existing shares held in PIC after the Revaluation. The Bonus Issue was effected through the capitalisation of the revaluation reserves and retained profits of the PIC (the "Bonus Issue").

**(d) Rights Issue**

Rights Issue of 4,700,000 new ordinary shares of RM1.00 each in PIC at an issue price of RM1.00 per ordinary share of RM1.00 each to all the existing shareholders of PIC on the basis of approximately 121 shares for every 1,000 ordinary shares of RM1.00 each held after the Bonus Issue (the "Rights Issue")

**(e) Share Split**

Upon completion of the Disposals, Revaluation, Bonus Issue and Rights Issue, the existing ordinary shares of RM1.00 each was subdivided into ordinary shares of RM0.50 each. (the "Share Split")



**(f) Initial Public Offering**

Public Issue of 7,000,000 new ordinary shares of RM0.50 each in PIC at an issue price of RM0.75 per share and an offer for sale of 18,000,000 ordinary shares of RM0.50 each in PIC at an offer price of RM0.75 per share (the "Initial Public Offering").

**(g) Listing and Quotation**

Listing of and quotation for the entire enlarged share capital comprising 94,000,000 ordinary shares of RM0.50 each in the Company on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities").

It is the responsibility solely of the directors of PIC to prepare the proforma consolidated balance sheets in accordance with the requirements of the Securities Commission Prospectus Guidelines in respect of Public Offerings ("the Guidelines").

It is our responsibility to form an opinion, as required by the Guidelines, and to report our opinion to you. Our work consisted primarily of comparing the unadjusted financial information presented with their original form, considering the adjustments and discussing the proforma consolidated balance sheets with the responsible officers of PIC. Our work involved no independent examination of any of the underlying financial information other than our audit of the consolidated financial statements that included the audited consolidated balance sheet as at 31 May 2004, on which we reported to the members of the company as of the date of our report.

In our opinion:

- (a) the proforma consolidated balance sheets has been properly compiled on the bases stated; and
- (b) within the context of the assumed date of the proposals:
  - (i) such bases are consistent with the accounting policies of the PIC Group; and
  - (ii) the adjustments set out are appropriate for the purposes of the proforma consolidated balance sheets pursuant to the Guidelines.



9. FINANCIAL INFORMATION (Cont'd)



The accompanying proforma balance sheets and this letter have been prepared for the purposes stated above, in connection with the above proposals. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully

*Ernst & Young*  
Ernst & Young  
AF:0039  
Chartered Accountants

*Habibah Abdul*  
Habibah bte Abdul  
No. 1210/05/06(J)  
Partner

Kuala Lumpur, Malaysia

## 9. FINANCIAL INFORMATION (Cont'd)

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004**

	<b>Group Audited as at 31.5.2004 RM'000</b>	<b>Proforma (I) RM'000</b>	<b>Proforma (II) RM'000</b>	<b>Proforma (III) RM'000</b>	<b>Proforma (IV) RM'000</b>	<b>Proforma (V) RM'000</b>
<b>NON CURRENT ASSETS</b>						
Property, plant and equipment	26,974	24,477	29,638	29,638	29,638	29,638
Investment in associate	1,028	-	-	-	-	-
Goodwill on acquisition	12,079	12,079	12,079	12,079	12,079	12,079
	<b>40,081</b>	<b>36,556</b>	<b>41,717</b>	<b>41,717</b>	<b>41,717</b>	<b>41,717</b>
<b>CURRENT ASSETS</b>						
Inventories and contract work-in-progress	8,144	611	611	611	611	611
Other receivables	2,679	4,260	4,260	4,260	4,260	4,260
Trade receivables	14,416	8,771	8,771	8,771	8,771	8,771
Investment in unit trusts	132	20	20	20	20	20
Fixed deposits with licensed banks	8,089	7,904	7,904	7,904	7,904	7,904
Cash and bank balances	13,341	3,234	3,234	3,234	3,234	3,234
	<b>46,801</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>	<b>24,800</b>
<b>CURRENT LIABILITIES</b>						
Other payables	23,829	3,624	3,624	3,624	3,624	3,624
Trade payables	1,680	879	879	879	879	879
Due to associate	950	-	-	-	-	-
Due to directors	796	105	105	105	105	105
Taxation	72	-	-	-	-	-
Short term borrowings	6,589	1,898	1,898	1,898	-	-
	<b>33,916</b>	<b>6,506</b>	<b>6,506</b>	<b>6,506</b>	<b>4,608</b>	<b>4,608</b>
<b>NET CURRENT ASSETS</b>	<b>12,885</b>	<b>18,294</b>	<b>18,294</b>	<b>18,294</b>	<b>20,192</b>	<b>20,192</b>
	<b>52,966</b>	<b>54,850</b>	<b>60,011</b>	<b>60,011</b>	<b>61,909</b>	<b>61,909</b>

## 9. FINANCIAL INFORMATION (Cont'd)

**PROGRESSIVE IMPACT CORPORATION BERHAD**  
**PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004 (CONTD.)**

	<b>Group Audited as at 31.5.2004 RM'000</b>	<b>Proforma (I) RM'000</b>	<b>Proforma (II) RM'000</b>	<b>Proforma (III) RM'000</b>	<b>Proforma (IV) RM'000</b>	<b>Proforma (V) RM'000</b>
<b>REPRESENTED BY:</b>						
Share capital	20,878	20,878	20,878	38,800	43,500	47,000
Share premium	-	-	-	-	-	250
Retained profits	17,755	20,685	20,685	3,778	3,778	3,778
Revaluation reserve	-	-	3,716	2,701	2,701	2,701
Shareholders's equity	38,633	41,563	45,279	45,279	49,979	53,729
Minority interest	3,387	2,845	2,845	2,845	2,845	2,845
	42,020	44,408	48,124	48,124	52,824	56,574
Reserve on consolidation	196	196	196	196	196	196
Long term borrowings	7,682	7,178	7,178	7,178	4,376	626
Deferred taxation	3,068	3,068	4,513	4,513	4,513	4,513
	52,966	54,850	60,011	60,011	61,909	61,909

**9. FINANCIAL INFORMATION (Cont'd)****PROGRESSIVE IMPACT CORPORATION BERHAD  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets of PIC Group, for which the Directors are solely responsible, have been prepared based on the audited consolidated balance sheet of the PIC Group as at 31 May 2004 and accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements and are provided for illustrative purposes only, to show the effects of the following events on the assumption that they were completed on 31 May 2004:

**PROFORMA I – AFTER INCORPORATION OF DISPOSAL OF SUBSIDIARIES AND ASSOCIATE**

The Pro forma Consolidated Balance Sheet I is stated after the disposal of PIC's equity interest in the following companies to the existing shareholders of PIC for a total cash consideration of RM4,601,402 (the "Disposal") :-

<b>Name of companies</b>	<b>No. of shares disposed of by PIC in each company</b>	<b>%</b>	<b>Disposal consideration RM</b>
Foxboro (M) Sendirian Berhad	2,550	51.00	983,698
PI-CSE System & Engineering Sdn. Bhd.	150,000	30.00	150,000
PI Cak Sdn. Bhd.	600,500	55.00	1
Progressive Impact Aquaculture Sdn. Bhd.	3,340,002	91.40	1,670,001
PI Trading Sdn. Bhd.	962,997	96.30	1
PI Styrol Sdn. Bhd.	70,002	70.00	1
Kajicuaca (M) Sdn. Bhd.	400,000	80.00	1
Metronic Impact Sdn. Bhd.	59,999	60.00	59,999
Progressive Impact Technology Sdn. Bhd.	2,188,286	100.00	1,535,002
EPS Systems & Engineering Sdn. Bhd.	600,500	100.00	202,698
			4,601,402

The proceeds from the disposal of RM4.6 million will be utilised against existing banking facilities.

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

**PROGRESSIVE IMPACT CORPORATION BERHAD  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004 (CONTD.)**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

**PROFORMA II- AFTER PROFORMA I AND REVALUATION OF PIC'S  
INVESTMENTS AND LANDED PROPERTIES**

The Proforma Consolidated Balance Sheet II is stated after the effects of Proforma I and revaluation of investments in the remaining subsidiaries, ASMA and ALS, and landed properties.

**PROFORMA III- AFTER PROFORMA II AND BONUS ISSUE**

The Proforma Consolidated Balance Sheet III is stated after the effects of Proforma II and bonus issue of 17,921,658 new ordinary shares of RM1.00 each in PIC to the existing shareholders of PIC to be credited as fully paid-up on the basis of 858 new ordinary shares for 1,000 existing shares held by the shareholders of the Company by capitalising the revaluation reserves and unappropriated profits of the Company.

**PROFORMA IV- AFTER PROFORMA III AND RIGHT ISSUE**

The Proforma Consolidated Balance Sheet IV is stated after the effects of Proforma III and right issue of 4,700,000 new ordinary shares of RM1.00 each in PIC to the existing shareholders of PIC at par. The Right Issue was undertaken on the basis of 121 new ordinary shares for every 1,000 existing shares in PIC.

The proceeds from the proposed right issue of RM4.7 million will be utilised against existing banking facilities.

**PROFORMA V- AFTER PROFORMA IV, SHARE SPLIT AND PUBLIC ISSUE**

The Proforma Consolidated Balance Sheet V is stated after the effects of Proforma IV, share split and public issue of 7,000,000 new ordinary shares of RM0.50 each in PIC at an issue price of RM0.75 per share and an offer for sale of 18,000,000 ordinary shares of RM0.50 each in PIC at an offer price of RM0.75 per share.

Upon completion of the Disposals, Revaluation, Bonus Issue and Rights Issue, the Company has undertaken a share split pursuant to which its existing ordinary shares of RM1.00 each has each be split into ordinary shares of RM0.50 each.

The net proceeds from the public issue of RM3.75 million (net of listing expenses of RM1.5 million) will be utilised against existing banking facilities and to part finance the working capital of the Company.

**9. FINANCIAL INFORMATION (Cont'd)****PROGRESSIVE IMPACT CORPORATION BERHAD  
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MAY 2004 (CONTD.)****NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONTD.)**

The movements in the reserves of the Proforma Group are as follows:

	Share Premium RM'000	Retained Profits RM'000	Revaluation Reserves RM'000	Total RM'000
<b>As at 31 May 2004</b>	-	17,755	-	17,755
Disposal	-	2,930	-	2,930
<b>As per Proforma I</b>	-	20,685	-	20,685
Revaluation	-	-	3,716	3,716
<b>As per Proforma II</b>	-	20,685	3,716	24,401
Bonus Issue	-	(16,907)	(1,015)	(17,922)
<b>As per Proforma III</b>	-	3,778	2,701	6,479
Right Issue	-	-	-	-
<b>As per Proforma IV</b>	-	3,778	2,701	6,479
Public Issue	1,750	-	-	1,750
Listing expenses	(1,500)	-	-	(1,500)
<b>As per Proforma IV</b>	250	3,778	2,701	6,729