

4. INFORMATION ON THE GROUP

4.1 BACKGROUND OF THE PIC GROUP

4.1.1 Incorporation and Commencement of Business

PIC was incorporated in Malaysia under the Act on 27 August 1990 as a private company under the name of Zaiyadal Sdn Bhd. Subsequently, on 8 December 1992 it changed its name to Progressive Impact Corporation Sdn Bhd. Subsequently, on 10 February 2004, it was converted to a public company and assumed its present name.

PIC is principally an investment holding company and provides management and administrative services to its subsidiaries. The Company commenced its operations in 1992. As at 31 August 2004, being the latest practicable date prior to the printing of the Prospectus, PIC has 15 employees.

4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital of PIC is RM100,000,000 comprising 200,000,000 ordinary shares of RM0.50 each. The present issued and paid up share capital of PIC is RM43,500,000 comprising 87,000,000 ordinary shares of RM0.50 each.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of allotment	No. Of Shares allotted	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
27.08.1990	2	1.00	Subscribers' shares	2
04.03.1992	249,998	1.00	Cash	250,000
27.10.1992	750,000	1.00	Cash	1,000,000
10.05.1993	1,671,578	1.00	Cash	2,671,578
30.03.1994	80,000	1.00	Cash	2,751,578
25.08.1994	1,981,985	1.00	Cash	4,733,563
23.01.1995	78,031	1.00	Cash	4,811,594
26.08.1995	3,206,749	1.00	Cash	8,018,343
03.12.1996	999,999	1.00	Cash	9,018,342
10.01.1997	1,290,000	1.00	Cash	10,308,342
05.04.1997	2,570,000	1.00	Cash	12,878,342
19.12.1998	8,000,000	1.00	Cash	20,878,342
11.08.2004	17,921,658	1.00	Bonus Issue	38,800,000
11.08.2004	4,700,000	1.00	Rights Issue	43,500,000
Date of share split	No of shares	Par value (RM)	Consideration	Total issued and paid-up share capital (RM)
16.08.2004	87,000,000	0.50	Share Split	43,500,000

The issued and paid up share capital of PIC would be subsequently be increased to RM47,000,000 comprising 94,000,000 Shares by way of Public issue of 7,000,000 Shares at an IPO Price of RM0.75 per Share.

4. INFORMATION ON THE GROUP (Cont'd)**4.1.3 Listing Scheme**

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of PIC on the Second Board of Bursa Securities, the Company has implemented the Listing Scheme as set out below. The proposals within the Listing Scheme are inter-conditional and should be viewed as one exercise undertaken to facilitate the Listing of the Company.

(i) Disposals

Pursuant to the Disposals, PIC undertook a disposal of its equity interest in the following companies to the existing shareholders of PIC prior to the implementation of the Public Issue for a total cash consideration of RM4,601,402 :-

Name of companies	No. of Shares disposed of by PIC in each company	%	Disposal consideration (RM)
Foxboro #	2,550	51.00	983,698
PI-CSE Systems & Engineering (M) 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
PI Trading Sdn Bhd	962,997	96.30	1
PI Styrol Block Sdn Bhd	70,002	70.00	1
Kajicuaca Malaysia Sdn Bhd	400,000	80.00	1
Metronic Impact Sdn Bhd	59,999	60.00	59,999
PI Tech	2,188,286	100.00	1,535,002
EPS Systems & Engineering Sdn Bhd	600,500	100.00	202,698
Total			4,601,402

The disposal of Foxboro is deemed completed pending the full settlement of the disposal consideration pursuant to supplemental offer letter dated 19 February 2004.

The disposal consideration of the abovementioned companies pursuant to the Disposals was arrived at after taking into consideration the audited NTA of the respective companies as at 31 December 2003. Save for Foxboro, the disposals of the abovementioned companies were completed on 10 August 2004.

4. INFORMATION ON THE GROUP (Cont'd)**(ii) Revaluation**

Upon completion of the Disposals, PIC carried out a revaluation of its investments in ASMA and ALS and landed properties owned by PIC and ALS. The following revaluation surplus arising from the said revaluation has been credited into the revaluation reserve account of PIC:-

	Note	RM'000
Surplus from revaluation of investment in ASMA and ALS	1	16,453
Surplus on revaluation from landed properties (net of deferred taxation)	2	3,032

Notes

1. This represents the surplus between the audited NTA of respective company as at the 31 December 2003 against the carrying value recorded in the audited accounts of PIC as at 31 December 2003.
2. A summary of the revaluation is set out as follows :-

Property	Net Book Value @ 31.12.2003 RM'000	Market Value/ Valuation Date RM'000	Valuation Surplus / (Deficit) RM'000	Deferred taxation RM'000	Net Surplus RM'000
1 No. 19, Jalan Astaka U8/84, Bukit Jelutong Business and Technology Centre, Section U8, 40150 Shah Alam, Selangor Darul Ehsan	2,248	3,800 / 13.1.2004	1,552	435	1,117
2 No. 21, Jalan Astaka U8/84, Bukit Jelutong Business and Technology Centre, Section U8, 40150 Shah Alam, Selangor Darul Ehsan	2,999	5,000 / 13.1.2004	2,001	560	1,441
3 No. 18, Jalan Liku 8/B, Section 8, 40000 Shah Alam, Selangor Darul Ehsan	188	350 / 13.1.2004	162	45	117
4 No. 19, Jalan Kencana Mas 1/1, Tebrau Business Park, Taman Daya, 81100 Johor Bahru, Johor Darul Takzim	443	440 / 12.1.2004	(3)	-	(3)
5 Agriculture land known as H.S(D) 9844, P.T 7605, Mukim Lumut, District Manjung, Perak Darul Ridzuan (22.50 acres)	-	500 / 28.1.2004	500	140	360
	5,878	10,090	4,212	1,180	3,032

4. INFORMATION ON THE GROUP (Cont'd)**(iii) Bonus Issue**

Subsequent to the Revaluation, PIC undertook a 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 Proposed Revaluation. The Bonus Issue was effected through the capitalisation of the revaluation reserves and retained profits of PIC respectively. Consequently, the issued and paid-up share capital of PIC has been increased from 20,878,342 to 38,800,000 ordinary shares of RM1.00 each. The Bonus Issue was completed on 11 August 2004.

All new ordinary shares issued pursuant to the Bonus Issue shall, upon allotment and issue, rank *pari passu* in all respect with the issued and paid-up share capital of PIC then, except that they will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of the said shares.

(iv) Rights Issue

Following the Bonus Issue, PIC undertook a rights issue of 4,700,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per Rights Share to all the existing shareholders of PIC on the basis of approximately 121 ordinary shares of RM1.00 each for every 1,000 ordinary shares of RM1.00 each held after the Bonus Issue. Consequently, the issued and paid-up share capital of PIC has been increased from 38,800,000 ordinary shares of RM1.00 each to 43,500,000 ordinary shares of RM1.00 each. The Right Issue was completed on 11 August 2004.

All new ordinary shares issued pursuant to the Rights Issue shall, upon allotment and issue, rank *pari passu* in all respect with the then issued and paid-up share capital of PIC, except that they will not be entitled to any dividends, rights, allotments or other distributions declared, made or paid prior to the date of allotment of the said shares.

(v) Share Split

Upon completion of the Disposals, Revaluation, Bonus Issue and Rights Issue, the existing ordinary shares of RM1.00 each has been subdivided into ordinary shares of RM0.50 each. Consequently, the number of shares of PIC has been increased from 43,500,000 shares of RM1.00 each to 87,000,000 ordinary shares of RM0.50 each. The Share Split was completed on 16 August 2004.

4. INFORMATION ON THE GROUP (Cont'd)**(vi) Public Issue**

The Public Issue of 7,000,000 Shares or 7.4% of its enlarged issued and paid-up share capital at an issue price of RM0.75 per Share are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

(a) Malaysian Public

4,000,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Directors, Eligible Employees and Business Associates of the Group

3,000,000 Shares will be reserved for the Directors, eligible employees and business associates of the Group.

The Shares will be allotted to 138 Directors, eligible employees and business associates of the Group respectively based on the following criteria as approved by the Board of Directors: -

- (a) At least eighteen (18) years of age;
- (b) Job position; and
- (c) Length of service.

Details of the Directors' pink form allocation based on the aforementioned criteria are as follows: -

Name of Directors	Designation	No. of Shares
Haji Zaid bin Haji Abdullah	Group Managing Director	340,000
Hajjah Zaidah binti Mohd Salleh	Group Executive Director	320,000
Hassan bin Hussain	Group Executive Director	220,000
Dato' Mohamed bin Hashim	Independent, Non-Executive Chairman	150,000
Emeritus Professor Dato' Dr. Mohd Sham bin Mohd Sani	Independent, Non-Executive Director	150,000
Lee Weng Chong	Independent, Non-Executive Director	150,000
Total		1,330,000

4. INFORMATION ON THE GROUP (Cont'd)**(vii) Offer For Sale**

Simultaneously with the Public Issue, the Offerors will offer 18,000,000 Shares at an indicative offer price of RM0.75 per Share to the Malaysian Public and will be allocated and allotted in the following manner: -

(a) Malaysian Public

2,000,000 Offer Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(b) Placees

16,000,000 Offer Shares are reserved for private placement to selected investors (which are deemed public).

In summary, the IPO Shares will be allocated and allotted in the following manner: -

	Public Issue Shares	Offer Shares	Total IPO Shares
Malaysian Public (via ballotting)	4,000,000	2,000,000	6,000,000
Directors, eligible employees and business associates of the PIC Group	3,000,000	-	3,000,000
Malaysian Public (via placement)	-	16,000,000	16,000,000
Total	7,000,000	18,000,000	25,000,000

The 7,000,000 Public Issue Shares available for application by the Malaysian public and the Directors, eligible employees and business associates of the Group and 18,000,000 Offer Shares available for application by the Malaysian public and identified placees have been underwritten.

Any IPO Shares which are not taken up by eligible employees, Directors and/or the business associates of the Group will be made available for application by Malaysian Public and/or identified placees via private placement. Any IPO Shares by Malaysian Public which are not taken up will be made available to identified placees via private placement if the private placement is oversubscribed and vice versa. Any further IPO Shares not subscribed for will be made available for subscription by the underwriters in the proportion specified in the Underwriting Agreement dated 13 August 2004.

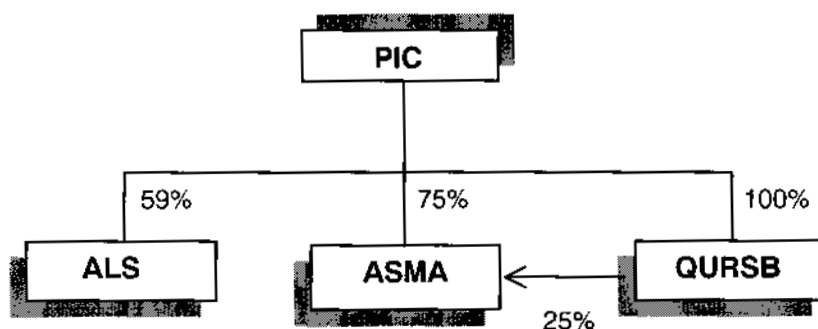
4. INFORMATION ON THE GROUP (Cont'd)

(viii) Listing

Upon completion of the Disposals, Bonus Issue, Revaluation, Rights Issue, Public Issue and Offer For Sale, PIC will seek a listing of and quotation for its enlarged issued and paid-up share capital comprising 94,000,000 Shares on the Second Board of Bursa Securities. The board lot sizes for the enlarged issued and paid-up share capital of PIC upon its listing will be standardized at 100 units per board lot.

4.2 PIC GROUP CORPORATE STRUCTURE

An overview of the Group's structure is set out below: -



Details of the subsidiary companies of the Company are summarised below: -

Company	Date/Place of Incorporation	Issued and Paid-up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
ASMA	28 May 1993 / Malaysia	1,052,632	100.00	Provision of environmental consulting and environmental monitoring services
ALS	12 April 1984 / Malaysia	100,000	59.00	Laboratory analysis services covering Environmental, Food and Industrial Hygiene
QURSB	3 September 2003 / Malaysia	2	100.00	Investment holding

4. INFORMATION ON THE GROUP (Cont'd)

4.3 HISTORY

PIC was incorporated in Malaysia under the Act as a private limited company on 27 August 1990. The principal activities of PIC are that of investment holding and the provision of management and administrative services to its subsidiaries. PIC was established and founded by Haji Zaid bin Haji Abdullah, a man with extensive experience in the corporate business world. Haji Zaid bin Haji Abdullah comes from a family of seven (7) brothers and four (4) sisters. He obtained his early education in Sekolah Tengku Ampuan Rahimah, Klang and graduated from University of Malaya with Bachelor of Economic (Acc) in 1977 and Advanced Diploma in Accounting in 1978. Upon graduation, he joined the Shapadu Group as one of its founder members. He was appointed as the Finance Director of Shapadu Group from 1978 to 1982. In 1983, he was promoted as Group Executive Director where he was in charged of and involved in the group's overall operations, focusing mainly in the oil and gas, civil engineering and transportation sectors. Having acquired extensive corporate experience in the various business of the Shapadu Group, he decided to venture out on his own and in 1992, set up PIC. Hajjah Zaidah binti Mohd Salleh, the spouse of Haji Zaid bin Haji Abdullah who is also a Chartered Accountant, joined him in 1993 to assist in building up the PIC Group.

From a humble beginning, PIC slowly carved a niche in the environmental and laboratory testing business. In 1993, Haji Zaid bin Haji Abdullah had his major breakthrough when he set up ASMA and worked towards servicing the Government of Malaysia in providing environmental consulting services. The Government of Malaysia (through the DOE) awarded a 20-year concession to ASMA in 1995 to monitor the quality of air and water and the establishment of a data center. In order to assist PIC in developing the environmental consultancy business under ASMA, Haji Zaid bin Haji Abdullah had successfully convinced and invited PUNB and PNS to invest in a total of 51% equity in PIC to fund ASMA's operation. Haji Zaid bin Haji Abdullah had also invited BIL, a Canadian environmental management services company, listed on The Toronto and Frankfurt Stock Exchanges to invest in a 25% equity stake in ASMA. BIL's main role was to provide the technology and technical support to ASMA.

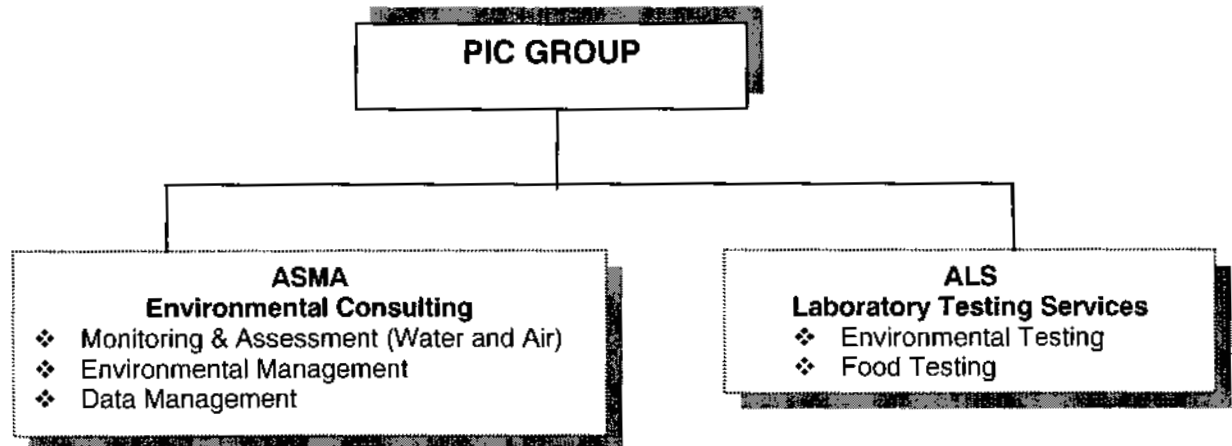
Having strong footing in the environmental consulting business through ASMA, Haji Zaid bin Haji Abdullah then proceeded to acquire through PIC a majority stake in ALS by entering into a joint venture agreement with Australian Laboratory Services Pty Ltd., a group of companies which operate the largest commercial laboratory-testing in the Australian region and specializes in environmental testing for the environmental industry, geochemical testing for the mineral exploration industry and engine oil testing for the transportation industry.

The concession project with the DOE and the collaboration between PIC and Australian Laboratory Services Pty Ltd has served as a catalyst for the growth of both ASMA's and ALS's businesses wherein the Group's non-concession business has grown significantly over the years. Having acquired significant technical knowledge in the environmental consultancy business over the past few years, it is timely for PIC to acquire the remaining 25% equity interest in ASMA, thereby making it a wholly-owned Malaysian company.

4. INFORMATION ON THE GROUP (Cont'd)

4.4 BUSINESS OVERVIEW OF THE PIC GROUP

PIC is principally an investment holding company and provides management and administrative services to its subsidiaries while its subsidiary companies are principally involved in the provision of environmental consulting, monitoring, monitoring equipment/systems integration, laboratory testing and environmental data management services. The business activities of the PIC Group can be diagrammatically illustrated as follows :-



The Group's core activities are mainly in the provision of environmental consulting, monitoring and testing services and can be classified as follows:

- Water Resources Management
- Air Quality Management
- Environmental Data Management
- Environmental Management System / Environmental Impact Assessments
- Laboratory Testing Services

The detailed explanation of environmental services being offered by the PIC Group are outlined in Section 4.4.2 below. The demand for the range of services offered is mainly derived from various governmental bodies as well as companies in the private sector which involved in the oil and gas, energy, agricultural, chemical manufacturing, food manufacturing and electronics industries.

The Group's strength lies in its position as an "**Integrated Environmental Solutions Provider**", offering a wide range of services ranging from environmental plan management, consulting and site monitoring to the collection of environmental samples, analytical testing of the samples, data assessment of the testing results, data management and environmental reporting for decision making purpose. As an integrated environmental solutions provider, the PIC Group's range of services completes the whole cycle of an environmental management project plan.

4. INFORMATION ON THE GROUP (Cont'd)

4.4.1 Location of Principal Place of Business

The location of principal assets and place of business of the Group are as follows:

Companies	Address	Function of Facilities
PIC	No 19, 2 nd Floor Jalan Astaka U8/84 Bukit Jelutong Business and Technology Center, Shah Alam, 40150 Selangor Darul Ehsan	Head Office
ASMA	No 19, Jalan Astaka U8/84 Bukit Jelutong Business and Technology Center, Shah Alam, 40150 Selangor Darul Ehsan	Consulting / Monitoring Office Environmental Data Management Centre
ALS - Shah Alam	9, Jalan Astaka U8/84 Bukit Jelutong Business and Technology Center, 40150 Shah Alam, Selangor Darul Ehsan	Laboratory / Marketing Office
ALS branch - Johor Bahru	19, Jalan Kencana Mas 1/1, Tebrau Business Park, Taman Daya, 81100 Johor Bahru, Johor Darul Takzim	Laboratory / Marketing Office

In addition to the abovementioned office locations, the PIC Group has other branch offices, which are located in Penang, Johor, Pahang as well as Sabah and Sarawak. These provide an extensive spread of geographic locations covering the entire country would enable the Group to provide prompt and quality service to its clients.

4.4.2 Principal Products and Services

The services offered by the PIC Group is divided into two (2) main categories namely (A) environmental consulting and monitoring and (B) laboratory testing services. A detailed description of the products and services offered by the PIC Group as an integrated environmental solutions provider are set out as follows :-

(A) Environmental Consulting and Monitoring

The environmental consulting and monitoring services are mainly conducted by ASMA. ASMA has established an infrastructure, employing state-of-the-art technology that supports a comprehensive monitoring network for both air and water designed specifically for the DOE's privatised monitoring program. The monitoring program involves the installation, operation and maintenance of a network of air and water quality monitoring networks known as CAQM and CWQM (collectively known as the "Continuous Monitoring Networks") throughout the entire nation for the DOE. The air and water quality is being continuously monitored via the fifty-one units of CAQM stations and fifteen units of CWQM stations installed throughout Malaysia. These stations are equipped with instrumentations that are able to monitor major pollutant gasses in the air and water quality characteristics for the rivers. All the data are polled to ASMA's Environmental Data Centre ("EDC"), which are manned by qualified technicians on 24-hours basis.

In addition to the Continuous Monitoring Networks, ASMA also conducts the manual air, river water and marine environment monitoring operations throughout Malaysia for the DOE.

4. INFORMATION ON THE GROUP (Cont'd)

Apart from DOE, ASMA also provides environmental consultancy services to the private sectors especially to companies that are involved in the oil and gas sector, electronics industry, power and utilities.

ASMA's scope of services may be divided into the following sub-categories:

(i) Water Resources Management

ASMA provides a complete range of services in water quality monitoring and assessment including consultation services relating to management and control options. Hence, the determination of the state of the water quality of the 'water body' provides the relevant data that then can be used for assessment purposes which in turn allows for the proposal and implementation of the appropriate management and control options.

The activities involved in the water resources management includes the following :-

- Ambient water quality monitoring – Continuous / manual or batch sampling;
- Industrial effluents monitoring and assessment;
- Assessment of water quality with respect to specific beneficial uses;
- Pollution sources identification; and
- Provision of consultancy services relating to management and control options.

In addition, ASMA also provides the integration, installation and maintenance of these continuous stations for the monitoring of water quality. ASMA provides a one-stop centre to cater to the environmental needs of the manufacturing and agro-based industry as well as other wastewater generating activities. Other water resources management services offered includes sampling and analysis of polluted water ("effluent") to ensure compliance to the effluent discharge standards, wastewater characteristic study, efficiency studies of waste water treatment plants and upgrading of water treatment capabilities.

(ii) Air Quality Management

ASMA provides complete ambient air monitoring solutions, with fully integrated air monitoring systems thus making ASMA the market leader in the field of air monitoring. ASMA provides unique and customized systems integration using instruments, hardware and software, landline modem, cell phone modems, radios and satellite communications. In addition to ambient air monitoring, ASMA also provides stack gas sampling where stack emission constituents such as particulates, acid gases, hazardous organic compounds are measured. In addition to compliance measurements, ASMA provides value-added services such as pollution spread model from industrial stacks and refineries using established dispersion models that measures the spread of pollutants from pollution sources.

4. INFORMATION ON THE GROUP (Cont'd)

Air Quality Management activities encompasses the following :-

- Management of Continuous Air Quality Monitoring Stations
- Management of Manual Air Quality Monitoring Stations
- Stack sampling at Stationary Sources for DOE Compliance

(iii) Environmental Data Management

ASMA has a wealth of air and water quality database stretching back to 1995. These data are generated on a continuous basis (24 hours a day) and are subject to very strict quality assurance procedures to ensure their precision and accuracy. With this enormous database, ASMA is thus, in a position to provide value-added measures, in the form of statistical analysis, dispersion modelling, trend analysis or forecasting, to ensure that the data and reports are custom-made to suit the varied needs of the customers.

In addition, ASMA also provides Geographical Information System (GIS) applications for environmental analysis and modelling. This technology adds a new dimension to the conventional methods of environmental analysis as it allows graphic visualizations of environmental variations in over a wide area.

(iv) Environmental Management System / Environmental Site Assessment / Environmental Impact Assessment ("EIA")

Leveraging on the ASMA's in-depth technical knowledge in the environmental field, the Group is able to provide consultancy services to assist companies which intend to establish, implement and maintain their environmental management systems ("EMS"). The consultancy package ranges from initial environmental review, evaluation of significant impact, EMS documentation to system implementation and maintenance. The main objectives are to guide companies to achieve the ISO 14001 certification and ensure compliance with the environmental regulations.

Additionally, ASMA also provides consultancy services in conducting environmental site assessments of sites that have either been contaminated or are potentially subjected to contamination. In many instances, such sites are contaminated by scheduled wastes. In conducting environmental site assessments, ASMA also conducts monitoring of all the relevant medium as well as value-added recommendations and solutions for cost-effective remedial actions.

ASMA has also been involved in the preparation of a number of EIAs. In addition to the provision of environmental data, ASMA also conducts baseline studies, provides assessment of potential impacts as well as monitors and assesses the post-EIA phases.

4. INFORMATION ON THE GROUP (Cont'd)**(B) Laboratory Testing Services**

The laboratory testing services are mainly carried out by ALS. In this respect, ALS provides laboratory testing services to the private sector and governmental bodies in Malaysia as well as the ASEAN region.

The laboratories of ALS are SAMM-accredited by the Department of Standards, Malaysia and certified to ISO/IEC 17025 protocols. ALS has established and maintains a comprehensive management plan that takes into consideration the requirements of ISO/IEC 17025: 1999 "General Requirements for the Competence of Testing and Calibration Laboratories".

The ALS's laboratories conduct analytical testing based on the universally-recognized procedures of MS, USEPA, APHA, FDA and BS, amongst others.

The range of laboratory testing services offered by the PIC Group encompasses the following :-

(a) Environmental Division

Due to increasing demand in the environmental testing sector, the PIC Group is currently focusing on increasing its range of services in the following area :-

- Testing for water samples for physical tests, inorganic nutrients, heavy metals, volatile organic compounds and semi-volatile organic compounds
- Testing for soils and sediments for heavy metals, dioxin, hydrocarbon contamination
- Testing for petroleum contamination in soil and groundwater at petrol stations
- Testing in support of ISO 14001, EIA, baseline studies, waste characterization, site assessment and remediation projects

(b) Food & Microbiology Division

Increasingly stringent measures from the Ministry of Health on food safety coupled with the rise in the exportation and importation of food products and enhanced food safety management programmes in local and multinational companies have resulted in an increasing demand for food safety-related testing in recent years. The range of food-related test services provided by the Group are set out as follows :-

- Testing of edible oils (refined palm oil, coconut oil) for the export market.
- Nutritional labelling analysis, minerals, preservatives and additives, pesticide residue analysis for local food products.
- Microbiological analysis for food spoilage organisms and food hygiene.
- Microbiological testing for medical devices and accessories used in hospitals.

4. INFORMATION ON THE GROUP (Cont'd)

(c) Industrial Hygiene Division

To ensure worker's safety and health in various manufacturing industries and in response to stringent regulations from the DOSH, the Group recently set up the industrial hygiene division headed by a DOSH registered Industrial Hygienist with the following services:

- Indoor air quality monitoring for contaminants that leads to "sick building syndrome".
- Workers exposure monitoring for lead, dust, organic solvents.
- In-door noise monitoring.

(d) Consulting Division

Based on its extensive experience in environmental analysis and laboratory operation, ALS is also able to provide consulting and training services for the development of environmental laboratories. These services can range from conceptual design through basic upgrades to full turnkey operations. The range of services include :

- New laboratory design or enhancement of existing laboratory facilities.
- Technical and management training in laboratory management.
- Implementation of proven operating systems for quality assurance and data management.
- Development of new analysis methods for companies.

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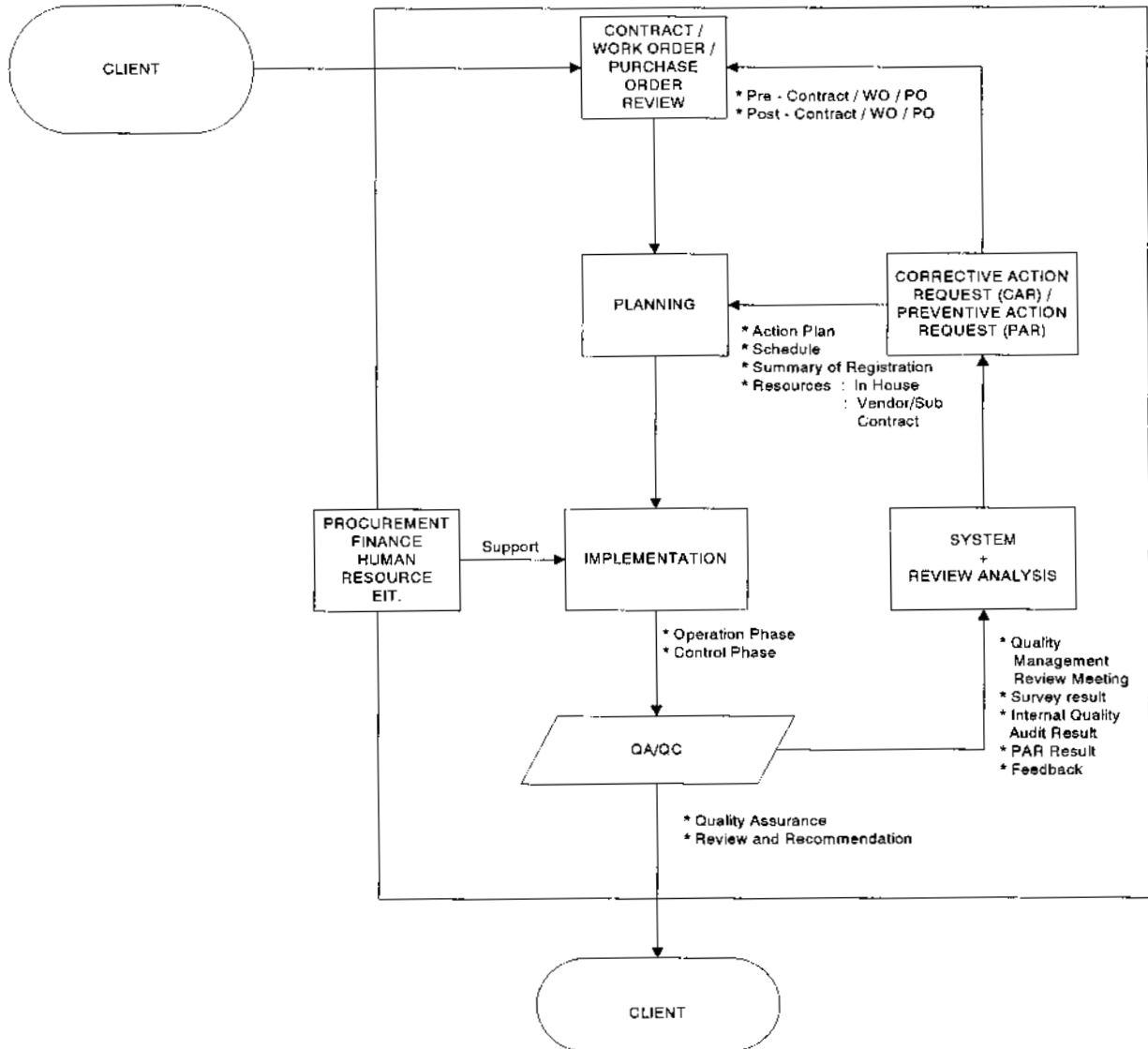
4. INFORMATION ON THE GROUP (Cont'd)

4.4.3 Business Process

The business processes of the two (2) principal products of the PIC Group are illustrated below :-

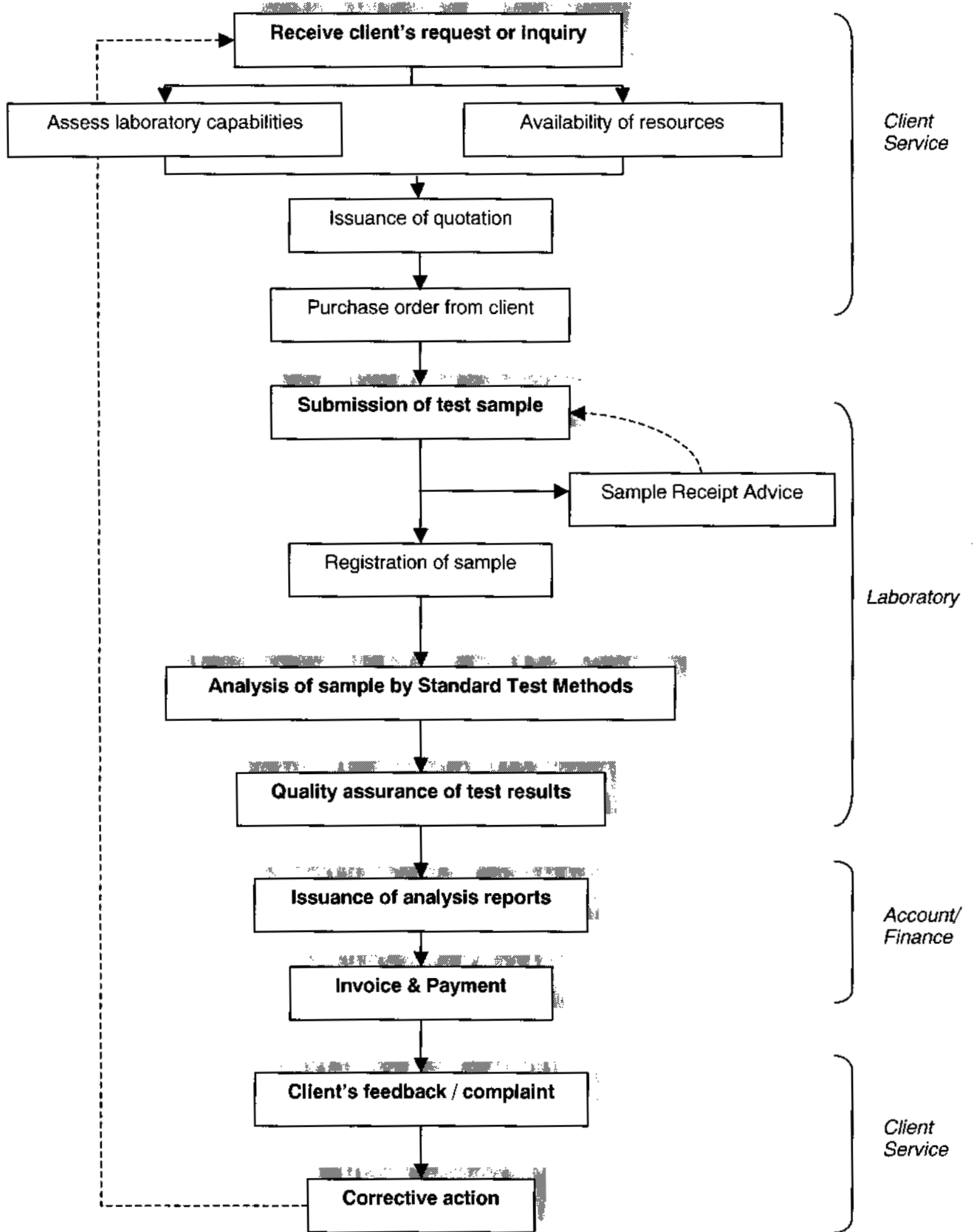
Environmental Monitoring and Consulting Business Process

In ensuring high quality products and services, ASMA stringently adheres to a set of procedures as depicted in the flowchart below: -



4. INFORMATION ON THE GROUP (Cont'd)

Laboratory Testing Business Process



4. INFORMATION ON THE GROUP (Cont'd)

The key steps in the laboratory testing business process encompasses the following:

(i) Inquiry and Request

The laboratory provides the customer an official quotation to cover all requests for analysis. Each quotation is uniquely identified and provides the customer with a list of the analytes that the laboratory will determine, the relevant method reference and associated charges.

(ii) Submission of Test Sample

All samples are delivered to the laboratory are accompanied by a Chain Of Custody (C.O.C) form duly completed, or appropriate request letters duly signed by the client. Handling methods are provided to prevent from damage and deterioration. Authorized personnel is assigned to receive the test items and each sample received is uniquely identified by a sample reference number.

(iii) Analysis of Test Samples

The laboratory employs wherever possible, test methods and procedures that are established as national or international standards (e.g. DOE, MS, BS, ASTM, ISO), those adopted by reputable technical bodies (e.g. APHA, EPA, FDA, NIOSH, AOAC, WHO, WMO), or other professional bodies.

(iv) Quality Assurance of Test Results

The laboratory adopts the following quality control procedures to enhance the confidence of the test results provided to client such as method blank, calibration curves, independent check standards, use of reference materials and precision checks.

(v) Reporting of Test Results

Test reports provides a clear, unambiguous statement of test result and include suitable units of measurement and other information necessary to understand the results. The Managers or approved signatories are responsible for the accuracy of the report. The laboratory will also ensure that strict adherence to confidentiality is preserved and requirements of ISO 17025 are met.

(vi) Invoicing

The accounts department issues the invoice to the client for the report issued based on the purchase order received for the said project.

(vii) Handling of Corrective Actions

All laboratory technicians, laboratory officers, chemists, microbiologists and above are responsible to ensure appropriate corrective actions are taken to eliminate causes of non-conformance. A corrective action is instituted whenever a non-conformance is detected in any aspect of the company's Quality management system or from client's complaint. The extent and timing of the corrective action is determined by the magnitude of the problems, potential impact on operating costs, safety and client's satisfaction.

4. INFORMATION ON THE GROUP (Cont'd)

4.4.4 Technologies Used

The PIC Group employs state-of-the-art environmental technologies and systems which include:

- (i) Internationally recognized protocols on sampling, sample preservation and testing.
- (ii) Analytical instrumentation that complied with the USEPA and international requirements for the measurement of trace and criteria environmental pollutants.
- (iii) State-of-the-art monitoring equipment and well-defined monitoring procedures approved by international bodies such as USEPA and Japan International Standards.
- (iv) Advanced water quality, ambient air and stack monitoring equipment with telemetry options capable of providing a wide range of real-time information on environmental parameter.
- (v) Advanced multi-parameter water quality monitoring instrumentation coupled with a variety of telemetry options capable of providing a wide range of real-time water quality and hydrological parameters. In addition to sensor technology sourced from reputable and reliable suppliers such as Hydrolab Corporation and YSI Inc, both of which are USA-based companies, a wide range of analysers are also offered to meet the needs of the customer.
- (vi) Complete integration of sensors, analysers, flowmeters, automatic sampler, DAS or SCADA and GPS.
- (vii) Laboratory testing equipment customized for environmental testing which includes GCMS (testing of organic pollutants), ICPAES (testing of heavy metal pollutants), Purge and Trap Systems (testing of organic pollutants), TOC Analyzers which are all sourced from US-based companies.

4.4.5 Principal Markets for the PIC Group

In general, business opportunities for the PIC Group grow in tandem with increasing industrial development in Malaysia. In addition to the governmental sector, a significant portion of the demand for the PIC Group's services emanated from the power, utilities, oil and gas, transportation, electronics, chemical, and food manufacturing sectors.

The manufacturing sector has experienced significant growth over the past ten (10) years in Malaysia. Any organisation which proposes to build a new plant or expand its existing manufacturing facilities must go through a variety of environment-related formalities at each stage of the project planning and construction. These formalities include conducting environmental impact assessment, presenting written permissions or approval and obtaining licenses. In addition, once the plant is operational, an organisation must submit regular environmental monitoring reports on wastewater, air emission and reports on scheduled waste generated in the plant. The need to adhere to these environmental regulations in turn creates recurring demand for the PIC Group's services which covers environmental consulting, monitoring and testing.

4. INFORMATION ON THE GROUP (Cont'd)

In addition to the Ministry of Natural Resources and Environment with emphasis on the DOE, various ministries in Malaysia with environmental inclinations or responsibilities include the Ministry of Agriculture (with emphasis on the Department of Irrigation), Ministry of Health and Ministry of Housing and Local Government. In view of the ASMA's success story with the DOE in implementing a nationwide environmental (water and air) monitoring program, the Group is now poised to offer similar environmental management and monitoring systems to the other governmental bodies cited above. .

Besides servicing the Malaysian-based customers, the PIC Group through its subsidiary, ALS, has embraced the trend towards global expansion through marketing its laboratory testing services to multinational companies which are based in Singapore, Thailand, Philippines, Hong Kong, Pakistan and China. With a solid track record accumulated over the years and sound technical skills as well as a committed work force, ALS has been able to build a good reputation in this region as a credible and high quality laboratory testing service provider.

4.4.6 Competition, Position and Competitive Advantage

There are a number of local and foreign players in the environmental consulting market, most environmental- related companies offer services that specialized in either consulting, engineering or laboratory testing but few offer the complete range of services as provided by the PIC Group. In this respect, the PIC Group's services covers the consulting, monitoring, testing, data management of the whole environmental management project which gives the Group an edge over its competitors.

The management of PIC believe that the present Group's position in local environmental industry is well established. In order to further consolidate its present position in the industry, the management of the Group will continue to :-

- develop or identify new environmental-related services to offer to its clients
- response and adapt quickly to latest market trends of clients and competitors
- source for high quality, lower cost consumables for its monitoring and laboratory testing activities to reduce its operational cost and at the same time without comprising on its quality

Furthermore, the management believe that the PIC Group possesses the following competitive advantage over its competitors:

□ Experienced management team

The PIC Group are managed by an experienced team of senior management who have gained their experience in the chemical, environmental or manufacturing industries prior to joining the Group.

4. INFORMATION ON THE GROUP (Cont'd)

□ Skilled environmental scientists and officers

The Group has been able to maintain a large pool of experienced technical personnel as well able to attract new talent from the environmental industry to join the Group. This enables the Group to continuously expand its existing range of services to the customers.

□ International alliances

PIC has tie-up with its joint venture partner, Australian Laboratory Services Pty Ltd, which has an extensive coverage of forty four (44) laboratories and offices spread throughout the world, in which the PIC Group is able to market its environmental services. The Group via its subsidiaries has established good working relations with several international key suppliers in overseas to further enhance its competitiveness in its service offerings. This is evidenced by the length of relationship with these key foreign suppliers. With these alliances in place, the Group would be able to tap into their technical know-how and network to market its services.

□ Responsive to market changes and able to provide competitive pricing to its competitors

The Group operates in Malaysia with a relatively lower labour cost structure compared to other international players. In addition, with its ability to offer the complete range of environmental consulting, monitoring, testing and data management services, it is able to respond to lower pricing demands from its clients more effectively over its competitors.

4.4.7 Modes of Marketing / Distribution / Sales

The PIC Group carries out its business development and marketing of its environmental services via a variety of channels which include direct interaction with clients in the governmental bodies and manufacturing industries, booth participation in exhibitions related to environmental issues, continuous client education on the value of environmental management through technical presentations at national seminars, participation and involvement in high-profile technical committees to decide on methodologies or regulatory guidelines related to environmental issues. Through all these interactions, the PIC Group is able to better understand the client's requirements and upcoming environmental regulatory frameworks and be able to proactively identify market needs thus increasing the demand for its environmental services.

While the head office of the PIC Group is centrally located in Selangor, it has five (5) other branch offices located throughout Malaysia. These offices, which are located in the north, south and east coast of Malaysia as well as Sabah and Sarawak provides an extensive spread of geographic locations covering the entire country to enable the Group to service its clients better. In addition, through its strategic alliance with its joint venture partner, Australian Laboratory Services Pty Ltd, which has an extensive coverage of forty four (44) laboratories and offices spread throughout the world, the PIC Group is also able to market its environmental services overseas.

4. INFORMATION ON THE GROUP (Cont'd)

The PIC Group has firmly established its ability in implementing and managing large and complex environmental projects. The Group has the overall capability to project manage, monitor, sample, test and data manage on large scale environmental projects. By establishing this market niche, the Group is able to successfully distinguish itself from its competitors in the environmental consulting and testing field.

Presently, the marketing of environmental services is carried out by the business development teams headed by the managers for each division within the Group. Due to the nature of the business, the marketing of environmental services requires in-depth knowledge on environmental regulations, technology, data quality assessment and project management. As such, the staff involved in the business development teams must possess the requisite technical knowledge and experience in overall environmental technologies. The Group is also committed to maintain and enhance the quality of its services by encouraging regular feedback from its clients.

In addition, the PIC Group also maintains a website which is used as an advertising and marketing medium for the range of environmental services offered by the Group.

Apart from the local market, the PIC Group has established good working relationships with the governmental related bodies and private industries in the ASEAN region involving Singapore, Thailand, Philippines and Indonesia as well as Pakistan. The Group has exported its services to some of these countries and intends to further develop its range of services that could penetrate further into these overseas markets.

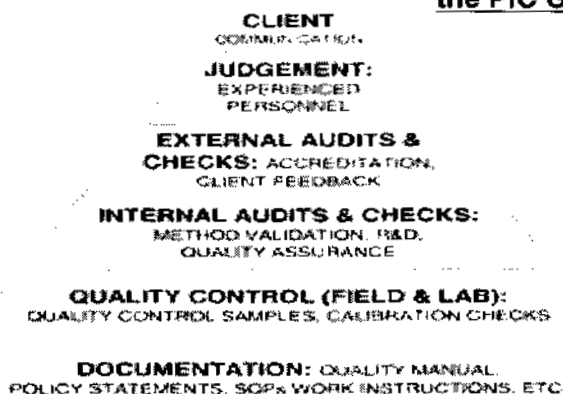
4.4.8 Types, Sources, Availability of Materials and Resources

The continuous flow of high quality environmental monitoring equipment and parts, chemicals and skilled labour is critical for efficient operation of the PIC Group. The environmental monitoring and laboratory testing equipments are sourced from established manufacturers located overseas and in Malaysia. The Group has established a good track record over the years with its suppliers in terms of its purchase and payment commitments and this good relationship is reflected in the timely deliveries of its equipments and supplies resulting in minimal disruptions of the company's operations thus avoiding losses. Due to the strong purchasing power of the PIC Group, the Group enjoys competitively priced purchases in its major equipment which translates to increased cost savings.

The PIC Group's operations also require knowledgeable workers with sound backgrounds in environmental technology, chemistry, engineering, microbiology and electronics. To date, the Group has not faced any shortage of workers due to the availability of many professionals who are degree holder in these areas.

4.4.9 Quality Assurance and Quality Control Procedures

The PIC Group commits significant human resources towards maintaining and improving the company's quality culture. As the business processes of the Group are highly technical in nature, critical business decisions are made based on the overall environmental report and data. Good professional judgement and client communication coupled with state-of-the-art environmental monitoring and testing equipment are critical when dealing with complex environmental projects and testing requirements. This view is clearly depicted in the Quality Triangle below where client's communication and of professional judgement sits at the apex of the triangle. This is to ensure that Group's client's expectations are consistently met.

4. INFORMATION ON THE GROUP (Cont'd)**Quality Triangle of
the PIC Group**

Both ASMA and ALS have achieved internationally recognized certifications issued by international bodies testifying to the focus of the Group on quality matters. ASMA has received certification for ISO 9001: 2000 for "Provision of Water Quality Monitoring, Sampling, Analysis and Reporting Services for the Department of Environment, Malaysia" while ALS is certified to the ISO/IEC 17025 for "General Requirements for the Competence of Testing and Calibration Laboratories".

4.4.10 Key Achievements and Awards

Over the years, the PIC Group has achieved several awards for outstanding performance in recognition of its technical competence and quality. The certification and awards received by the PIC Group for its environmental monitoring and laboratory testing business are as follows:

Awards / Certifications	Organization	Year	Recognition
ISO 9001:2000	Lloyd's Register Quality Assurance	2003	Water quality monitoring, sampling, analysis and reporting services
ISO 17025 – Shah Alam Laboratory	Department of Standards, Malaysia	2003	Competency in laboratory testing
IKM Quality Award for Chemical Laboratories	Institut Kimia Malaysia	From 1997 till 2003	Excellence in laboratory testing
Laboratory Excellence Certificate for October 2003	Analytical Products Group, Inc	2003	100% compliance in proficiency testing among 320 laboratories globally
Anugerah Amalan Terbaik	PUNB	1999	Good Practice Award
Recognition Letter	Teledyne-Advanced Pollution Instrumentation, Inc. (TAPI)	2004	Excellence in the operation of air quality network (under a privatised arrangement)

4. INFORMATION ON THE GROUP (Cont'd)

4.4.11 Research and Development

The PIC Group recognizes R & D as an essential activity in the organization, thus a policy of pragmatism coupled with objectives to meet the technological needs of existing and future clients has been adopted. The PIC Group has embarked on a number of research areas in collaboration with other several local universities and research institutions with an aim to further strengthen its present position in the environmental market. The leading-edge projects currently being identified and key R & D team members are summarized below :

Project	Project Phase	Company
<p>1) <i>Asia-Pacific Integrated Model for Climate Change Studies</i></p> <p>Joint research program between ASMA and NIES, Japan. This study involved a detailed inventory of greenhouse gases emissions in Malaysia and include projections and mitigations options. There is a growing concern on the impacts of climate change on life on earth. ASMA will be in the position to act as a consultant to the government in the decision-making process to mitigate the adverse impacts of climate change, as well as to participate actively in the implementation of the mitigation options.</p>	Ongoing	ASMA
<p>2) <i>Industrial Air Pollution from Industrial Zone and its Impact on Paddy Plantation</i></p> <p>Joint research program between ASMA and Universiti Putra Malaysia to determine the detrimental effects of air pollutants from industrial emissions on plants and crops. ASMA can be actively involved in the monitoring of toxic emissions from industries, as well as to provide solutions to control excessive emissions from the industrial activities.</p>	Ongoing	ASMA
<p>3) <i>Pesticide residues in Selected River Basins</i></p> <p>This research program is undertaken to establish the levels of pesticide residues in selected river basins in Malaysia. The results of the program will highlight exposure levels and provides the impetus for the relevant government agencies to conduct regular monitoring of pesticides in selected waterways</p>	Final	ASMA
<p>4) <i>Quantification on Pollution Loading from Non-Point Sources of Pollution</i></p> <p>This research program is undertaken to estimate loading from a variety of non-point sources by employing direct measurements during storm events from specified land use types as well as applying Long Term Hydrologic Impact Assessment Model.</p>	Preliminary	ASMA

4. INFORMATION ON THE GROUP (Cont'd)

Project	Project Phase	Company
<p>The quantitative assessment of non-point sources of pollution will allow for the comprehensive assessment of the total loading into a river basin and hence provide the rational to apportion effort including financial resources to implement the necessary management and control options.</p> <p>5) <i>Heavy Metals Contamination</i></p> <p>This research program is undertaken to determine the laboratory testing methodologies for heavy metals contamination in seawater, food and electronic products. There is a global demand in the manufacturing industries for this testing requirement and this may potentially enable ALS to market its services globally.</p>	Ongoing	ALS
<p>6) <i>Organic Pollutants Contamination</i></p> <p>This research program is undertaken to examine the testing of toxic organic pollutants such as polychlorinated biphenyls, dioxins, benzene in air, water, soil matrices. There is a growing interest in the presence of toxic organic pollutants among the regulatory bodies in Malaysia and the ASEAN region and the results of this research will enable ALS to market this service.</p>	Ongoing	ALS

4.4.12 Major Customers

The PIC Group's clients range from governmental agencies to multinational corporations and small medium scale industries. Apart from the DOE, the clientele base covers the oil & gas, chemical, pharmaceutical, food, agricultural and electronics manufacturing industries. The concession agreement from the DOE for air and water monitoring services constitutes a significant portion of PIC Group's revenue.

Client	Type of Service	Length of Relationship (years)	% of Group revenue as at 31.5.04
DOE	Ambient Air and Water Quality Monitoring – Concession Agreement	8	61.0
DOE	Marine Water Quality Monitoring	7	1.4
KLCC Urusharta Sdn Bhd	Environmental Management Plan Implementation	4	1.5
Unit Perundingan Universiti Malaya	Monitoring & assessment of the water quality at Putrajaya Lake & Wetlands	4	2.5
Majlis Perbandaran Petaling Jaya	Clean-up, monitoring & maintenance (Odour)	1	2.2

4. INFORMATION ON THE GROUP (Cont'd)

Client	Type of Service	Length of Relationship (years)	% of Group revenue as at 31.5.04
Petronas Research & Scientific Services Sdn Bhd	Water and Sediment Testing	5	1.2
Environmental Resources Management (M) Sdn Bhd	Soil Testing	3	1.1
Optimal Chemicals (M) Sdn Bhd	Environmental Testing	3	0.8
Sterilgamma (M) Sdn Bhd	Medical Devices Testing	3	0.7
Matsushita Environmental Engineering (M) Sdn Bhd	Soil & Water Testing	1	0.7

DOE has been contributing between sixty-five percent (65%) and eighty percent (80%) of the Group's revenue for the past seven (7) years ended 31 December 2003. The Group has been awarded with the concession business with DOE for twenty (20) years.

To mitigate the risk of dependency on the concession business from the DOE, the Group has embarked on an aggressive business strategy to expand its non-concession business in the public and private sectors. This is evidenced by the increase in the Group's non-concession business revenue by approximately fifty-three percent (53%) for the financial year ended 31 December 2003 compared to that of the previous year. As a result of the increase, the portion of non-concession revenue constitutes 35% of the Group's revenue for the financial year ended 31 December 2003. As at 31 May 2004, the portion of non-concession revenue constitutes 39% of the Group's revenue. An increase of 4% compared to the results for the financial year ended 31 December 2003. The management of PIC expects the non-concession revenue will be the main engine of growth of the Group's revenue in the future. The details are set out in Section 3(e) of this Prospectus.

4.4.13 Major Suppliers

The PIC Group sources its major equipment from local and overseas suppliers. The Group has established good working relationships with several key suppliers in order to maintain a lower cost position and to ensure availability of goods on a timely basis. However, the Group is continuously sourcing other parts and consumables from other suppliers to maintain a cost effective structure. The major suppliers and types of products purchased are set out below:

Supplier	Purchase Items	Length of Relationship (Years)	% of Group purchases as at 31.5.04
Teledyne Advanced Pollution Instrumentation, Inc	Equipment for Ambient Air Analysis	8	27.4
Spatialworks Sdn Bhd	Software development	2	9.1
Lab Environ Instruments Sdn Bhd	Multiparameter Water Quality sondes	7	8.5

4. INFORMATION ON THE GROUP (Cont'd)

Supplier	Purchase Items	Length of Relationship (Years)	% of Group purchases as at 31.5.04
Mox Gases Sdn Bhd	Purified & Liquid Gases	7	5.2
Enviroequip Pty Ltd	Lab Equipment	1	1.2

4.4.14 Employees and Training Program

The PIC Group's business is supported by highly competent personnel with sound industry knowledge, hands-on experience and expertise. The key personnel in the PIC Group are from diverse disciplines including environmental science, chemistry, chemical engineering, IT software and engineering, microbiology, electronics, ecology, finance, accounting and have accumulated considerable wealth of experience in the environmental consulting, monitoring and testing industry.

As at 31 August 2004, the PIC Group has a total workforce of 159 employees. The employees do not belong to any labour union and enjoy a cordial relationship with the management.

The employees of the PIC Group can generally be segregated into the following four (4) divisions:

Category	No of Employees	Average Years in Service
Executive Directors of PIC	3	6
Management and Business Development	12	3
Technical	124	4
Finance and Administrative	20	4
Total	159	

The management recognizes the importance of continuous training in the employee's career development and all employees undergo an initial induction training phase followed by continuous development via regular in-house training programs, external training programs, national and international conferences. Among the major training, seminar or workshop attended by the employees of the Group are as follows :-

(a) Environmental Consulting and Monitoring Business

The training and development programs undertaken for the employees in the environmental consulting and monitoring business includes the following:

Mentoring / On the job training

To ensure that new employees are adequately familiar with the job specifications and technical requirements so errors can be prevented.

Attendance at Conferences / Workshops / Courses

- Annual competency checks and knowledge upgrade by the main equipment supplier (TAPI and MetOne) for the technicians.
- Attendance by senior personnel to the Annual exhibition and conference held by Air, Waste Management Association (AWMA) in North America to grasp new development in the industry

4. INFORMATION ON THE GROUP (Cont'd)

- Annual participation in the Better Air Quality (BAQ) conference by the key personnel
- Regular environmental training in Hong Kong (Advance In Situ Water Quality Measurements) for the Scientists and Technicians
- Environmental training (In situ Hydrological Measurements Using SONTEK Technology) in Han Chow, People's Republic of China
- Attendance by senior personnel to a conference on Odour and VOCS – Measurement, Regulation and Control Techniques held by the International Water Association in Singapore

(b) Laboratory Testing Business

The training and development programs undertaken for the employees in the laboratory testing business include the following:

- **Induction Training**
 - Workplace safety and chemical handling
 - Good Laboratory Practices
 - Handling of Test Items
 - ISO 17025 protocols
 - Bench scale hands-on practical tests
 - Statistical calculations and measurement uncertainty
- **External Training**
 - Implementation of ISO 17025 in Testing Laboratories
 - Customer Relationship Management Database usage (UBS)
 - Implementing 5S at the Workplace - the 5S Program is a methodology for organizing, cleaning, developing, and sustaining a productive work environment. This program is generally implemented in manufacturing environments.
 - Industrial Hygiene Technician Workshop
 - Leadership Skills for Supervisors
 - Negotiation Skills
 - Document Control for ISO 17025
 - Conducting an internal quality audit

The Company does not have any industrial disputes except for two claims initiated by two former employees in relation to the separation scheme of the Company in December 2002 (the dispute eventually resolved through out of court settlement) and January 2003 respectively. Based on legal advice received, the Board of Directors is of view that there is no merit in the claim filed in January 2003.

4.4.15 Major Licenses / Permits / Registration

Pursuant to the Concession Agreement between ASMA and the DOE, ASMA is required to set up several equipment to monitor the Malaysia API. Some of these equipment contain radioactive material. The MetONE BAM1020 is one of the equipments used to measure pollutants. The equipment contains a radioactive material (C-14) as part of its detection systems. It is stated under the virtue of Act 304 Section 12 (1)(b) (Atomic Energy Licensing Act 1984) that "*No person shall deal in, possess or dispose of any radioactive material, nuclear material, prescribed substance or irradiating apparatus without having a valid licence issued under section 16(5), Act 304*". Therefore, a valid licence is necessary to operate the equipment.

ASMA, has obtained the permit from the Atomic Energy Licensing Board ("AELB") for their monitoring equipment.

4. INFORMATION ON THE GROUP (Cont'd)

ASMA has obtained the following permit: -

Authority	Description	Major Conditions Imposed	Status of Compliance
AELB (19/07/2004 18/07/2006)	-- License to purchase, own, utilise, store, administer, transport, import and export radioactive matters	To comply with the radiation safety programme (Peraturan Perlindungan Sinaran (Standard Keselamatan Asas) 1988)	Complied

ASMA was served a summon vide Summons No. 63-46-2001 by the Licensing Board on 10 August 2001 for possession of the equipment which contained radioactive material without the proper licensing issued pursuant to the aforesaid Section 12(1)(b) of the Atomic Energy Licensing Act 1984. ASMA was subsequently fined the sum of RM40,000 and settled the fine on 14 January 2002.

Currently, ASMA has been granted a license pursuant to the Atomic Energy Licensing Act 1984 that enables ASMA to purchase, possess, use, store, handle, export and import radioactive materials subject to the conditions contained therein. The license is valid from 19 July 2004 to 18 July 2006.

Taking cognisance of the fact that its personnel occasionally deal with radioactive materials in the course of their work, ASMA has designated an officer (Radioactive Protection Officer) who is trained by the AELB and MINT (Malaysian Institute of Nuclear Technology) to be conversant on issues related to radioactive applications and safety awareness.

4.4.16 Interruptions/Disruptions in Business

There were no interruptions to the business of the PIC Group, that significantly impaired the PIC Group's business performance during the past twelve (12) months.

4.4.17 Trademarks and Patents

Save as disclosed below, the PIC Group does not have any registered trade marks and granted patents on its products.

- (i) PIC has been granted two certificates for utility innovations under 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" by the Intellectual Property Corporation of Malaysia ("IPCM") (collectively referred to as the 'Utility Innovations'). PIC had, on 25 February 2004 filed reinstatement of the lapsed Utility Innovations and for extension of the Utility Innovations and the approval from the IPCM has been obtained on 12 May 2004 for a period from 14 December 2003 to 14 December 2008 subject also to payment of requisite annuity fees. Upon receipt of the approval from IPCM, PIC will assign the Utility Innovations to EPS Systems & Engineering Sdn Bhd (being one of the companies disposed of pursuant to the Disposals) as the Utility Innovations are not related to the core business of PIC Group.

4. INFORMATION ON THE GROUP (Cont'd)**4.5 INFORMATION ON SUBSIDIARY COMPANIES****4.5.1 ASMA****(a) History and Business**

ASMA was incorporated in Malaysia under the Act on 28 May 1993 as a private limited company under the name of Exquisaga (M) Sdn Bhd. On 14 July 1994, it changed its name to ASMA.

ASMA is principally engaged in the provision of environmental consulting and environmental monitoring services.

ASMA has 92 employees as at 31 August 2004, being the latest practicable date prior to the printing of the Prospectus.

(b) Substantial Shareholders

The substantial shareholders of ASMA are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares	(%)
PIC	789,474	75.0	-	-
QURSB	263,158	25.0	-	-
ZKSB	-	-	*1,052,632	100.0
Haji Zaid bin Haji Abdullah	-	-	*1,052,632	100.0
Hajjah Zaidah binti Mohd Salleh	-	-	*1,052,632	100.0

* Deemed interested by virtue of their substantial shareholdings in PIC and QURSB pursuant to Section 6A of the Act.

(c) Share Capital

The authorised share capital of ASMA is RM5,000,000 comprising 1,052,632 ordinary shares of RM1.00 each and 3,947,368 redeemable non-cumulative preference shares of RM 1.00 each. The issued and paid up share capital is RM1,052,632 comprising 1,052,632 ordinary shares of RM1.00 each.

The changes in ASMA's issued and paid up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
28.05.1993	2	1.00	Subscribers' shares	2
28.11.1994	100,000	1.00	Cash	100,002
19.12.1995	899,998	1.00	Cash	1,000,000
04.06.1999	52,632	1.00	Cash	1,052,632

4. INFORMATION ON THE GROUP (Cont'd)**(d) Subsidiary/Associated Companies**

ASMA does not have any subsidiary or associated companies.

4.5.2 ALS**(a) History and Business**

ALS was incorporated in Malaysia under the Act on 12 April 1984 as a private limited company under the name of Technichem Laboratory Services (M) Sdn Bhd. On 24 August 1994, it changed its name to ALS. ALS is principally engaged in laboratory analysis services covering environmental, food and industrial hygiene.

As at 31 August 2004, being the latest practicable date prior to the printing of the Prospectus, ALS has 52 employees consisting of chemists, microbiologists, laboratory technologists and support staff.

(b) Substantial Shareholders

The substantial shareholders of ALS are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares	(%)
PIC	59,000	59.0	-	-
Australian Laboratory Services Pty Ltd	30,000	30.0	-	-
Yeoh Guan Huah	10,000	10.0	-	-
Haji Zaid bin Haji Abdullah	1,000	1.0	*59,000	59.0
Hajjah Zaidah binti Mohd Salleh	-	-	*59,000	59.0
ZKSB	-	-	*59,000	59.0

* Deemed interested by virtue of their substantial shareholding in PIC which in turn owns 59% equity interest in ALS

(c) Share Capital

The authorised share capital of ALS is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM100,000 comprising 100,000 ordinary shares of RM1.00 each.

The changes in ALS's issued and paid up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
12.04.1984	3	1.00	Subscribers' shares	3
24.09.1984	15,997	1.00	Cash	16,000

4. INFORMATION ON THE GROUP (Cont'd)

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid up share capital (RM)
11.03.1986	32,000	1.00	Cash	48,000
26.12.1997	52,000	1.00	Cash	100,000

(d) Subsidiary/Associated Companies

ALS, does not have any subsidiary or associated companies.

4.5.3 QURSB**(a) History and Business**

QURSB was incorporated in Malaysia under the Act on 3 September 2003 as a private limited company under the name of Quantum Up Returns Sdn Bhd.

QURSB is principally an investment holding company and mainly derives its income from dividend declared by ASMA. QURSB holds 25% equity interest in ASMA. As at 31 August 2004, QURSB does not have any employees.

(b) Substantial Shareholders

The substantial shareholders of QURSB are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares	(%)
PIC	2	100.0	-	-
Haji Zaid bin Haji Abdullah	-	-	2	* 100.0
Hajjah Zaidah binti Mohd Salleh	-	-	2	* 100.0
ZKSB	-	-	2	* 100.0

* Deemed interested by virtue of their substantial shareholding in PIC which in turn owns 100% equity interest in QURSB

(c) Share Capital

The authorised share capital of QURSB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM2 comprising 2 ordinary shares of RM1.00 each.

(d) Subsidiary/Associated Companies

QURSB does not have any subsidiary companies. By virtue of QURSB's 25% equity interest, ASMA is an associated company of QURSB.

4. INFORMATION ON THE GROUP (Cont'd)**4.6 INDUSTRY OVERVIEW****(i) Overview of the Malaysian Economy**

The Malaysian economy accelerated its growth momentum in the first half of 2004, after a strong take-off in 2003, and is expected to surpass earlier expectations with higher growth of 7% for the whole year. Positive signs of a firm economic recovery at the global front, particularly in the first six months as well as higher commodity prices, reinforced the 'feel-good' factor that contributed to further improvement in consumer and business sentiments. Growth has become more broad based with all sectors registering positive growth. Domestic demand, particularly private consumption, continued to sustain growth for five consecutive years, while private investment, which picked up in 2003, became more entrenched, resulting in a private sector-led growth.

The broad-based growth is evident of the effective measures implemented by the Government to develop new sources of growth to reduce the nation's vulnerability to the external environment. Expanding at 10.5%, the manufacturing sector, which has become more diversified with higher-end, value-added and new emerging industries and products, remains a major contributor to growth. New growth areas in information and communication technology (ICT), strong expansion in financial services and revival in tourism activities supported growth in the services sector, enabling it to maintain its premier position in terms of share to gross domestic product (GDP) at 57%.

Import growth was strong, particularly for intermediate and capital goods, reflecting robust domestic economic activities, fuelled by recovery in private investment and higher disposable income. The trade balance in July 2004 remained in surplus for 81 consecutive months since November 1997. Better export earnings and inflow of foreign funds increased by international reserves to USD54.4 billion as at 14 August 2004, sufficient to finance 7.2 months of retained imports and five times the short-term external debt. The national resources position remains strong with gross national product (GNP), providing ample liquidity to finance both public and private sector initiatives.

The outlook for 2005 will generally remain favourable although global growth is expected to moderate on account of high oil prices, inflationary pressures, interest rate hikes and a probable slowdown in China's economy. The emergence of these risks, that became apparent in the second half of 2004 and are expected to continue into 2005, will have a larger impact on growth next year. Global economic growth is projected to moderate to 4.4% in 2005 from 4.6% in 2004. The stronger macroeconomic fundamentals and resilience, backed by sturdy domestic demand and broad-based growth, will however, continue to support Malaysia's GDP growth, forecast at 6% in 2005.

The manufacturing sector, the forerunner in economy activity, will continue to spearhead growth although at a slightly slower pace as the electronics demand tapers in the global semiconductor cycle.

(Economic Report 2004/2005)

4. INFORMATION ON THE GROUP (Cont'd)

(ii) Overview of The Malaysian Environmental Industry

The National Policy on the Environment aims at continued economic, social, and cultural progress of Malaysia and enhancement of the quality of life of its people, through environmentally sound and sustainable development¹. The Government of Malaysia began to assimilate the concept of sustainable development and action plans into the process of national development planning in the review of the 6th Malaysia Plan (1991-1995). This concept then became the foundation for the preparation of strategies and activities in the 7th Malaysia Plan (1996-2002), with emphasis on development that is balanced and sustainable. In the 8th Malaysia Plan (2001-2005), emphasis on the requirement for implementing sustainable development became clearer. The question of an integrated and holistic management of the environment and natural resources was increasingly emphasized, while strategies for implementing sustainable development through a coordinated and integrated approach were proposed. The environmental industry is not only a subject of developing national policy within Malaysia but it has to take into account development that is taking place regionally and global at large. Malaysian government has been very participative and supportive of environmental related initiatives and are signatories to treaties and declarations namely Rio Conference on Earth Summit 1992, Kyoto Protocol, Langkawi and Singapore Declarations and United Nation Environmental Programmes and initiatives to name a few.

Malaysia recognises that in the early years after independence, environmental issues were considered less important; development priorities were considered paramount. In many of the early development programmes little or no consideration was given to environmental aspects. At the same time, the impact on the environment was becoming increasingly visible, with evidence of deterioration observable almost everywhere in the country. Environmental/consumer groups, such as Sahabat Alam Malaysia (SAM), Consumer Association of Penang (CAP), Environmental Protection Society of Malaysia (EPSM), and Malayan Nature (MNS) began openly to express concern about uncontrolled pollution². Thus, in order to protect and conserve the environment and natural resources to meet the needs and aspirations of the country's population, the EQA was enacted in 1974. Subsequently, the DOE was established with the task of administering and enforcing the EQA. This legislation is in relation to the prevention, abatement, and control of pollution and enhancement of the environment. It has since undergone several amendments in 1985 and 1996 to strengthen its implementation.

The DOE, in administering and enforcing the EQA, has adopted several strategies. This includes :-

- Pollution control and prevention
- Sustainable development through conservation of resources
- Integration of environmental factors in development planning
- Promotion of environmental education and awareness
- Public participation
- Inter-agency and Federal-State cooperation
- Bilateral, regional and international cooperation

4. INFORMATION ON THE GROUP (Cont'd)

One of its effective instruments in environmental conservation is through the introduction of EIA. The aim of the EIA is to assess the overall impact on the development project proposed by the public and private sectors. The main objectives of the EIA are:

- To examine potential impact to the environment and select the best option available
- To identify and incorporate into the project plan appropriate abatement and mitigating measures
- To predict significant residual environmental impacts
- To determine the significant residual environmental impacts predicted
- To identify the environmental costs and benefits of the project to the community

In so doing, it seeks to avoid costly mistakes in project implementation, either because of the environmental damages that are likely to arise during project implementation, or because of modifications that may be required subsequently in order to make the action environmentally acceptable.

The effective implementation of the EQA is essential in sustaining the growth of the service industry. This is of paramount importance, as the service industry, especially tourism and tourist-related activities, remains the largest contributor to the nation's GDP, with a share of 56.8 % in 2003. Untoward incidents, such as the Severe Acute Respiratory Syndrome ("SARS") outbreak and the haze episodes, can pose a destabilising risk to economic growth. As such, the Government has over the years, increased the financial allocation to ensure and sustain sound environmental management in the process of nation building. For instance, the annual budget allocation to the DOE has more than doubled over the years, from RM 48 million in 1998 to RM 100 million in 2002. In the 2004 Budget, an allocation of RM 1.9 billion has been provided under several ministries and agencies for environment related expenditures.

The government is fully committed in ensuring that the environment is not compromised in the course of implementing the various development projects in the country. As such, relevant laws and regulations have been enacted to address the environment, either directly or indirectly. To ensure effective implementation and more importantly enforcement of these laws and regulations, the DOE is currently embarking on its recruitment program. It hopes to essentially double its workforce by 2004, in which the bulk of the recruited personnel will be assigned to enforcement duties. Effective enforcement of the environmental laws and regulations will undoubtedly create a wealth of opportunities for the environmental business to thrive, be it in monitoring, pollution control or environmental management. This is in tandem with the Government's commitment towards sustainable development in line with the existing global interest in environmental conservation.

- (Source: 1) *Ministry of Natural Resources and Environment, Malaysia (2002)*
2) *Environmental Quality Act 1974 : Then and Now -- ShamSani(UKM)*

4. INFORMATION ON THE GROUP (Cont'd)

4.6.1 Performance and Future Growth of the Industry

The environment industry, just like any other industries, is intimately linked and driven by the relevant laws and regulations and in this context it is the Environmental Quality Act, 1974 (EQA). It is now thirty years since it was enacted and has met with some success as a management tool in environmental conservation and protection.

The EQA is described as the most comprehensive environmental legislation in Malaysia despite it having undergone two amendments, in 1985 and most recently in 1996. The amendments were enhanced by both environment and development related circumstances and the desire to have a legislation that is comprehensive and able to deal with new and emerging environmental problems.

In the context of water sector, the industry has begun and is expected to continue to pay extra attention in respect of the compliance aspect of the relevant laws and regulation concerning generation of wastewaters and industrial waste predominantly generated by manufacturing and agro- based industries including sewage treatment plants. Essentially the business in the later context is the design, building, operation and maintenance of treatment plants as well as monitoring and assessment of wastewaters to ensure compliance with discharge standards. Generally, the water sector is a competitive sector with more than forty registered consultants, contractors and equipment suppliers mostly in water treatment plants related activities.

Another significant development in the nation's environmental management is the EIA requirement. The introduction and mandatory requirement of EIA has been and continues to be a significant contributor to the performance of the industry which involves the entire spectrum of consultation, monitoring, assessment as well as management and control of pollution.

Another important contributor to the performance of the industry is the establishment of EMS in both government bodies as well as private sectors. On non-tariff barriers for export markets particularly to North America, Japan and Europe, the ISO 140001 certification is increasingly becoming a prerequisites to penetrate into their markets. The trend moving towards self-regulation certainly augurs well for the environment industry.

In the air sector, the Government are making continuous efforts to combat air pollution nationwide. Measures taken include stricter control on emissions from mobile sources, the use of more environment friendly engines and exhaust systems, tightening up of Environment Quality (Declared Activities) (Open Burning) Order 2003. On fuels development, the Government will be embarking on the moves towards Euro 2 fuels standard which is the right way forward for the country keeping in line with efforts in developed countries. The Government will also be adopting air quality zoning i.e. which is an integrated management and control of air quality in industrial areas or zones with necessary control features and measurements towards quick assessment and zeroing down to respective contributors for necessary mitigating measures to be taken.

4. INFORMATION ON THE GROUP (Cont'd)

Scheduled waste management and minimisation has been one of the most active and exposed sectors of the industries over recent years particularly in scheduled waste treatment and disposal facilities. The Government responded well by encouraging more recycling efforts within the industries including on-site treatment to complement efforts for offsite treatments licenced by the DOE. There will be more and more efforts in line with cleaner development to jointly with the Government manage scheduled waste in a more effective and productive way.

The environment industry is driven not just strictly by the EQA. There are also others Acts or policies that will have an impact other directly or indirectly on the industry, National Forestry Policy 1978, Fisheries Act 1985, Petroleum (Safety Measures) Act 1984, Occupational Safety and Health Act 1994, Wildlife Conservation Enactment 1997 to name a few.

Hence, the way forward for this young industry is bright and with the DOE doubling its manpower strength over the last two years mostly in the enforcement division which reflects the seriousness of the Government in managing and enforcing the Act and this equates directly to the health of the industry for consultants, contractors, equipment suppliers and fabricators the like. There are of course other ministries and Government departments that will open up business prospects related to environment. The NGO's efforts are also complementing the Government particularly in environmental education and awareness towards effecting and shaping public attitudes not to forget their other key roles in providing feedbacks to the Government.

4.6.2 Industry Players and Competition

The environmental business can be considered to be highly specialised and the industry players need to possess in-depth technological know-how in order to stay ahead of the competition.

In view of the technological barriers to market entry, the local industry is not saturated and there is still space for growth and competition can be considered as moderate. However, as the Government's emphasis on sound environmental management practices continue to intensify, this will attract the entry of new local and foreign players which will result in increased competition. There are at least 100 players in the environmental consulting and monitoring business while in the laboratory business, there are at least 25 commercial testing laboratories. The market value of the entire environmental business industry is estimated at RM3.2 – 3.5 billion per annum.

While there are local and foreign competitors in the field of environmental services, there are very few that offers the comprehensive package that the PIC Group offers to its clients which covers environmental management planning, consulting, monitoring, testing, data management and reporting. This is the Group's major edge over its competitors and the Group will continue to expand its range of environmental divisions and services to outperform its competitors.

4. INFORMATION ON THE GROUP (Cont'd)**4.6.3 Laws and Regulations Governing the Environmental Industry**

Malaysia formulates development plan called Malaysia Plan for every five years. The Third Malaysia Plan (1976 to 1980) was the first to incorporate an environmental policy aimed at integrating environmental concerns into development planning. Followed by the Fifth Malaysia Plan (1986-1990) and Sixth Malaysia Plan (1991-1995), the Government has made its environmental policies more substantial and concrete. Meanwhile the Seventh and Eight Malaysia Plan states that the objectives of Malaysia's national environmental policies are to achieve a clean, safe and healthy living environment for current and future generations, and to promote lifestyles and modes of production and consumption consistent with the principles of sustainable development. The main thrust of the specific policies based on these objectives includes:

- a) Improvement of air pollution and river water quality
- b) Appropriate management of solid and industrial waste
- c) Promotion of energy saving and use of new energy
- d) Incorporation of environmental consideration of land use planning.

The supervisory agency in charge of environmental administration in Malaysia is the DOE, which was established in 1975 under the provision of the Environmental Quality Act 1974. Under Malaysia's administrative framework, the DOE is established by the MNRE, but it is an independent organization and with staff of about 500 and doubling with local offices throughout the country.

The DOE has comprehensive jurisdiction over environmental administration and is charged with formulating environmental rules and regulations, enforcing and carrying out monitoring in relation to water pollution, air pollution and hazardous substances; conducting environmental impact assessment of proposed development projects, and carrying out Site Suitability Evaluation of proposed factories.

Several Ministries are involved, either directly or indirectly, in the management of the environment. They include, among others, the following:

Organisation	Relevant Department	Activities
MNRE	Malaysia Meteorological Services (MMS)	To observe and understand Malaysian weather and climate.
	Atomic Energy Licensing Board	To protect the public, radiation workers and the environment against radiation hazards.
	Department of Wildlife and National Parks (DWNP)	Research and conservation, law enforcement, wildlife management, eco-tourism and protected areas.
	Department of Irrigation and Drainage	Engineering services, which are beyond the capability of the target group itself and subsequently to ensure optimum land utilization and more efficient management of the nation's water resources.
	Department of Forestry	Sustainable forest management.

4. INFORMATION ON THE GROUP (Cont'd)

Organisation	Relevant Department	Activities
	Mineral and Geo-science Department	Mineral exploration, mineral economics, mine enforcement, geological mapping, hydrogeology, engineering geology, environmental geology, information management, laboratory-field-consultancy services, and R&D activities with special focus on minerals.
Ministry of Human Resources	Department of Occupational safety and Health	Ensuring the safety, health and welfare of persons at work and protections of other people from hazards to safety and health arising from the activities of persons at work in various economic sectors.
Ministry of Housing and Local Government	Department of Town and Country Planning Local Government Department	To ensure that the planning, usability, development and maintaining the land effectively in the rural and urban areas. To control and integrate issue relating the Local Government with the State Government and Federal Government.
Ministry of Agriculture and Agro Based Industry	Veterinary Department, Department of Agriculture Department of Fisheries	To provide quality veterinary services to the animals by preventing, controlling and eradicating animal and zoonotic disease.
Ministry of Transport	Road Transport Department Marine Department	To enforce road transport regulations. Responsible in regulating the Marine transportation within Malaysian waters.
MITI		To promote and safeguard Malaysian interest in the international arena, to spur development of industries and to further enhance Malaysian economic growth.

There are more than 30 regulations that address the environment either directly or indirectly in our country. These regulations come under the purview of several ministries, state governments and local authorities. They include, among others, the following:

- Factories and Machinery Act, 1967
- Petroleum (Safety Measures) Act, 1984
- Occupational Safety and Health Act, 1994
- Wildlife Conservation Enactment, 1997
- National Forestry Policy, 1978
- National Land Code (Amendment) Act, 2001
- Fisheries Act, 1985
- Plant Quarantine Act, 1976
- Road Traffic Ordinance, 1958

4. INFORMATION ON THE GROUP (Cont'd)

To provide coordination between the various agencies in their implementation of those regulations, the Environmental Quality Act, 1974 (Act 127) was enacted, which relates to the prevention, abatement, control of pollution and enhancement of the environment, and for purposes connected therewith. Under the EQA, there are various regulations, which address specific sectors and issues of the environment. They include the following:

Laws and Regulations	Relevant	Description	Authority
Environmental (Prescribed Premises) Regulations, 1977	Quality (Crude Palm Oil)	Covers the processing of oil palm fruit or oil-palm fresh fruit bunches into crude palm oil.	DOE
Environmental (Clean Air) Regulations, 1978	Quality	Covers all emission released from fuel burning processes and industrial processes.	DOE
Environmental (Prescribed Premises) Regulations, 1978	Quality (Raw Natural Rubber)	Covers all premises and processes of oil production of natural rubber.	DOE
Environmental (Sewage and Industrial Effluents) Regulations, 1979	Quality	Covers the discharge/effluent from the industrial and sewage effluent.	DOE
Environmental (Control of Lead Concentration in Motor Gasoline) Regulations, 1985	Quality	Lead concentration released from the motor vehicles.	DOE
Environmental (Prescribed Activities) (Environmental Impact Assessment) Order, 1987	Quality (Activities)	Covers all projects listed in the schedule.	DOE
Environmental (scheduled Wastes) Regulations, 1989	Quality (Wastes)	Covers hazardous and toxic wastes.	DOE

The DOE is currently actively embarking on expansion program over 2003/2004 periods, essentially doubling its workforce by 2004 to enhance its enforcement activities. The Government is very focus in delivering its agenda on sustainable development hence the approval in manpower numbers for the rightful department.

4.7 OVERALL PROSPECTS

In response to the increase in awareness towards environmental pollution, Malaysia is stepping up its enforcement efforts by gradually introducing stiffer regulatory controls and by expanding and strengthening the structures of environmental administration. During the 8th Malaysia Plan period (2001-2005), the Government will continue to place emphasis on addressing environmental and resource management issues in an integrated and holistic manner. Efforts will be continued to address air pollution, mitigate degradation of rivers, improve marine and groundwater quality, dealing with waste management issues in a comprehensive manner. The Government will adopt early precautionary principle to address environment and natural resource management issues. It is therefore incumbent upon manufacturing facilities to properly implement environmental measures to comply with the EQA and regulations and orders promulgated by the DOE under EQA provisions. This is expected to translate into greater demand for the environmental management and environmental testing services of the PIC Group.

4. INFORMATION ON THE GROUP (Cont'd)**4.8 STRATEGIES AND FUTURE PLANS**

The PIC Group's strategy map for the next 5 years covers expansion into strategic locations through out Malaysia and overseas locations, rolling out new environmental consulting / monitoring divisions, new laboratory testing divisions to serve the food, transportation, mining and pharmaceuticals industries and cutting edge research and development initiatives.

(i) Geographic Expansion Plans

At the present moment, the Group's marketing plans emphasizes in areas within the central region of Malaysia. However, expansion plans to capture a bigger market throughout Malaysia are in the pipeline. As at todate, its subsidiary company, ASMA has five (5) regional offices set up throughout Malaysia for its water and air monitoring activities and there are plans to synergize the core activities of the Group such that these regional offices can be expanded into marketing offices to allow for greater market penetration throughout Malaysia.

Apart from Malaysia, neighbouring countries in the ASEAN region has also experienced rapid economic and industrialization along with the increased awareness in environmental needs. With this increased awareness and the need to implement higher standards in environmental management, this has increased the need in environmental consulting services in Malaysia and its neighbouring countries. The PIC Group is poised to grow its revenue from the ASEAN countries given its strategic location in ASEAN, optimal cost and labour structure coupled with a highly skilled and efficient labour workforce. In addition, given that PIC Group has experience in government outsourcing initiatives as seen from its management of the Malaysian Government Air and Water Monitoring privatisation program, the Group is well geared up to offer similar services to the governmental bodies in the ASEAN region as well as the Middle East.

(ii) Diversification of Services Plans**Environmental Consulting and Monitoring Services**

Other fields of work related to environment management are the formulation of environmental management plan as well as environmental site assessments. The former is essentially a preventive approach to managing the environment while the latter examines potentially contaminated sites and assesses to extent of impact in addition to recommending remediation actions.

Control and management of wastewaters comprise the design, installation, operation and maintenance of treatment systems and the management of all the processes that lead to the waste stream. Control options are based on a comprehensive wastewater characteristic study that forms the basis for the design of the treatment plant.

4. INFORMATION ON THE GROUP (Cont'd)

Waste Management

Waste stream management is based on waste minimisation and cleaner production practices. Waste minimisation can be effected through programmes of waste reduction at source, recycling and reclamation and careful control of manufacturing procedures. The adoption of an effective, comprehensive and practical environment management system also an important management tool to preserve and safeguard the environment. ASMA is keen to participate in this very important aspect of waste management and has begun to offer such services to complement its existing scope of services related to wastewaters.

Continuous Emission Monitoring Systems

ASMA will expand into providing a full range of services on Continuous Emission Monitoring ("CEM"). This covers total CEM integration, installation works and providing cost effective CEM systems to its prospective clients to meet DOE's requirements. Its turnkey monitoring packages will include the supply, operation, maintenance of equipment, certification testing of the equipment and report preparation as required by the DOE. Towards this end, ASMA has formed a synergistic partnership with HORIBA Inc, Japan, an established company specializing in CEM systems. In addition to CEM systems implementation, the performance of the installed systems can be linked and monitored remotely from ASMA's Environmental Data Centre.

Laboratory Testing ServicesIndustrial Hygiene Assessments

In recent years, occupational safety and health ("OSH") in Malaysia has come of age where more and more employers and employees understand their roles and responsibilities in order to ensure hazards at work places are identified, assessed and controlled. Strategic enforcement of the laws and regulations by the regulator and the willingness to attain higher OSH standards by the employers and employees will provide the platform for business growth for services related to safety and health. In response to this increasing demand, ALS will move into providing occupational health related services to the manufacturing industries. This will cover workplace safety and health reviews, and exposure surveys.

The potential range of services will cover :-

- Health hazard assessments
- Indoor air quality assessments
- Compliance assistance for Department of Occupational Safety and Health

Food Safety Assessments

Food safety in Malaysia is governed by the Food Act, 1983 and Food Regulation, 1985. The three main government agencies involved in food enforcement are the Ministry of Health, Veterinary Department and Fishery Department.

4. INFORMATION ON THE GROUP (Cont'd)

As a result of increasingly stringent measures from the regulatory agencies a higher demand for food testing services by food manufacturers is anticipated. From raw materials producers and ingredient suppliers to end-product manufacturers, quality control managers require testing services on a more frequent basis. From raw materials producers and ingredient suppliers to end-product manufacturers, quality control managers would require testing services on a more frequent basis.

In view of the growing demand, ALS will be embarking on developing new methodologies and testing capabilities that covers :

- Halal food testing for the export market;
- Nutritional labelling analysis for the import and export market;
- Preservatives and additives in packaged food products ;
- Pesticide residue analysis in food; and
- Microbiological testing for food spoilage organisms and food hygiene.

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