

4. INFORMATION ON THE GROUP (Cont'd)**4.3 SUBSIDIARIES OF VEB****4.3.1 VSB****(i) History and Business Overview**

VSB was incorporated in Malaysia under the Companies Act, 1965 on 23 August 1995 as a private limited company under the name of Vastalux Sdn Bhd.

(ii) Principal Activities and Products/Services

The principal activities of VSB are the provision of offshore and onshore hook-up and commissioning, offshore topside and onshore facilities maintenance services, offshore and onshore minor fabrication works and charter of marine vessel.

(iii) Substantial Shareholders

The substantial shareholders of VSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VEB	5,000,000	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	5,000,000	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	5,000,000	100.00

Note: -

- (1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB pursuant to Section 6A of the Act.

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4. INFORMATION ON THE GROUP (Cont'd)**(iv) Share Capital**

The authorised share capital of VSB is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM5,000,000 comprising of 5,000,000 ordinary shares of RM1.00 each.

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
29.08.1995	2	1.00	Cash	2
11.06.1998	1,000	1.00	Cash	1,002
17.06.1999	42,000	1.00	Cash	43,002
21.06.1999	14,825	1.00	Cash	57,827
09.09.1999	53,000	1.00	Cash	110,827
23.05.2001	389,173	1.00	Cash	500,000
31.10.2001	500,000	1.00	Cash	1,000,000
04.10.2004	2,000,000	1.00	Bonus issue	3,000,000
13.05.2005	2,000,000	1.00	Bonus issue	5,000,000

(v) Subsidiary/Associate Company

VSB has nine (9) subsidiaries, namely VCSB, VSSB, VOSSB, VECSB, VFSB, VMSB, V-FACSB, MUSB and PTVE. The details of the subsidiaries are disclosed in the ensuing sections. VSB does not have any associate company.

4.4 SUBSIDIARIES OF VSB**4.4.1 VCSB****(i) History and Business Overview**

VCSB was incorporated in Malaysia under the Companies Act, 1965 on 22 September 2005 as a private limited company under the name of Vastalux Capital Sdn Bhd.

(ii) Principal Activities and Products/Services

The company is set up as a single purpose vehicle for fund raising activities for VSB.

4. INFORMATION ON THE GROUP (Cont'd)**(iii) Substantial Shareholders**

The substantial shareholders of VCSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2*	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Notes: -

* The entire issued and paid-up share capital of VCSB are currently held on trust by KAF Trustee Berhad on behalf of VSB pursuant to the Share Trust Deed dated 16 December 2005 between KAF Trustee Berhad and VSB.

(1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VCSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
22.09.2005	2*	1.00	Subscriber shares	2

Note: -

* The entire issued and paid-up share capital of VCSB are currently held on trust by KAF Trustee Berhad on behalf of VSB pursuant to the Share Trust Deed dated 16 December 2005 between KAF Trustee Berhad and VSB.

(v) Subsidiary/Associate Company

As at LPD, VCSB does not have any subsidiary and associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.2 VSSB****(i) History and Business Overview**

VSSB was incorporated in Malaysia under the Companies Act, 1965 on 18 August 2005 as a private limited company under the name of Liputan Baiduri Sdn Bhd. It changed its name to Vastalux Offshore Services Sdn Bhd on 22 March 2006.

(ii) Principal Activities and Products/Services

VSSB is principally engaged in the provision of offshore and onshore hook-up and commissioning services.

(iii) Substantial Shareholders

The substantial shareholders of VSSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Note: -

- (1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VSSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
18.08.2005	2	1.00	Subscriber shares	2

(v) Subsidiary/Associate Company

As at LPD, VSSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.3 VOSSB****(i) History and Business Overview**

VOSSB was incorporated in Malaysia under the Companies Act, 1965 on 6 May 2004 as a private limited company under the name of Vastalux Offshore Solutions Sdn Bhd. It changed its name to Vastalux Onshore Services Sdn Bhd on 30 September 2007.

(ii) Principal Activities and Products/Services

VOSSB is principally engaged in the onshore construction of oil and gas plants.

(iii) Substantial Shareholders

The substantial shareholders of VOSSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Note: -

- (1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VOSSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
06.05.2004	2	1.00	Subscriber shares	2

(v) Subsidiary/Associate Company

As at LPD, VOSSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.4 VECSB****(i) History and Business Overview**

VECSB was incorporated in Malaysia under the Companies Act, 1965 on 2 August 2001 as a private limited company under the name of Bidi Enterprise Sdn Bhd. VECSB subsequently changed its name to its current name on 2 March 2006.

(ii) Principal Activities and Products/Services

VECSB is principally engaged in the provision of offshore topside and onshore facilities maintenance services.

(iii) Substantial Shareholders

The substantial shareholders of VECSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Note: -

- (1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VECSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
02.08.2001	2	1.00	Subscriber shares	2

(v) Subsidiary/Associate Company

As at LPD, VECSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.5 VFSB****(i) History and Business Overview**

VFSB was incorporated in Malaysia under the Companies Act, 1965 on 8 April 2004 as a private limited company under the name of Mandarin Enhance Sdn Bhd. VFSB subsequently changed its name to its current name, Vastalux Fabricators Sdn Bhd, on 2 March 2006.

(ii) Principal Activities and Products/Services

VFSB is principally engaged in the minor fabrication works.

(iii) Substantial Shareholders

The substantial shareholders of VFSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Note: -

(1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VFSB pursuant to Section 6A of the Act.

(iv) Share Capital

The authorised share capital of VFSB is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each. The issued and paid up share capital is RM500,000 comprising of 500,000 ordinary shares of RM1.00 each.

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
08.04.2004	2	1.00	Subscriber shares	2
04.02.2008	499,998	1.00	Cash	500,000

(v) Subsidiary/Associate Company

As at LPD, VFSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.6 VMSB****(i) History and Business Overview**

VMSB was incorporated in Malaysia under the Companies Act, 1965 on 6 September 2005 as a private limited company under the name of Amber Mission Sdn Bhd. VMSB subsequently changed its name to its current name, Vastalux Marine Sdn Bhd, on 2 March 2006.

(ii) Principal Activities and Products/Services

VMSB's activity is intended for charter of marine vessel.

(iii) Substantial Shareholders

The substantial shareholders of VMSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	2	100.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	2	100.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	2	100.00

Note: -

(1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in VMSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
06.09.2005	2	1.00	Subscriber shares	2

(v) Subsidiary/Associate Company

As at LPD, VMSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.7 V-FACSB****(i) History and Business Overview**

V-FACSB was incorporated in Malaysia under the Companies Act, 1965 on 7 July 2008 as a private limited company under the name of V-Factor Sdn Bhd.

(ii) Principal Activities and Products/Services

Currently dormant. V-FACSB is intended for future holding of vessel operation licenses to be secured from PETRONAS.

(iii) Substantial Shareholders

The substantial shareholders of V-FACSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	100,000	100.00		
Mohamad Nor Bin Abdul Rashid ⁽¹⁾			100,000	100.00
Nor Sabri Bin Hamzah ⁽¹⁾			100,000	100.00

Note: -

(1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 100% shareholding in V-FACSB pursuant to Section 6A of the Act.

(iv) Share Capital

The paid up capital of V-FACSB is RM100,000 comprising of 100,000 ordinary shares of RM1.00 each.

The changes in V-FACSB's paid up share capital since incorporation are as follows: -

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Paid-Up Ordinary Share Capital (RM)
07.07.2008	100,000	1.00	Subscriber shares	100,000

(v) Subsidiary/Associate Company

As at LPD, V-FACSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.8 MUSB****(i) History and Business Overview**

MUSB was incorporated in Malaysia under the Companies Act, 1965 on 11 September 2006 as a private limited company under the name of Merak Utama Sdn Bhd.

(ii) Principal Activities and Products/Services

MUSB is principally engaged in the provision of underwater structural inspection services.

(iii) Substantial Shareholders

The substantial shareholders of MUSB are as follows: -

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	75,000	75.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	75,000	75.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	75,000	75.00
Muhd Rasydan Alime Bin Abdul Rahman	25,000	25.00	-	-

Note: -

(1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 75% shareholding in MUSB pursuant to Section 6A of the Act.

(iv) Share Capital

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

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

Date Issued	No. of Shares Allotted	Par Value (RM)	Type of Issue	Cumulative Issued and Paid-Up Ordinary Share Capital (RM)
11.09.2006	2	1.00	Subscriber shares	2
21.09.2006	9,998	1.00	Cash	10,000
01.12.2006	90,000	1.00	Cash	100,000

(v) Subsidiary/Associate Company

As at LPD, MUSB does not have any subsidiary or associate company.

4. INFORMATION ON THE GROUP (Cont'd)**4.4.9 PTVE****(i) History and Business Overview**

PTVE was incorporated in Indonesia under the Akta Perseroan Terbatas on 10 October 2007 as a non-limited liability company under the name of PT Vastalux Energy. Upon the approval of the Minister of Law & Human Rights of Indonesia, which is pending, PTVE will legally obtain the status as a limited liability legal entity.

(ii) Principal Activities and Products/Services

PTVE is principally engaged in the provision of offshore and onshore oil and gas supporting services in Indonesia.

(iii) Substantial Shareholders

The substantial shareholders of PTVE are as follows:-

Name of Shareholders	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
VSB	800	80.00	-	-
Mohamad Nor Bin Abdul Rashid ⁽¹⁾	-	-	800	80.00
Nor Sabri Bin Hamzah ⁽¹⁾	-	-	800	80.00
Akhmad Jumairi	200	20.00	-	-

Note: -

- (1) Deemed interested by virtue of his substantial shareholding in VEB, which in turn has 100% shareholding in VSB, which in turn has 80% shareholding in PTVE pursuant to Section 6A of the Act.

(iv) Share Capital

The paid up capital of PTVE is USD1,000,000 comprising of 1,000 ordinary shares of USD1,000 each.

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

Date Issued	No. of Shares Allotted	Par Value (USD)	Type of Issue	Cumulative Paid-Up Ordinary Share Capital (USD)
10.10.2007	1,000	1,000	Cash	1,000,000

(v) Subsidiary/Associate Company

As at LPD, PTVE does not have any subsidiary or associate company

4. INFORMATION ON THE GROUP (Cont'd)

4.5 INDUSTRY OVERVIEW**Overview of the Malaysian Economy**

In 2001, the economy experienced a growth of 0.3% in real GDP. The slower growth of real GDP was mainly attributed to the slowdown in the United States and the global economy.

In 2002, real GDP grew by 4.4%. The growth was mainly derived from domestic demand and reinforced by favourable export performance. The growth in domestic demand was contributed by strong consumer spending, continued recovery in investment activities and expansion in public sector expenditure.

In 2002, the Government proposed a budget amounting to RM109.8 billion for 2003, an increase of 9.2% over the previous budget. In view of a global recovery from economic uncertainties, the 2003 Budget focuses on further stimulating economic growth by encouraging domestic activities with an expectation that the services and manufacturing industries will continue to lead the nation's economic growth momentum.

On 21 May 2003, the Government announced a RM7.3 billion Stimulus Package aimed at mitigating some of the adverse impact brought about by external factors including the Iraq war and the outbreak of Severe Acute Respiratory Syndrome (SARS). This helped ensure Malaysia's economic fundamentals remained strong in the medium and long term.

In 2003, GDP achieved a growth of 5.5% compared to the earlier estimation of 4.5%.

Malaysia's real GDP growth in 2004 was 7.2%, and this was mainly contributed by growth in the manufacturing and services industries, and the primary commodities sector.

In 2005, real GDP expanded by 5.2%. Growth was private-sector driven and was underpinned by supportive macroeconomic policies and favourable financial conditions.

In 2006, Malaysia's real GDP achieved an estimated growth of 5.9%, which was contributed by strong demand for electronics and primary commodities.

The Malaysian economy continued its strong growth momentum with real GDP expanding by 6.3% in 2007. Growth was driven by the robust domestic demand despite a weaker external environment, which led to a moderation in export growth.

Malaysia's real GDP is projected to expand by 5.0% to 6.0% in 2008. Domestic demand is expected to remain resilient, providing a strong support to the Malaysian economy. While consumer and business sentiments could be affected by the prospects of a sharper than expected global economic slowdown and uncertainties in the international financial markets, the major underlying factors supporting domestic private sector activities are expected to remain generally intact in 2008.

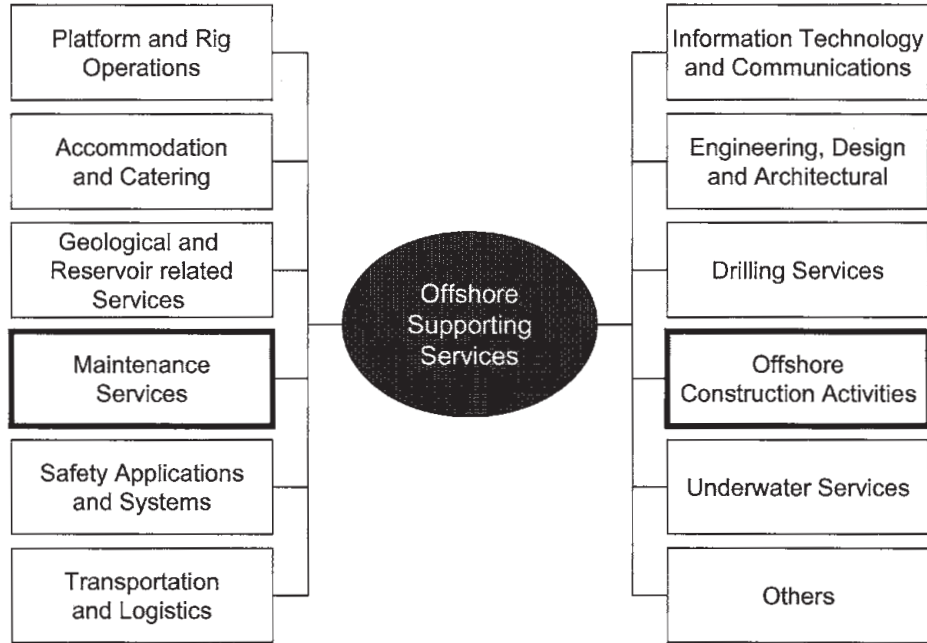
(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)

4.5.1 The Segments/Sectors of the Industry

Offshore Supporting Services Industry Structure

The Offshore Supporting Services for the Oil and Gas Industry can be further segmented as follows: -



Offshore supporting services involve the provision of various forms of services to support to the oil and gas industry from exploration and production of hydrocarbon fluids to the transportation of hydrocarbon using vessels or offshore pipelines.

VEB Group is principally involved in the provision of offshore hook-up and commissioning and topside maintenance services, which are classified under offshore construction and offshore maintenance services respectively.

Offshore maintenance services comprised various different types of maintenance works for offshore structures and facilities. Some of the examples of offshore maintenance services include mechanical maintenance such as piping/structural fabrication and welding services, topside structural maintenance, rotating and stationery equipment, storage tanks, hoses, single buoy mooring systems, and electrical maintenance (such as industrial facilities and equipment), instrument maintenance on pneumatic or hydraulic instrument systems, fire detection system, and other types of maintenance (such as grit blasting, materials preservation, repairing of lifting equipment and others).

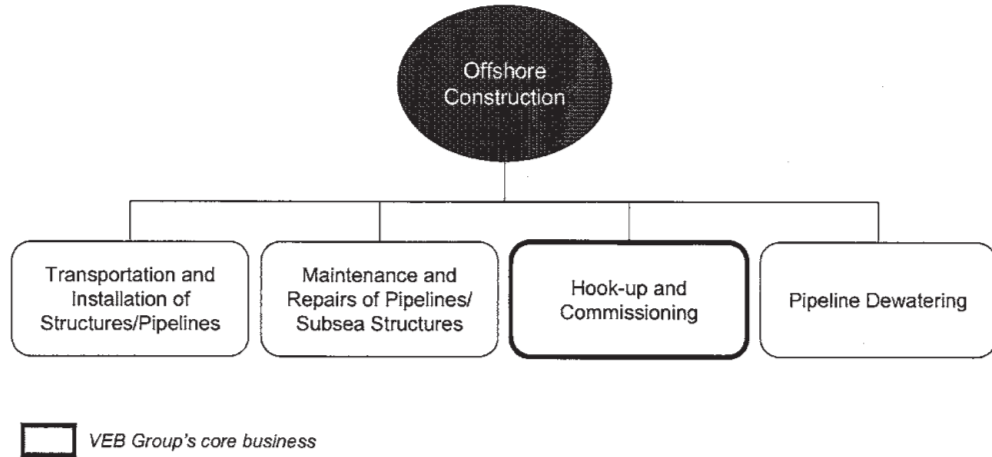
Offshore construction activities include installation of structures and pipeline, maintenance and repairing of pipelines and sub-sea structure, hook-up and commissioning, and pipeline dewatering.

(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)

Offshore Construction

The Offshore Construction activities undertaken in Malaysia can be further classified into the following: -



There are four main categories of offshore construction activities undertaken in Malaysia offshore oil and gas Industry: -

- Transportation and installation of structures/pipelines;
- Maintenance and repairs of pipelines/sub-sea structures;
- Hook-up and commissioning; and
- Pipeline dewatering.

Provision of offshore hook-up and commissioning is one of the core business activities of the VEB Group.

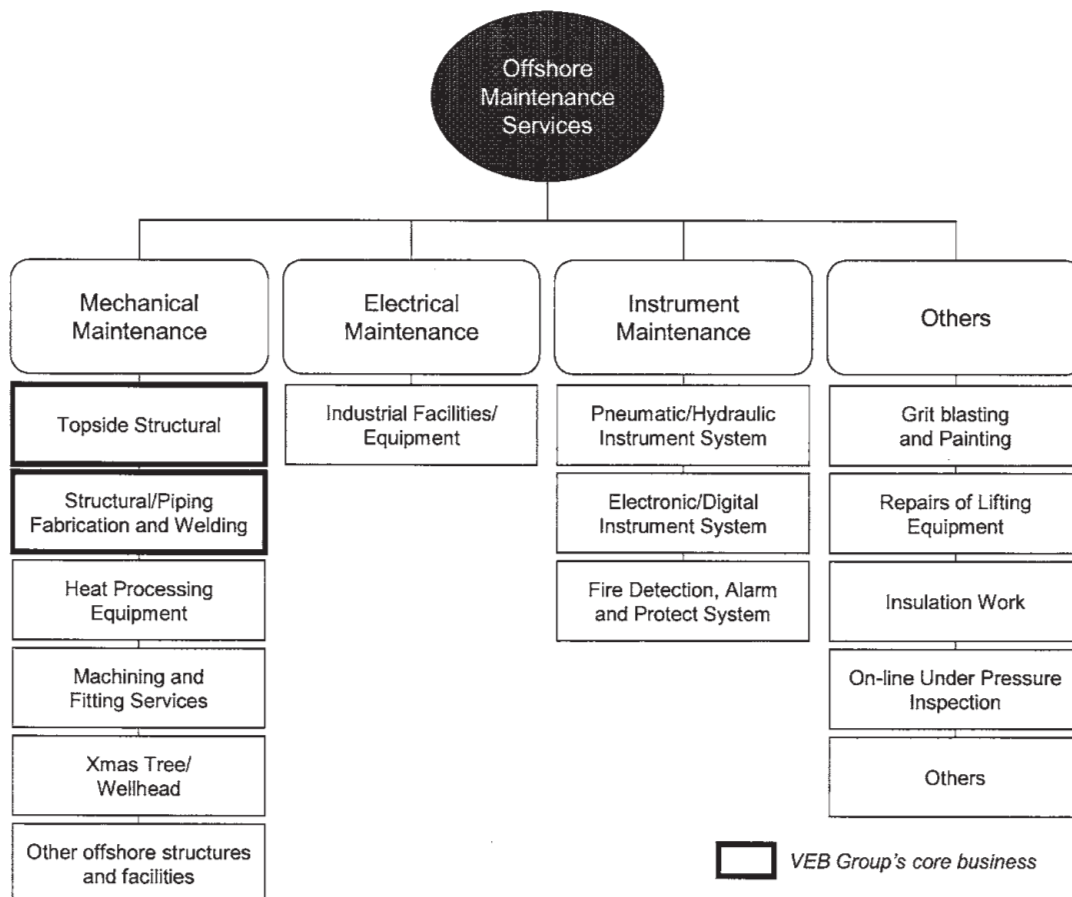
(Source: Independent Assessment by Vital Factor)

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4. INFORMATION ON THE GROUP (Cont'd)

Offshore Maintenance Services

Some of major offshore maintenance activities undertaken for offshore structures and facilities in oil and gas industry Malaysia can be further classified into the following: -



Some of the main types of offshore maintenance services that are provided to support Malaysia's oil and gas industry are as follows: -

- Mechanical maintenance: -
 - Topside structural;
 - Structural/piping fabrication and welding;
 - Maintenance on heat processing equipment;
 - Machining and fitting services;
 - Maintenance on Xmas tree/wellhead; and
 - Maintenance on other offshore structures and facilities (such as rotating and stationery equipment, valves, single buoy mooring systems, hoses, columns, pressure vessels, reactor and drum, surface preparation and maintenance of all nuts and bolts, pipe flanges, and others);
- Electrical maintenance, for industrial facilities and equipment;
- Instrumental maintenance comprises maintenance services on pneumatic or hydraulic instrument system, electronic or digital instrument systems, fire detection, alarm and protect systems; and

4. INFORMATION ON THE GROUP (Cont'd)

- Other offshore maintenance services mainly consists of special categories, such as grit blasting and painting, repairing of lifting equipment, insulation works, on-line under pressure maintenance and others, such as maintenance on heating ventilation air conditioning systems, risk based inspection, catalyst and absorbent change out.

VEB Group is involved in the provision of offshore topside maintenance primarily on structural maintenance, structures and pipes fabrication, and welding for the oil and gas industry in Malaysia.

(Source: Independent Assessment by Vital Factor)

4.5.2 Performance of the Industry

The oil and gas Industry plays a significant role as a major contributor to the growth and development of the Malaysian economy in terms of domestic production and as a major generator of export earnings.

The offshore supporting services sector plays a critical supporting role in ensuring the effective facilitation of operations in the oil and gas industry from exploration and production through to infrastructure, transportation, refining and distribution. As the nature of the oil and gas industry is highly technical involving the use of technology and specialised technical skills, providers of supporting products and services tend to specialise.

The majority of the exploration and production activities of the oil and gas industry in Malaysia are carried out offshore. Historically, activities have been focused in the shallow waters (informally defined as water depth of less than 200 metres) off the East Coast of Peninsular Malaysia, Sabah and Sarawak.

Deepwater (informally defined as water depth of more than 200 metres) and ultra-deepwater (informally defined as water depth of more than 1000 metres) areas are becoming increasingly important, and are expected to drive the future growth and development of the Malaysian oil and gas Industry.

In 2007, there were 41 companies involved in petrochemicals operations, including commodity and engineering grade plastic resins, petrochemical derivatives, and specialised and fine chemicals.

Malaysia is also an active refining centre for the oil and gas industry. In 2007, organisations that are involved in the refining activities in Malaysia are as follows: -

- Five refineries and one gas-to-liquid plant involved in refining crude oil; and
- Three liquefied natural gas plants and six gas processing plants in refining natural gas.

(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)

4.5.3 Future Growth of the Industry

The outlook of the offshore hook-up and commissioning, and topside maintenance services for the oil and gas industry in Malaysia is favourable.

The offshore hook-up and commissioning, and topside maintenance services for the oil and gas industry in Malaysia are forecasted to grow by 8% to 10% per annum for the next five years.

The outlook for the offshore hook-up and commissioning, and topside maintenance services industry as a whole is dependent on the performance of the oil and gas industry. As such, the favourable outlook for offshore hook-up and commissioning, and topside maintenance services industry in Malaysia is based on the following observations and analyses: -

Local Exploration Activity

- Between the FYE 31 March 2003 and 31 March 2008, the level of investment made by PETRONAS and PSC operators in the exploration and production of oil and gas industry in Malaysia increased at an average annual rate of 14.6%. For the FYE 31 March 2008, investment in exploration and production activities registered a growth of 12.0% to RM21.5 billion.
- In the Ninth Malaysia Plan, the Malaysian Government has allocated RM43.8 billion for the development of upstream and downstream segments of the oil and gas industry. Of this, RM13.1 billion has been allocated for upstream activities and RM30.7 billion for downstream activities.
- Between the FYE 31 March 2003 and 31 March 2008, a total of 33 Production Sharing Contracts were signed between PETRONAS and PSC operators/Contractors.
- Between the FYE 31 March 2003 and 2007, the number of exploration wells drilled increased at an average annual rate of 5.1%. There were 39 exploration wells drilled for the FYE 31 March 2007.
- Between the FYE 31 March 2003 and 2008, the number of oil and gas fields in operation in Malaysia increased from 63 to 88. Of the total 88 fields that were in operation, 61 were oil fields while the remainder 27 were gas fields.

(Source: Independent Assessment by Vital Factor)

Number of Platforms

- A relatively large number of platforms for offshore oil and gas supporting services provide significant growth for operators within the Industry. As at September 2007, there were approximately 400 offshore platforms in Malaysia.

(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)**Reserves and Local Production**

- As at 1 January 2008, Malaysia's total reserves (including crude oil and condensates, and natural gas) decreased marginally by 0.2 %, to 20.1 billion barrels of oil equivalent (boe). However, between January 2004 and January 2008, Malaysia's total reserves (including crude oil and condensates, and natural gas) grew at an average annual rate of 1.0%.
- Between January 2004 and January 2008, Malaysia's crude oil and condensates reserves grew at an average annual rate of 3.1%. As at 1 January 2008, Malaysia's crude oil and condensates reserves increased by 1.9% to 5.5 billion barrels of oil equivalent (boe).
- As at 1 January 2008, Malaysia's natural gas reserves decreased by 1.0% to 14.7 billion barrels of oil equivalent (boe). However, between January 2004 and January 2008, Malaysia's natural gas reserves increased at an average annual rate of 0.3%.
- Between 2003 and 2007, daily production of crude oil and condensates decreased at an average annual rate of 1.5%. However, in 2007, production of crude oil and condensates registered a growth of 4.2%, to 695,000 barrels per day.
- Between 2003 and 2007, daily production of natural gas increased at an average annual growth rate of 4.0%. In 2007, the daily natural gas production increased by 1.4% to 5.9 billion standard cubic feet per day.
- Between 2004 and 2007, sales value of manufacture of refined petroleum products grew at an average annual growth rate of 20.9%. In 2007, the sales value of manufacture of refined petroleum products increased by 9.4% to approximately RM89.8 billion.

Exports

- Between 2003 and 2007, the export value of petroleum oils, crude, and crude oils obtained from bituminous minerals increased at an average annual rate of 20.5%. In 2007, export value increased by 2.9% to approximately RM33.5 billion.
- Between 2003 and 2007, the export value of refined petroleum products increased at an average annual rate of 24.0%. In 2007, export value of this category increased by 3.2% to reach RM19.8 billion.
- Between 2003 and 2007, the export value of natural gas, whether or not liquefied increased at an average annual rate of 18.4%. In 2007, export value of natural gas, whether or not liquefied increased by 12.3% to approximately RM26.2 billion.

(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)

4.5.4 Players and Competition

Generally, service providers of offshore hook-up and commissioning and topside maintenance for the oil and gas industry face normal competitive conditions. However, there are some exceptions: -

Only companies that are licensed or registered by PETRONAS are allowed to bid directly for work provided by PETRONAS and PSC operators/contractors in the oil and gas industry.

All companies who wish to obtain contracts from the Government or to bid directly for work provided by PETRONAS and PSC operators/contractors in the oil and gas industry are required to register as contractors with the Ministry of Finance (MoF).

Companies who wish to carry out construction work in Malaysia are required to register with the Construction Industry Development Board (CIDB) under the Construction Industry Development Board Act 1994. Companies bidding for construction related work within the oil and gas industry must be registered with the relevant grade that commensurate with the size of the project before they will be considered for any bid.

Although companies that provide offshore hook-up and commissioning, and topside maintenance services for the oil and gas industry may operate under normal competitive conditions, it is imperfect due to the requirements for licensing and registration that partly inhibits free competition.

As with most free enterprise environment, once all the licensing and registration requirements are complied, competition is based on a number of factors, including: -

- Technical compliance to customers' specifications and requirements;
- Quality products and services;
- Cost competitiveness;
- Health, Safety and Environment management; and
- Prompt delivery/completion.

An additional competitive factor that concerns service providers for offshore supporting services is the ability to demonstrate a good safety record, typically measured by work time between work-related fatalities and lost time accidents or incidents.

Generally, competition among companies in the offshore hook-up and commissioning, and topside maintenance services for the oil and gas industry is moderate. Considerations on competitive intensity are as follows: -

Factors that Increase Competitive Intensity

- A large proportion of the contracts are awarded on an open tender basis. This system tends to create a highly competitive environment.
- In practice in all-open tender situations, once the technical specifications are fully complied, the bid with the lowest price normally wins.
- In many situations, international firms with highly reputable track records are involved in the bidding process where large, complex and high value projects are placed on tender.

4. INFORMATION ON THE GROUP (Cont'd)

- In many situations, there are many bidders with the relevant credentials for tender and non-tender jobs.

Factors that Moderate Competitive Intensity

- Competition for contracts within the oil and gas industry in Malaysia is ultimately restricted to service providers with the relevant PETRONAS licences or registrations. The number of service providers with the relevant licences or registrations to provide a particular service or product may be limited, particularly in the case of more specialised services for offshore environment.
- Some clients may award certain contracts based on closed tender, restricted tender or through direct negotiation. In these instances, competitive intensity is reduced.
- The technical requirements and specifications for some complex projects may be so challenging that only a small number of the more specialised service companies are able to meet the requirements.
- In some cases, customers may take into consideration non-price factors, such as ability to provide the extensive services and ability to meet the requirement and specifications timely in awarding more challenging projects.
- Barriers to entry for the provision of offshore hook-up and commissioning, and topside maintenance services are moderate to high, primarily due to the technical skills and knowledge required and ability to demonstrate a good safety record. Typically good safety record is measured by work time between work-related fatalities and lost time accidents or incidents. These factors will help reduce the competitive pressure and provide some barriers to entry.
- Companies that have large capacities and operations have the ability to undertake more and larger sized projects compared to smaller companies. Larger companies are able to enjoy economies of scale thus increasing their cost-effectiveness. All these would reduce the competitive pressure for larger companies.
- The provision of offshore hook-up and commissioning, and topside maintenance services is a critical part of the oil and gas industry. Thus, the oil and gas industry would favour established companies with sufficient track record and experience in the required areas of expertise.

(Source: Independent Assessment by Vital Factor)

Players In The Industry

Some of the companies that provide offshore hook-up and commissioning, and topside maintenance services for the oil and gas industry are as follows: -

- In 2007, there were an estimated 35 companies involved in the provision of offshore hook-up and commissioning under offshore construction services.
- As at December 2007, there were an estimated 59 companies in the provision of offshore topside structural maintenance services.

(Source: Independent Assessment by Vital Factor)

4. INFORMATION ON THE GROUP (Cont'd)

4.5.5 Market Position and Size

Market Ranking

In 2007, the VEB Group ranked ninth among companies that undertake offshore hook-up and commissioning and/or offshore topside maintenance in Malaysia, based on total company revenue from the oil and gas sector.

Note: -

The above ranking of companies is based on total company revenue, which includes revenue from Offshore Topside Maintenance and/or Offshore Hook-Up and Commissioning and/or related or non-related business activities. Nevertheless, all companies in the ranking must undertake Offshore Topside Maintenance and/or Offshore Hook-up and Commissioning.

(Source: Independent Assessment by Vital Factor)

4.5.6 Laws and Regulations

Government Regulations

All rights related to the exploration and extraction of petroleum in Malaysia is vested in Petroliaam Nasional Berhad (PETRONAS) under the Petroleum Development Act 1974. PETRONAS was also granted control over the carrying out of downstream activities and development relating to petroleum and its products under the Petroleum Development Act 1974.

All companies wishing to participate in the oil and gas industry are required to obtain the necessary licences, or successfully register with PETRONAS before they are allowed to participate in these activities.

Companies who wish to tender for contracts from the Government are also required to register as contractors with the Ministry of Finance (MOF), and the Construction Industry Development Board (CIDB).

(Source: Independent Assessment by Vital Factor)

PETRONAS Licences and Registrations

Applicants are required to specify the scope of work for which the licence or registration is being applied for, based on a set of Standardised Work & Equipment Categories (SWEC). An individual licence or registration must be obtained for each SWEC.

Companies that have obtained a licence for SWEC are allowed to participate in the upstream sector, downstream sector, and maritime sector for the onshore and offshore oil and gas industry.

In contrast to a licence, companies that are registered in SWEC are allowed to only participate in the downstream sector and maritime sector of the onshore oil and gas industry. Registered companies are not allowed to participate in the upstream sector.

Generally, licences and registrations are effective for a period of 1 year. However, the effective period for more than 1 year can be considered.

4. INFORMATION ON THE GROUP (Cont'd)

VEB Group has obtained the following licences and registrations from the relevant authorities: -

PETRONAS Licences - VSB

Services Supplies	Validity Period
(SM 5) Mechanical Engineering and Maintenance - (17) Topside Facilities Maintenance . (01) Topside Piping/Structural . (02) Living Quarters - (09) Structural & Piping Fabrication/Welding Services . (01) Metallic Structural/Piping . (03) Lined Pipe - (14) Single Buoy Mooring (SBMs) Systems - (20) Mechanical Construction Work	01 June 2008 until 31 May 2010
(SO 2) Offshore Facilities Construction - (01) Offshore Construction . (02) Maintenance & Repairs of Offshore Facilities . (03) Hook-up & Commissioning of Offshore Facilities - (02) Onshore Fabrication . (02) Minor Onshore Fabrication . (02.03) Minor Onshore Fabrication - Mechanical	01 June 2008 until 31 May 2010
(SP 1) Pipeline & Associated Services - (02) Pipeline Construction (Fabrication & Installation) . (01) Onshore Pipeline Construction . (01.01) General Onshore Pipeline Construction	01 June 2008 until 31 May 2010
(SC 2) Civil, Structural & Building Maintenance Services - (01) Site Preparations	01 June 2008 until 31 May 2010

PETRONAS Licences - MUSB

Services Supplies	Validity Period
(SC 3) Consultancy Services - (14) QC Survey Work & Consultancy	22 May 2008 until 21 May 2010
(SM 2) Manpower Supply - (03) Specialist Manpower . (02) Construction Technical Personnel	22 May 2008 until 21 May 2010
(SU 1) Underwater Services - (03) Saturation Diving Services - (04) Remote Operated Vehicles (ROV) Services	22 May 2008 until 21 May 2010

4. INFORMATION ON THE GROUP (Cont'd)**Ministry of Finance Registration****VSB**

FIELD CODE	DESCRIPTION	EFFECTIVE DATES
040100	Communication Tools	2 April 2006 until 1 April 2009
110100	Fuel	
130100	Public Equipments/ Facilities	
200100	Motor and Modification Tools (including substitutes)	
200200	Electricity Generating Station and Generator Tools/ Substitutes	
200300	Cables, Accessories and Conductors	
200400	Lamps and Equipments	
180200	Industrial Appliances - Oil	
190300	Marine Tools	
190201	Boat	
190203	Substitutes and Equipments of Boat/ Ship	

MUSB

FIELD CODE	DESCRIPTION	EFFECTIVE DATES
020101	Furniture	22 November 2006 until 21 November 2009
090100	Treatment Tools/ Equipments	
120101	Fertilizers	
120102	Pesticides	
140200	Road Safety Tools	
160200	Heavy Machinery	
180100	Machine and Workshop Equipments	
200200	Electricity Generating Station and generator Tools/ Substitutes	
220402	Region Cleaning	
220501	Labour Contract	

4. INFORMATION ON THE GROUP (Cont'd)**CIDB Registration**

With effect from 20 July 1995, it is mandatory under the Act of Parliament Act 520 (Act 520) for all builders, contractors and sub-contractors, whether local or foreign, to register with the Construction Industry Development Board Malaysia (CIDB), before undertaking or executing any construction work in Malaysia.

According to Act 520 of the CIDB Act 1994, all organisations who undertake some form of civil engineering mechanical and electrical works must register with CIDB and hold a valid certificate of registration in order to carry out any construction work.

VSBS, a wholly owned company within the VEB Group, has registered with the CIDB for the following activities, which are valid until 4 August 2011 before they are due for renewal: -

Grade	Descriptions
G7	(CE21) General Civil Engineering Works
G7	(M15) Miscellaneous Mechanical Equipment
G7	(M11) Specialised Fabrication and Treatment
G7	(M12) Specialised Plant
G7	(M13) Drilling Rig

Registration with Atomic Energy Licensing Board

Under the Atomic Energy Licensing Act 1984 of Act 304, any person who wants to deal in, possess or dispose any radioactive material must hold a valid licence issued by the Atomic Energy Licensing Board, Ministry of Science, Technology and Environment.

VSBS currently holds the following licences issued by the Atomic Energy Licensing Board: -

License granted to:	Ahmad Suhairi Bin Dapat (HSE Manager of VSBS)
Company:	VSBS
Issuing Authority:	Atomic Energy Licensing Board
Valid Period:	16 May 2008 till 15 May 2011
Type of License:	Class A
Approved Category:	Sealed
Purpose:	To buy, own, possess, use, handle, store, transport, import and export radioactive materials
Usage:	Radiation Gauges

4. INFORMATION ON THE GROUP (Cont'd)

Environmental Regulations

(i) Disposal of Scheduled Waste

The disposal of waste created during the operations falls under the following categories: -

- Used garnets;
- Used paint containers; and
- Used hydraulic oil.

All the wastes listed above are categorised under Scheduled Waste in the Environmental Quality (Scheduled Wastes) Regulation 1989.

All the scheduled waste were collected and kept in a secured place. The Group is currently in the process of getting Kualiti Alam Sdn Bhd to start the collection by the second quarter of 2008.

Government Initiatives and Incentives

(i) PETRONAS Initiatives

As part of the aim to promote and encourage local participation in the oil and gas industry, PETRONAS has implemented the following initiatives: -

- Licensing and registration of companies with preference given to local companies; and
- Implementation of the Vendor Development Programme (VDP) for Bumiputera entrepreneurs.

In addition, PETRONAS also initiated Cost Reduction Alliance (CORAL) in 1995 with the primary objective to reduce the operating cost of upstream operations. CORAL is a forum that seeks to reduce costs and enhance efficiency through sharing of facilities and logistics, standardising of equipment specifications and effective coordination of operations. The introduction of CORAL has enabled the oil and gas industry in Malaysia to reduce costs by awarding a significant proportion of the projects to local companies.

(Source: Independent Assessment by Vital Factor)

4.5.7 Demand and Supply

Demand

Essentially, demand for offshore hook-up and commissioning, and topside maintenance services for the upstream oil and gas industry will come primarily from the performance of the upstream activities, including exploration and production operations in Malaysia.

As demand for offshore hook-up and commissioning, and topside maintenance services are ultimately dependent on the growth of oil and gas industry, the following analysis of the performance of the oil and gas industry will impact the demand for these types of supporting services.

4. INFORMATION ON THE GROUP (Cont'd)

The following are some of the analysis and observations of the performance of the oil and gas industry: -

Investment in Exploration and Production of Oil and Gas

- The level of investment made by PETRONAS and PSC operators in the exploration and production of oil and gas industry in Malaysia increased at an average annual rate of 14.6% between the FYE 31 March 2003 and 31 March 2008.
- For the financial year ended 31 March 2008, expenditure on the upstream oil and gas sector registered a growth of 12.0% to RM21.5 billion compared to the previous year. Of this, RM12.1 billion or 56.3% was spent on development and production projects, and RM1.5 billion or 7.1% was for exploration activities, whilst the balance was spent on operations.
- In the Ninth Malaysia Plan, the Malaysian Government has allocated RM43.8 billion for the development of upstream and downstream segments of the oil and gas industry. Of this, RM13.1 billion has been allocated for upstream activities and RM30.7 billion for downstream activities.

Exploration Well Drilling

- Between FYE 31 March 2003 and 2007, the number of exploration wells drilled increased at an average annual rate of 5.1%.
- Based on the latest announcement from PETRONAS on 28 June 2007, there were 39 exploration wells drilled for the FYE 31 March 2007.

Oil and Gas Fields in Operation

- Between FYE 31 March 2003 and 2008, the number of oil and gas fields in operation in Malaysia increased from 63 to 88.
- Based on the latest announcement from PETRONAS on 15 July 2008, a total of 88 fields were in operation, of which 61 were oil fields while the remaining 27 were gas fields for the FYE 31 March 2008.

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4. INFORMATION ON THE GROUP (Cont'd)

Oil and Gas Reserves in Malaysia

- Between January 2004 and January 2008, Malaysia's total reserves (including crude oil and condensates, and natural gas) grew at an average annual rate of 1.0%.
- As at 1 January 2008, Malaysia's total reserves (including crude oil and condensates, and natural gas) decreased marginally by 0.2% to 20.1 billion barrels of oil equivalent (boe). The slight decline is a result of the downward revisions in gas reserves in offshore Sarawak and higher production of crude oil and gas during the year despite additions through new discoveries.
- Between January 2004 and January 2008, Malaysia's crude oil and condensates reserves grew at an average annual rate of 3.1%. As at 1 January 2008, Malaysia's crude oil and condensates reserves increased by 1.9% to 5.5 billion barrels of oil equivalent (boe).
- As at 1 January 2008, Malaysia's natural gas reserves decreased by 1.0% to 14.7 billion barrels of oil equivalent (boe). However, between January 2004 and January 2008, Malaysia's natural gas reserves grew at an average annual rate of 0.3%.

(Source: Independent Assessment by Vital Factor)

Supply Dependencies – Raw Materials

There are no raw material purchases per se as the VEB Group is in the provision of offshore hook-up and commissioning and topside maintenance services for the oil and gas industry.

The Group's purchases primarily consist of consumables, parts and components, which are used to facilitate the provision of offshore hook-up and commissioning and topside maintenance services to the oil and gas industry. Some of the purchases include: -

- Valves;
- Steel pipes and tubes, and fittings;
- Other secondary steel products (such as welding electrodes, bolts and nuts); and
- Others, including paints and coatings, and garnets.

(Source: Independent Assessment by Vital Factor)

4.5.8 Substitute Products/Services

Offshore hook-up and commissioning, and topside maintenance services play a critical role in the oil and gas industry, specifically for the exploration and production segments. There are no direct substitutes for the provision of offshore hook-up and commissioning, and topside maintenance services with the exception of either undertaking these services internally by the PSC operators or owners of the offshore platforms and facilities.

(Source: Independent Assessment by Vital Factor)

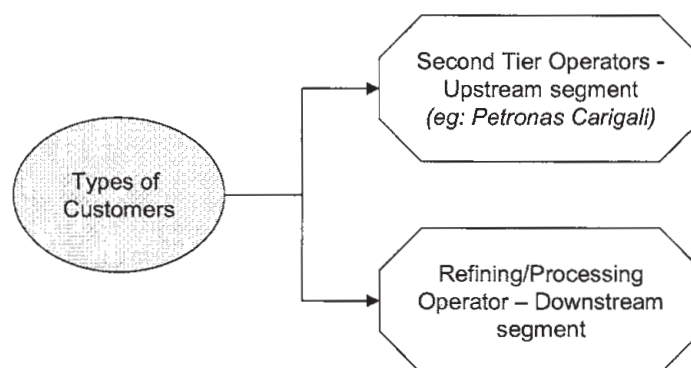
4. INFORMATION ON THE GROUP (Cont'd)

4.5.9 Reliance on and Vulnerability to Imports

As the provision of offshore supporting services for the oil and gas sector is a service based industry, vulnerability and reliance on imports is not as relevant.

4.6 MAJOR CUSTOMERS

VEB Group services two main categories of customers in the upstream and downstream sectors within the oil and gas industry. This is as depicted in the following diagram: -



The Group mainly provides offshore and onshore hook-up and commissioning, offshore topside and onshore facilities maintenance services, and underwater structural inspection services to second tier operators within the oil and gas industry. Second Tier operators within the oil and gas industry are Production Sharing Contractors, such as PCSB and Murphy.

In addition, the Group also services downstream operators within the oil and gas industry. The Group is currently servicing the oil and gas processing operator, PETRONAS Methanol (Labuan) Sdn Bhd for the onshore construction of a gas Receiving Terminal.

VEB Group enjoys an established business relationship with its customers and places significant emphasis on developing and maintaining customer satisfaction, goodwill and rapport.

The following are the customers' revenue contribution with 10% and more for the last three financial years and for the FPE 31 March 2008: -

	FYE 31 December 2005	FYE 31 December 2006	FYE 31 December 2007	FPE 31 March 2008
Customer Name	Proportion of Group Revenue (%)	Proportion of Group Revenue (%)	Proportion of Group Revenue (%)	Proportion of Group Revenue (%)
PCSB (Peninsular Malaysia Operations)	50.2	41.5	40.5	18.7
PCSB	38.5	53.1	32.6	37.7
PMLSB	-	-	17.5	27.1
Murphy	10.7	1.6	2.6	13.4

The top customer, PCSB accounted for 37.7% of the Group's total revenue for the FPE 31 March 2008.

4. INFORMATION ON THE GROUP (Cont'd)

VEB Group primarily undertakes a wide range of activities to facilitate offshore and onshore hook-up and commissioning services on various types of offshore structures and systems for PCSB. The Group primarily provides offshore and onshore hook-up and commissioning services for PCSB in East Malaysia.

PMLSB is the next largest customer which accounted for 27.1% of the Group's total revenue for the FPE 31 March 2008.

The Group undertake onshore construction of Gas Receiving Terminal (GRT), which is located in Labuan, East Malaysia. GRT is a receiving station for separation of gaseous condensate received from offshore gas.

VEB Group's business is dependent on PCSB by virtue of its contribution of 37.7% of the Group's total revenue, and the other 27.1% of revenue from PMLSB for the FPE 31 March 2008.

The following factors serve to mitigate the Group's dependency on PCSB: -

- PCSB has been a customer of the VEB Group since 2003, indicating a stable business relationship. This will provide the basis for a continuing business relationship.
- VEB Group has been a provider of a range of offshore supporting services to PCSB over the past three years including: -
 - Offshore and onshore hook-up and commissioning services for various types of offshore structures and systems;
 - Offshore topside maintenance services for 32 offshore platforms, two (2) FPSO and two (2) FSO facilities; and
 - Onshore facilities maintenance services for onshore gas terminals.
- PCSB is a subsidiary of PETRONAS, which is entrusted with developing and adding value to all the oil and gas resources in Malaysia. As such PETRONAS and its subsidiaries are principal operators in the Malaysian oil and gas industry, and will inevitably be a major source of revenue for the VEB Group and any other oil and gas players in Malaysia.
- PETRONAS through its subsidiaries, such as PCSB, are major operators in the Malaysian oil and gas industry. PCSB is a major PSC operator in Malaysia, therefore dependency on this company is a common feature among other large operators in the oil and gas industry in Malaysia, especially those servicing the upstream oil and gas industry.
- The Group's overall business focus is to continue to excel in the both the upstream and downstream sectors of the oil and gas industry, which will provide the Group with a sustainable business. Some of the on-going and future business expansion plans are: -
 - In June 2007, the Group has successfully secured a RM34 million contract from PETRONAS Methanol (Labuan) Sdn Bhd to undertake procurement, construction and commissioning (PCC) for Labuan Gas Terminal (LGAST) and pipeline project for Gas Receiving Terminal (GRT) 1 and 2, which was located in Labuan, East Malaysia.
 - In the second quarter of 2007, the Group has commenced the business of chartering marine vessel. The Group plans to purchase an additional marine vessel by 2008 that has a capacity of accommodating 160 to 180 people.

4. INFORMATION ON THE GROUP (Cont'd)

- The Group plans to expand its geographical coverage to provide offshore and onshore hook-up and commissioning, and offshore topside and onshore facilities maintenances to other markets outside of Malaysia. In October 2007, the Group has incorporated a company in Indonesia in preparation for addressing opportunities in Indonesia. Subsequently in February 2008, the Group has successfully gained access into Indonesia and secured its first job for the installation of gas pipeline of EPC Greater Jakarta Distribution Main Line under IFB-2 project, which is owned by PT Perusahaan Gas Negara.

4.7 MAJOR SUPPLIERS

Based on the Group's last audited financial statements for the FPE 31 March 2008, the top ten (10) suppliers of the Group are as follows: -

	Suppliers	Proportion of Group Purchases	Length of relationship
		(%)	(Years)
1	AJ Petroleum Sdn Bhd	7.6	1
2	Custom Industrial Supplies Sdn Bhd	4.8	4
3	PSL Energy Services Sdn Bhd	4.6	1
4	Foxboro (Malaysia) Sdn Bhd	4.5	3
5	Metaware Sdn Bhd	3.8	1
6	Next Petroleum Sdn Bhd	3.5	6
7	OGPC Sdn Bhd	2.9	2
8	Havana Murni Sdn Bhd	2.8	1
9	Zulkifli Ngah Engineering Sdn Bhd	2.7	4
10	Bahtera Offshore Sdn Bhd	2.6	3

For the FPE 31 March 2008, AJ Petroleum Sdn Bhd accounted for 7.6% of the Group's total purchases. This was primarily for the purchase of valves.

The next largest supplier was Custom Industrial Supplies Sdn Bhd, which accounted for 4.8% of the Group's total purchases for the FPE 31 March 2008. This was mainly for the supply of pipe fittings, structure and valves.

The Group's third largest supplier was PSL Energy Services Sdn Bhd, which accounted for 4.6% of the Group's total purchases for the FPE 31 March 2008. This was mainly for grouting services.

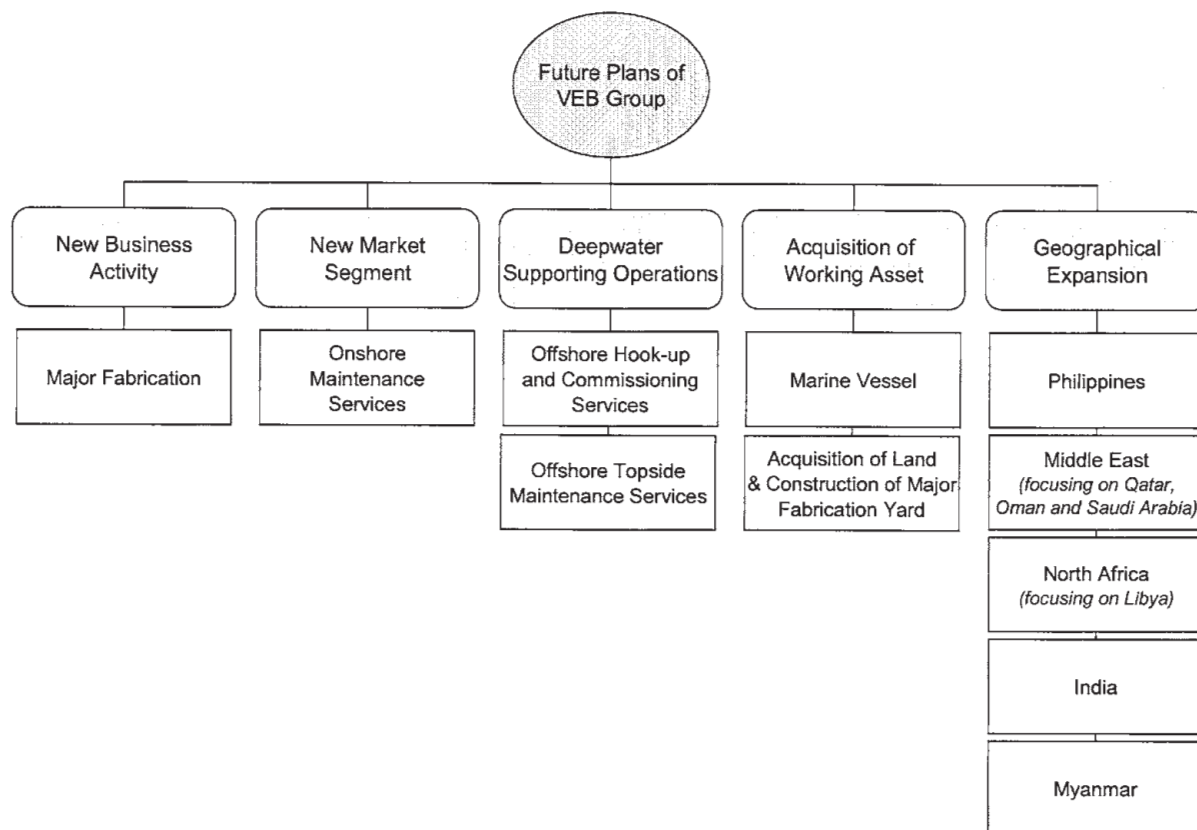
The table below is a list of the VEB Group's suppliers, which accounted for 10% or more of the Group's total purchases between FYE 31 December 2004 and FPE 31 March 2008: -

Supplier Name	FYE 31 December 2005	FYE 31 December 2006	FYE 31 December 2007	FPE 31 March 2008
	Proportion of Group Purchases (%)	Proportion of Group Purchases (%)	Proportion of Group Purchases (%)	Proportion of Group Purchases (%)
AJ Petroleum Sdn Bhd	-	-	-	7.6
Alam Maritime (M) Sdn Bhd	5.3	25.8	5.9	-

4. INFORMATION ON THE GROUP (Cont'd)

4.8 FUTURE PLANS, STRATEGIES AND PROSPECTS

The future plans of the VEB Group are focused in the following five key areas as depicted in the figure below: -



4.8.1 New Business Activity

Major Fabrication Business

The Group is currently involved in minor fabrication works. Part of the Group's business expansion plans is to extend on its existing service portfolio by undertaking major fabrication works for the upstream oil and gas industry.

VEB Group plans to undertake engineering and fabrication of offshore production facilities namely topsides and jackets.

Some of the major fabrication activities that the Group plans to undertake include the following: -

- Initial consultation;
- Conceptualisation;
- Detailed design;
- Engineering drawing;
- Model building;
- Procurement of raw materials and components;
- Fabrication; and
- Transportation and delivery.

4. INFORMATION ON THE GROUP (Cont'd)

VEB Group is currently providing offshore hook-up and commissioning services to platforms. The Group intends to leverage from its current strengths in the provision of offshore hook-up and commissioning services to also undertake the installation of topsides and jackets at site, hook-up of equipment and systems, commissioning and testing.

VEB Group plans to commence on its major fabrication business by 2010.

4.8.2 New Market Segment

Onshore Maintenance Services for Downstream Oil and Gas, and Chemicals Industries

The Group is primarily providing offshore topside maintenance services for structures and platforms in the upstream oil and gas industry. Although the Group is already undertaking onshore facilities maintenance services, this represents a small proportion of its current business.

VEB Group intends to leverage from its core competencies in offshore maintenance services to provide onshore maintenance services to the downstream oil and gas, and chemicals industries, including: -

- Petrochemical plants;
- Methanol plants;
- Industrial chemicals plants;
- Fertiliser plants; and
- Refinery plants.

The expansion of supporting services to downstream oil and gas and chemical industries will provide the Group with opportunities for business growth in light of the increase in downstream activities in Malaysia.

According to the Ninth Malaysia Plan, RM30.7 billion has been allocated for the development of downstream oil and gas segments.

(Source: Independent Assessment prepared by Vital Factor)

VEB Group plans to expand the provision of onshore maintenance services to target the downstream oil and gas, and chemicals industries by end of 2008.

4.8.3 Deepwater Supporting Operations

VEB Group is primarily undertaking its offshore hook-up and commissioning, and topside maintenance services in shallow water off the East Coast of Peninsular Malaysia and East Malaysia.

The Group intends to provide its offshore supporting services to deepwater and ultra-deepwater areas. Deepwater (informally defined as water depth of more than 200 metres) and ultra-deepwater areas (informally defined as water depth of more than 1000 metres) are becoming increasingly important, and are expected to drive the future growth and development of the Malaysian oil and gas industry.

For the FYE 31 March 2006, PETRONAS indicated that there were six (6) new PSC focusing on ultra-deepwater blocks with an additional two (2) new PSC focusing on deepwater blocks in the FYE 31 March 2007.

(Source: Independent Assessment prepared by Vital Factor)

The Group intends to commence Deepwater Supporting operations by 2009.

4. INFORMATION ON THE GROUP (Cont'd)

4.8.4 Acquisition of Working Assets

Marine Vessel

Currently, the Group has one (1) marine vessel that can accommodate a maximum capacity of 84 personnel in terms of offshore accommodation to facilitate the provision of offshore hook-up and commissioning, and topside maintenance services.

Part of the Group's future plans is to acquire an additional marine vessel with a capacity of around 160 to 180 people. This new additional marine vessel will have floating accommodation and on-deck work area.

The Group intends to purchase the additional marine vessel by end of 2008.

Construction of Fabrication Yards

(i) Additional Kemaman Yard for Minor Fabrication

The Group intends to expand on its existing fabrication facilities to cater for market expansion.

In the second quarter of 2007, the VEB Group has signed an acceptance letter with State Planning Economic Unit, Terengganu for a piece of land with an area of 40,000 square metres. This is used for facilities expansion to construct additional minor fabrication yard in Kemaman.

The Group plans to commence the construction of the minor fabrication yard in Kemaman by end of 2008.

(ii) Additional Yard for Major Fabrication

VEB Group plans to acquire a piece of land for the construction of a major fabrication yard with an approximate land area of 40 acres.

This major fabrication facility would enable the Group to undertake engineering, procurement, construction and commissioning works for major structures such as modules and process skid systems for the upstream oil and gas industry.

The new major fabrication facility will be focused on addressing areas of growth and opportunities particularly in export markets.

The Group plans to purchase the land and commence construction of the fabrication yard by 2009.

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4. INFORMATION ON THE GROUP (Cont'd)

4.8.5 Geographical Expansion

VEB Group primarily services the local market. For the FYE 31 December 2007, all of the Group's revenue is derived from the local market.

The Group plans to expand on its geographical coverage to provide offshore and onshore hook-up and commissioning, and offshore topside and onshore facilities maintenance services to other markets outside of Malaysia.

As part of its geographical expansion plans, the VEB Group plans to expand its business operations to address opportunities in the following overseas markets:-

- Philippines by 2009;
- Middle East (focusing on Qatar, Oman and Saudi Arabia) by 2009;
- North Africa (focusing on Libya) by 2009;
- India by 2010; and
- Myanmar by 2011.

In October 2007, the Group incorporated a company in Indonesia in preparation for addressing opportunities in Indonesia.

The following table indicates the timing for implementation of the future plans of the VEB Group: -

	Year of Commencement			
	End of 2008	2009	2010	2011
New Business Activity				
- Major Fabrication Business			√	
New Market Segment				
- Onshore Maintenance Services	√			
Deepwater Supporting Operations				
- Offshore Hook-up and Commissioning		√		
- Offshore Topside Maintenance Services		√		
Acquisition of Working Asset				
- Marine Vessel	√			
- Acquire Land and Construction of Fabrication Yard				
▪ Additional Minor Fabrication Yard in Kemaman	√			
▪ Acquire Land and Construction of Major Fabrication Yard		√		
Geographical Expansion				
- Philippines		√		
- Middle East (focusing on Qatar, Oman and Saudi Arabia)		√		
- North Africa (focusing on Libya)		√		
- India			√	
- Myanmar				√

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT

5.1 PROMOTERS

5.1.1 Particulars and Shareholdings of Promoters

The details of the promoters of the Group and their shareholdings in VEB before and after the IPO are as follows: -

Name	Nationality	No. of Ordinary Shares Held in VEB Before the IPO (After Rights issue)				No. of Ordinary Shares Held in VEB After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Promoters/ Substantial Shareholders									
Mohamad Nor Bin Abdul Rashid	Malaysian	86,720,835	58.20	-	-	67,720,835	32.84	-	-
Nor Sabri Bin Hamzah *	Malaysian	57,813,910	38.80	-	-	46,663,910	22.63	-	-
Azman Bin Abd Ghafar *	Malaysian	4,473,255	3.00	-	-	3,923,255	1.90	-	-

Note: -

* Including their entitlement for the pink form share allocation pursuant to the IPO which assumes full subscription of Restricted Offer Shares by the employees.

5.1.2 Profiles of Promoters

The profiles of the promoters are as follows: -

Mohamad Nor Bin Abdul Rashid, aged 46, is the Executive Vice Chairman of VEB. He holds a Diploma in Mechanical Engineering and has more than 20 years of experience in the oil and gas industry in all aspects of operational management of multiple sites, development of both the domestic and international markets and leading the development of strategic business plans.

He started his career as an Assistant Project Engineer with Equator Engineering Sdn Bhd for hook-up & commissioning at ESSO Terengganu Crude Oil Terminal and later became the Construction Superintendent for electrical & instrumentation works at KBBC Pergau Hydro Power Station from 1982 to 1992.

In 1993, he joined Maser Engineering Sdn Bhd (a member of Renong Group of Companies) as the Construction Superintendent for Sime-JGC-Kellog Consortium Underground and Aboveground Cabling Works at MLNG-2. After successful completion of the project, he was entrusted as the Construction Superintendent for Kertih Refinery Debottlenecking/Jet fuel project at Petronas Penapisan Sdn Bhd.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

In 1996, he was the Executive Director of Total Equal Sdn Bhd with full responsibility for management and business activities, which included energy & engineering (oil & gas services), maintenance of plant & equipment and steel structure minor fabrication works. Among the key projects he undertook was Malaysian Airline System Bhd's ground support facilities at KLIA and the steel structure fabrication of Kapar Power Station.

As the Executive Vice Chairman and also the founder of VEB, he has successfully led the transition of the Company from a sub-contractor status to become a main-contractor for PSC Operators in Malaysia, which includes PCSB, Carigali Hess and Murphy.

Nor Sabri Bin Hamzah, aged 37, is the Managing Director/Chief Executive Officer of VEB. He holds a Diploma in Accountancy from University Technology MARA ("UiTM") and has 13 years of experience in the oil and gas industry in areas of financial and budget management, human resources, and strategic business planning. He is the co-founder of VEB.

He started his career as a Project Accounts & Administration Officer in 1993 with Maser Kenz Engineering Sdn Bhd (a joint venture between Maser Engineering Sdn Bhd and Kentz International Co Ltd) for TNB Serdang Gas Turbine Power Station Project. In 1994, he became the Project Accounts Executive with Maser Engineering Sdn Bhd (a member of Renong Group of Companies) for various projects, such as MP1PQ-A Jacket Fabrication for Sarawak Shell Berhad, Lawit-A Bridge & Module Support Frame and Seligi-F & Raya-A Steel Fabrication Works for EMEPMI, with contract values of about RM25 million where he was responsible for project cash flow, project claims, cost control and maintaining full set of accounts.

In 1996, he joined Total Equal Sdn Bhd as the Finance Manager. He was responsible for ensuring efficient cash flow management of projects during the 1997 economic crisis by implementing tight management controls in operations leading to the optimization of all related resources. Among key projects he was involved were Malaysian Airline System Bhd's ground support facilities at KLIA and steel structure fabrication of Kapar Power Station from 1996 to 1998.

As the Managing Director/Chief Executive Officer of VEB, he is responsible for the overall operations of the Company with emphasis on finance and business development.

Azman Bin Abd Ghafar, aged 41, is the Executive Director of VEB. He holds a Bachelor of Science (Economics) (Honours) in Accounting from University College of Wales, United Kingdom and an MBA, Finance from the University Putra Malaysia. He has 15 years of experience in the oil and gas industry.

Upon returning from the United Kingdom in 1990, he started his career with PETRONAS as an Auditor and was a Senior Auditor when he left in 1995.

In 1996, he joined Renong Overseas Corporation Sdn Bhd and was responsible for the financial management and development of both domestic and international markets.

In 1999, he became the Senior Manager of Treasury at Crest Petroleum Bhd and was responsible for the group finance division and in dealing at senior levels in both private and public sectors.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He joined VSB in June 2003 as the Senior Manager, Corporate Finance & Planning. Currently, as the Executive Director of VEB, he is responsible for the overall management of the finance department, Human Resource Department, Administrative & Payroll department and Information Technology department.

5.2 SUBSTANTIAL SHAREHOLDERS

5.2.1 Particulars and Shareholdings of Substantial Shareholders

The details of the substantial shareholders of VEB and their shareholdings in VEB before and after the IPO are as follows: -

Name	Nationality	No. of Ordinary Shares Held in VEB Before the IPO (After Rights Issue)				No. of Ordinary Shares Held in VEB After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial Shareholders									
Mohamad Nor Bin Abdul Rashid	Malaysian	86,720,835	58.20	-	-	67,720,835	32.84	-	-
Nor Sabri Bin Hamzah *	Malaysian	57,813,910	38.80	-	-	46,663,910	22.63	-	-

Note: -

* Including his entitlement for the pink form share allocation pursuant to the IPO which assumes full subscription of Restricted Offer Shares by the employees.

5.2.2 Profiles of Substantial Shareholders

The profiles of Mohamad Nor Bin Abdul Rashid and Nor Sabri Bin Hamzah (the Promoters of VEB and the Directors of VEB) are set out in Section 5.1.2 of this Prospectus.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3 DIRECTORS

5.3.1 Particulars and Shareholdings of Directors

The details of the directors of VEB and their shareholdings in VEB before and after the IPO are as follows: -

Name	Designation	No. of Ordinary Shares Held in VEB Before the IPO (After Rights Issue)				No. of Ordinary Shares Held in VEB After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Directors									
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Independent Non-Executive Chairman	-	-	-	-	90,000	0.04	-	-
Dato' Mohamed Salleh Bin Bajuri	Independent Non-Executive Director	-	-	-	-	80,000	0.04	-	-
Munawir Bin Mohammad	Non-Independent Non-Executive Director	-	-	-	-	70,000	0.03	-	-
Mohamad Nor Bin Abdul Rashid	Executive Vice Chairman	86,720,835	58.20	-	-	67,720,835	32.84	-	-
Nor Sabri Bin Hamzah *	Managing Director/ Chief Executive Officer	57,813,910	38.80	-	-	46,663,910	22.63	-	-
Azman Bin Abd Ghafar *	Executive Director	4,473,255	3.00	-	-	3,923,255	1.90	-	-

Notes: -

(1) Except for Mohamad Nor Bin Abdul Rashid, Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar, the shareholdings of the other Directors of VEB are based entirely on their respective entitlements for the pink form share allocation pursuant to IPO.

* Including their entitlement for the pink form share allocation pursuant to the IPO.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3.2 Profiles of Directors

The profiles of Mohamad Nor Bin Abdul Rashid, Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar (the Promoters of VEB and the Substantial Shareholders of VEB) are set out in Section 5.1.2 of this Prospectus. The profiles of the other directors are as follows: -

Tan Sri Dato' Zainol Abidin Bin Abd Rashid, aged 62, was appointed to the Board of VEB as the Independent Non-Executive Chairman on 2 June 2008. He graduated from University of Malaya in Economics and holds a Masters in Development Economics from Boston University, USA. He started his career as an Assistant Secretary to the Ministry of National and Rural Development in 1970. From 1973 to 1980, he was in the National Institute of Public Administration (INTAN) as the Programme Coordinator. From 1981 to September 1983, he was the Director of Sabah Institute of Administration and Research. From 1983 to April 1989, he was the Deputy Secretary for the Economic and International Division, Treasury Ministry of Finance.

From 1989 to 1994, he was the Director for Human Resource Development Section, Economic Planning Unit under the Prime Minister's Department. From 1994 to 1997, he was the Director General for the Manpower Department, Ministry of Human Resource. He was promoted as Secretary General for the Ministry of Human Resource in 1997. From 2000 to 2006, he was the Chief Executive Officer/Director General of Inland Revenue Board of Malaysia. He retired from public service in October 2006. Currently, he is the Non-Executive Chairman for Tradewinds (M) Bhd.

Among his international experience, he acted as the Delegation Leader in meetings with the World Bank International Monetary Fund (IMF), Asia Pacific Economic Cooperation (APEC) and International Labour Organization (ILO). He was also an Asean Regional Expert in Informal Sector, the Chairman for Commonwealth Association of Tax Authorities (CATA) Management Committee, the Chairman for South Asia Study Group on Tax Administration (SGATAR) and the Chairman for Association of Tax Authorities of Islamic Countries (ATAIC).

Dato' Mohamed Salleh Bin Bajuri, aged 57, was appointed to the Board of VEB as an Independent Non-Executive Director on 2 June 2008. He is a qualified Chartered Accountant from Ireland and is a member of the Malaysian Institute of Accountants (MIA) since 1986. He came back to Malaysia in 1979 and joined Peat Marwick & Co as a Senior Auditor. He then joined Maybank Finance Bhd as a Manager and in 1982, was promoted to General Manager. He was then seconded to Malayan Banking Bhd and was promoted to General Manager in 1988, a position he held until 1992.

From 1982 to 1987, he was the Alternate Chairman of the Association of Finance Companies in Malaysia ("AFCM") and was the Chairman of AFCM Committee for Education and Public Relations. From 1997 to 1999, he was a Director of Saham Sabah Berhad and was one of the Trustees for Yayasan Kebajikan SDARA. He was also one of the Trustees for Tabung Melayu Pontian Sdn Bhd from 1997 to 2006. In 1992, he took over JB Securities Sdn Bhd, a Stockbroking firm in Johor, where he held the position of Managing Director until 1995. He is now involved in the property business and is the Group Executive Director of CRSC Holdings Bhd. He is also a director of a number of public and private companies, amongst others, Asian Pac Holdings Bhd, Eden Inc Bhd, Harbour-Link Group Bhd, LKT Industrial Bhd, Milux Corporation Bhd, Agro Bank Berhad and Airocom Technologies Berhad.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Munawir Bin Mohammad, aged 41, was appointed to the Board of VEB as a non-independent non-executive director on 2 June 2008. He is also the Executive Director of EFCASB, the Co-Adviser to VEB for the IPO. He graduated from the University of Southampton, UK. He is a Professional National Accountant (PNA) of the Australian National Institute of Accountants (NIA), a Certified Financial Planner (CFP) and Registered Financial Planner (RFP) charter holder.

He has extensive experience in the securities and investment management industries. He was previously attached to Hillier Hopkins Chartered Accountants (UK), Permodalan Nasional Berhad, PETRONAS, the SC and PB Securities Sdn Bhd and MIDF Sisma Securities Sdn Bhd. Prior to assuming his current position as the Executive Director of EFCASB, he was the Chief Executive Officer of Phillip Mutual Berhad, an internationally affiliated unit trust management company. He is also an Investment Committee Member of Pheim Unit Trusts Berhad.

He holds a Capital Markets Services Representative license (CMSRL/A3285/2007) issued by the SC.

5.3.3 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid to the Directors of VEB for services rendered in all capacities to the Group for the FYE 31 December 2007 and the forecast for the FYE 31 December 2008 (proposed figure) are as follows: -

Name	FYE 31 December 2007 Remuneration Band (RM)	Proposed FYE 31 December 2008 Remuneration Band (RM)
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	-	50,000 - 100,000
Dato' Mohamed Salleh Bin Bajuri	-	50,000
Munawir Bin Mohammad	-	50,000
Mohamad Nor Bin Abdul Rashid	250,000 - 300,000	250,000 - 300,000
Nor Sabri Bin Hamzah	150,000 - 200,000	200,000 - 250,000
Azman Bin Abd Ghafar	100,000 - 150,000	150,000 - 200,000

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.3.4 Directors' Term in Office

Name	Designation	Date of Expiration of Current Office Term	Length of Service in the Group
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Independent Non-Executive Chairman	In Accordance with Article 84 of the Articles of Association	2 Months
Dato' Mohamed Salleh Bin Bajuri	Independent Non-Executive Director	In Accordance with Article 84 of the Articles of Association	2 Months
Munawir Bin Mohammad	Non-Independent Non-Executive Director	In Accordance with Article 84 of the Articles of Association	2 Months
Mohamad Nor Bin Abdul Rashid	Executive Vice Chairman	In Accordance with Article 84 of the Articles of Association	10 years
Nor Sabri Bin Hamzah	Managing Director/ Chief Executive Officer	In Accordance with Article 84 of the Articles of Association	10 years
Azman Bin Abd Ghafar	Executive Director	In Accordance with Article 84 of the Articles of Association	6 years

Note: -

The following Articles of Association of VEB are applicable to the Directors' Term in office provided that there are no change in directorship from the date of issue of Prospectus to the next Annual General Meeting.

Article 84 – Retirement of Directors

At the first Annual General Meeting of the Company all the Directors shall retire from office, and at the Annual General Meeting in every subsequent year an election of directors shall take place and one-third (1/3) of the Directors for the time being, or, if their number is not three (3), or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election Provided Always that all Directors including a Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring director shall retain office until the close of the General Meeting at which he retires.

Article 85 – Selection of Directors to retire

The Directors to retire in each year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**Article 86 – Notice of candidate as a Director**

No person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting unless a Member intending to propose him has, at least eleven (11) clear days before the General Meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the board of Directors shall be served on the registered Holders of shares at least seven (7) days prior to the General Meeting at which the election is to take place.

Article 87 – Retiring Director deemed to be re-appointed

The Company at the Annual General Meeting at which a Director so retires may fill the vacated office by electing a person thereto. Unless at that Annual General Meeting it is expressly resolved not to fill the vacated office or a resolution for the re-election of the Director retiring at that Annual General Meeting is put to the Annual General Meeting and lost or some other person is elected a Director in place of the retiring Director, the retiring Director shall, if offering himself for re-election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected.

Article 91 – Power to add Directors

The Directors shall have power at any time, and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Article 95 – When offices of Director deemed vacant

Subject to sections 122(6) and (7) of the Act, the office of a Director shall become vacant if a Director:-

- (a) becomes bankrupt, has a receiving order in bankruptcy made against him or makes any arrangement or composition with his creditors generally;
- (b) becomes prohibited from being a Director by reason of any order made under the Act or contravenes section 130 of the Act;
- (c) ceases to be a Director by virtue of the Act;
- (d) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder;
- (e) resigns his office by notice in writing to the Company and deposited at the Office;

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.4 AUDIT COMMITTEE

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

Name	Designation	Directorship
Dato' Mohamed Salleh Bin Bajuri	Chairman of Audit Committee	Independent Non-Executive Director
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Member of Audit Committee	Independent Non-Executive Director
Munawir Bin Mohammad	Member of Audit Committee	Non-Independent Non-Executive Director

5.5 REMUNERATION COMMITTEE

The main functions of the Remuneration Committee are to develop the Group's remuneration policy for Executive Directors for the Board's approval and to recommend the remuneration packages and terms of employment of Executive Directors to the Board. The Remuneration Committee comprises of the following individuals: -

Name	Designation	Directorship
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Chairman of Remuneration Committee	Independent Non-Executive Director
Dato' Mohamed Salleh Bin Bajuri	Member of Remuneration Committee	Independent Non-Executive Director
Nor Sabri Bin Hamzah	Member of Remuneration Committee	Executive Director

5.6 NOMINATION COMMITTEE

The main functions of the Nomination Committee are to recommend to the Board, candidates for appointment as new Directors and members of Board committees, assess the effectiveness of the Board and Board committees and arrange orientation programmes for new Directors. The Nomination Committee comprises of the following individuals: -

Name	Designation	Directorship
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Chairman of Nomination Committee	Independent Non-Executive Director
Dato' Mohamed Salleh Bin Bajuri	Member of Nomination Committee	Independent Non-Executive Director
Munawir Bin Mohammad	Member of Nomination Committee	Non-Independent Non-Executive Director

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.7 KEY MANAGEMENT

5.7.1 Particulars and Shareholdings of the Key Management

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

Name	Designation	No. of Ordinary Shares Held in VEB Before the IPO (After Rights Issue)				No. of Ordinary Shares Held in VEB After the IPO			
		Direct	%	Indirect	%	Direct	%	Indirect	%
A. Bakar Bin A. Wahab	Business Development Director	-	-	-	-	1,412,500	0.68	-	-
Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi	General Manager, Corporate Services and Asset Division	-	-	-	-	2,500,000	1.21	-	-
Annuar Bin Tumar	General Manager, Operation Division	-	-	-	-	1,000,000	0.48	-	-
Isaharuddin Bin Alwi	Senior Manager, Contract and Planning Division	-	-	-	-	100,000	0.05	-	-
Ahmad Zaki Bin Talib	Finance Manager	-	-	-	-	100,000	0.05	-	-
Ahmad Suhairi Bin Dapat	HSE Manager	-	-	-	-	70,000	0.03	-	-
Azhar Bin Yayah	Head of QA/QC	-	-	-	-	62,500	0.03	-	-

Note: -

Except for A. Bakar Bin A. Wahab, Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi and Annuar Bin Tumar, all of whom receive their respective entitlements for the pink form, the shareholdings of the other key management of VEB are based entirely on their respective entitlements for the Restricted Offer for Sale allocation pursuant to IPO.

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.7.2 Profiles of the Key Management

A. Bakar Bin A. Wahab, aged 54, is the Business Development Director of VEB. He holds a Bachelor of Engineering Degree (Electrical) from University Teknologi Mara (UiTM), Shah Alam in 1981. He has 26 years of experience in the oil and gas and petrochemical industry. He started his career with PETRONAS as Development Engineer and was attached to PETRONAS Production Department and was primarily administering and monitoring PSC Contractors' activities.

He was transferred to PCSB in 1987 as a Senior Project Engineer for SPM/FSO for Dulang Field Development Project. From 1991 to 1993, he was PCSB Resident Engineer for the fabrication of Baronia, Baram Gas Compression and Baronia Water Injection Project for Baram Delta Gas Gathering Project. Upon completion of the project in 1993, he was promoted to Manager of HSE Department of PCSB Peninsular Malaysia Operation. He joined Dialog Group Berhad ("Dialog") in 1995, holding various senior positions in Dialog Group of Companies until 2005. In May 2005, he joined VSB as the Business Development Director.

Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi, aged 44, is the General Manager of Corporate Services and Asset Division of VEB. He holds a Diploma in Mechanical Engineering & Management and has nearly 20 years of experience in the oil and gas industry. He started his career as a Construction Section Head with Equator Engineering Sdn Bhd from 1985 to 1990 for various oil & gas projects, which included hook-up & commissioning for ESSO and construction of bulk storage tanks, piping and installation for Toyo Engineering. Later in 1990, he became a Project Engineer with Time Salam Engineering Sdn Bhd, which was involved in the fabrication and erection of steel structure for titanium dioxide plant for Tioxide (M) Sdn Bhd.

In 1992, he was the Manager, Technical Support with Maser Engineering Sdn Bhd and was responsible for overall support services of the company.

In June 2002, he was the Department Head in TL Offshore Sdn Bhd, undertaking offshore installation and construction contract projects for PCSB, which involved offshore installation for oil and gas facilities, pipe laying and heavy lift modules, jacket and platform. He was responsible for overall project support services and as a member of the Technical Advisory Committee, he led the contracts, procurement and marine division.

As the General Manager of Corporate Services and Asset Division of VEB, he is responsible for nurturing new business venture, risk management, business practice and the management of the company revenue generating assets.

Annuar Bin Tumar, aged 40, is the General Manager, Operations Division of VEB. He holds a Degree in Civil Engineering from Valparaiso University, Indiana, USA in 1991 and has a total of 15 years of experience in the oil and gas industry, which has taken him to such companies like Sime Sembawang Engineering, Sumatec Corporation, Haven Engineering and at present, VEB. He has a wide range of experience and was involved in the successful fabrication of Jerneh A and Guntong D topsides for EMEPMI, BAK-B1 and BNG-B5 for PCSB, hook-up and commissioning of various platforms under PCSB and Talisman Malaysia Ltd as well as downstream activities in Propane Dehydrogenation Project for MTBE.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

He has spent most of his 15 years in projects division and the last 9 years doing project management in various capacities. As the General Manager of Operations of VEB, he is responsible in overseeing the entire operations of the Hook-up and Commissioning Division of the Group.

Isaharuddin Bin Alwi, aged 39, is the Senior Manager, Contract & Planning Division of VEB. He holds a Diploma in Petroleum Engineering from University Teknologi Malaysia in June 1990. He has 17 years of experience in the oil and gas industries. He started his career as a Planning Assistant with Sime Sembawang Engineering Sdn Bhd in July 1990. From 1991 to 1996, he joined several oil and gas companies as a Planning Engineer. From 1997 to 2004, he was with EMEPMI as a Project Cost and Schedule Engineer, undertaking topside and jacket projects. In 2004, he was a Project Control Engineer with PCSB. Prior to joining VEB in 2007, he was a Project Coordinator in EMEPMI undertaking pipeline projects.

Ahmad Zaki Bin Talib, aged 45, is the Finance Manager of VEB. He holds a Bachelor of Business Administration (Honours), majoring in Finance at University Utara Malaysia. He has more than 13 years of experience in various disciplines in the oil and gas industry, such as oil production facilities, installation of offshore facilities and hook-up and commissioning. Prior to joining VSB in 2006, he worked for twelve 12 years at various departments and subsidiaries at SapuraCrest Petroleum Bhd and started as an Assistant Manager of Finance at Uzmil Oil Tashkent Uzbekistan for 4 years.

Upon returning from Tashkent, he was attached to TL Offshore Sdn Bhd as the Assistant Manager of Finance and thereafter at the Treasury Department of SapuraCrest Petroleum Bhd. He then was attached to TL Offshore Sdn Bhd as the Head of Insurance and Claims Department. He started his career with Malaysian Airline System Bhd as an Executive in the Finance Division for 4 years since 1990.

Ahmad Suhairi Bin Dapat, aged 47, is the HSE Manager of VEB. He holds a Bachelor of Science Degree in Mechanical Engineering from University Teknologi Malaysia. He has 21 years of experience in Occupational Safety and Health. He started his career in 1985 with DOSH and in 1991 he joined PCSB as a HSE Engineer. In 1994, he was the HSE Manager of several petrochemical/chemical plants. In 2004, he joined Dialog Plant Sdn Bhd, a shutdown and maintenance service provider company, undertaking petrochemical plant turnaround and maintenance activities prior to joining VSB. He is a registered DOSH Safety and Health Officer.

Azhar Bin Yayah, aged 41, is the Head, QA/QC of VEB Group. He holds a Bachelor of Science (Honours) in Civil Engineering from University Teknologi Malaysia. He has 13 years of experience in the oil and gas industry. In 1995 he started his career with AY Engineering Sdn Bhd as a QA/QC Engineer with Orbtech Engineering Sdn Bhd for the hook-up and commissioning of Seligi F/Raya A host platform and Seligi C & D gas lift pipeline for EMEPMI and Dulang B, C facilities and Resak onshore gas terminal projects for PCSB. Prior to joining VSB in 2003, he was a QA/QC Engineer with Petra Resources Sdn Bhd for the provision of consolidation engineering and construction for EMEPMI's retrofit and host tie-in project.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.8 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT IN OTHER BUSINESSES / CORPORATIONS

Save and except as disclosed below, none of the executive directors or key management are involved in other businesses or corporations as at LPD.

Director/ Key Management	Other Businesses/ Corporations	Nature of Involvement	Principal Activity
Nor Sabri Bin Hamzah	Abad Damai Sdn Bhd	Director/ shareholder	The company is currently dormant
	EMPEG Sdn Bhd	Director/ shareholder	The company is currently dormant
Saiful Faiz Bin Mohd Aziz @ Ahmad Latfi	EMPEG Sdn Bhd	Director	The company is currently dormant
Azman Bin Abd Ghafar	Ferrovast Sdn Bhd	Director	The company is currently dormant
A. Bakar Bin A. Wahab	Ferrovast Sdn Bhd	Director/ shareholder	The company is currently dormant
	Postsea Point Sdn Bhd	Director	The company is currently dormant

These businesses or corporations are currently dormant and as such do not require their involvement in the day-to-day activities and operations of those businesses and corporations. Therefore, their non-executive directorships and shareholdings in such other businesses or corporations neither affect their contribution to the VEB Group nor negatively impact their ability to act as executive directors and key management of the VEB Group.

5.9 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT

No Promoter, Director and key management or persons nominated to become a Director or key management is or has been involved in any of the following events: -

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (b) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

5.10 FAMILY RELATIONSHIPS

Save as disclosed below, there is no other family relationship (as defined in Section 122A of the Act) or association between the substantial shareholders, promoters, Directors or key management.

Name of Employee	Name of Substantial Shareholder, Promoter, Director or Key Management	Relation / Association
<u>VSB</u>		
Abdul Rani Bin Abdul Sukor	Nor Sabri Bin Hamzah	Brother-in-law
Roslina Bt Nordin	Nor Sabri Bin Hamzah	Niece

5.11 EXISTING OR PROPOSED SERVICE AGREEMENTS

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

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5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**5.12 CHANGES IN SHAREHOLDINGS IN VEB SINCE ITS INCORPORATION**

VEB was incorporated on 22 September 2007 as a public company and as part of the Listing Scheme. Please refer to Section 4.1.3 and Section 4.1.4 of this Prospectus for further details.

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

Name	As at Date of Incorporation, 22 September 2007				After Acquisition of VSB				After Acquisition of VSB and Rights Issue				
	Direct		Indirect		Direct		Indirect		Direct		Indirect		
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%	
Promoters and Substantial Shareholders													
Mohamad Nor Bin Abdul Rashid	-	-	-	-	64,717	58.20	-	-	86,721	58.20	-	-	-
Nor Sabri Bin Hamzah	2 *	50.00	-	-	43,145	38.80	-	-	57,814	38.80	-	-	-
Azman Bin Abd Ghafar	2 *	50.00	-	-	3,338	3.00	-	-	4,473	3.00	-	-	-

Note: -

* Including 1 ordinary share issued to Nor Sabri Bin Hamzah and Azman Bin Abd Ghafar each on 22 October 2008.

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

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

Save as disclosed below, there are no other directorships and/or substantial shareholdings of and by the Promoters, Substantial Shareholders, and Directors in all other public corporations for the past two (2) years preceding the date of this Prospectus: -

Name	Name of Corporation Involved	Date of Appointment/ (Resignation)	Substantial Shareholdings		Principal Activities
			No. of Shares Held	%	
Independent Directors					
Tan Sri Dato' Zainol Abidin Bin Abd Rashid	Tradewinds (M) Berhad	22 November 2006	-	-	Plantation and manufacturing
Dato' Mohamed Salleh Bin Bajuri	CRSC Holdings Berhad	13 August 1995	2,507,400/ 2,508,000#	15.00/ 15.00#	Property developing
	Seacera Tiles Berhad	28 March 2000/ (2 November 2007)	-	-	Manufacturing and trading of ceramic tiles
	Asian Pac Holdings Berhad	27 March 2001	-	-	Investment holdings, property investment and development
	Eden Inc Berhad	11 April 2002	375,000	0.12	Food services
	Seal Polymer Industries Berhad ^a	11 August 2003/ (28 August 2007)	-	-	Manufacturing and sale of latex gloves
	Harbour-Link Group Berhad	27 December 2003	409,832	0.22	Investment holdings
	LKT Industrial Berhad	15 March 2004	-	-	Solutions provider in design and manufacturing of automated equipment
	Axis Real Estate Investment Trust	15 March 2005/ (14 June 2007)	-	-	Investment in a diverse portfolio of properties in real estate
	Milux Corporation Berhad	19 May 2005	2,000,500/ 400,000*	4.72/ 0.94*	Electrical appliances
	Agro Bank Berhad	1 February 2008	-	-	Financial services
	Airocom Technologies Berhad	29 April 2008	-	-	IT solutions provider

5. INFORMATION ON SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Notes: -

- * Deemed interested by virtue of the shareholdings of his spouse and daughters.
- ^ Delisted on 16 August 2007 after Supermax Corporation Berhad completed a take-over of the company which was later privatised.
- # Deemed interested by virtue of his substantial shareholding in PAMS Holdings Sdn Bhd, which in turn has 15% shareholding in CRSC Holdings pursuant to Section 6A of the Act.

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6. APPROVALS AND CONDITIONS, AND MORATORIUM**6.1 APPROVALS AND CONDITIONS**

The listing scheme has been approved by the SC under Section 212(5) of the CMSA and the FIC Guidelines on 30 April 2008, and MITI on 26 May 2008.

The following table sets out the conditions imposed by the SC and MITI and their respective status of compliance: -

Authority / Details of conditions imposed					Status of compliance
SC					
(i) Moratorium on the disposal of VEB Shares for 1 year from the listing date of VEB on the Second Board of Bursa Securities is imposed on the following shareholders: -					Complied. Disclosed in Section 6.2.
	<----- After IPO ----->				
Promoters	Number of Shares held	% of enlarged share capital	Number of Shares to be held under moratorium	% of enlarged share capital	
Mohamad Nor Bin Abdul Rashid	67,720,835	32.8	54,946,446	26.6	
Nor Sabri Bin Hamzah	46,663,910	22.6	37,861,554	18.4	
(ii) Full disclosure should be made in the listing prospectus of VEB with regard to the following: -					
(a) The borrowings and gearing ratios of the VEB Group for the past 5 financial years (FYs) and steps taken/to be taken to address the borrowings and gearing ratios;					Complied. Disclosed in Section 9.6.4(iii)
(b) Cash flow positions of the VEB Group for the past 5 FYs;					Complied. Disclosed in Section 9.6.4(ii)
(c) Reasons attributed to the negative cash flow from operations;					Complied. Disclosed in Section 9.6.4(ii)
(d) Steps taken to/to be taken to address the negative cash flow from operations;					Complied. Disclosed in Section 9.6.4(ii)
(e) Trade creditors balances and trade creditors turnover period for the past 5 FYs as well as the ageing of trade creditors based on the latest audited financial statements;					Complied. Disclosed in Section 9.6.4(iv)
(f) Reasons for the high trade creditors turnover period and overdue amount, if any, and steps taken/to be taken to address the issue;					Complied. Disclosed in Section 9.6.4(iv)

6. APPROVALS AND CONDITIONS, AND MORATORIUM (Cont'd)

Authority / Details of conditions imposed	Status of compliance
<p>(g) Dependency on PCSB, including the steps taken/or to be taken to mitigate the dependency; and</p> <p>(h) Outstanding tax liabilities of VSB and VECSB, as well as the plan by VEB to settle the outstanding tax liabilities.</p>	<p>Complied. Disclosed in Section 4.6</p> <p>Complied. All the outstanding tax liabilities have been fully settled as disclosed in Section 9.6.3(v)</p>
<p>(iii) VEB should settle all trade creditors exceeding the credit period of 90 days prior to the issuance of the listing prospectus. In this regard, the auditors of VEB should submit a confirmation to the SC that the settlement has been made;</p>	<p>Complied.</p>
<p>(iv) With regard to the trade debtors, VEB should: -</p> <p>(a) Fully disclose in the listing prospectus the debtors position, ageing analysis and comments by its directors on the recoverability of amount owing by trade debtors which have exceeded the credit period;</p> <p>(b) Make full provision for all overdue trade debtors which are in dispute or under legal action, or for amounts which have been outstanding for more than 6 months. The directors of VEB should confirm to the SC that this condition has been complied with prior to the issuance of the prospectus; and</p> <p>(c) Submit a declaration by the directors of VEB to the SC that trade debtors exceeding the credit period which have not been provided for as doubtful debts, excluding those under paragraph (b) above, are recoverable;</p>	<p>Complied. Disclosed in Section 9.6.4(iv)</p> <p>Complied.</p> <p>Complied.</p>
<p>(v) Any future transaction between the Group and the proposed directors/substantial shareholders or companies related to the proposed directors/substantial shareholders, if any, should be on an "arm's-length" basis and must not be unfavourable to the Group. In this regard, the Audit Committee of Vastalux should monitor and the directors should report on the position of such transactions in the annual report of Vastalux on a yearly basis;</p>	<p>VEB will ensure continuous compliance with this condition.</p>
<p>(vi) For the purpose of complying with the National Development Policy (NDP) requirement, at least 30% of the enlarged share capital upon listing of VEB should be held by Bumiputera shareholders. The existing Bumiputera shareholders in VEB should be recognized by MITI and the allocation and nomination of new Bumiputera investors should be approved by the MITI;</p>	<p>Complied. MITI has vide its letter dated 26 May 2008 recognised the shareholdings of Mohamad Nor Bin Abdul Rashid and Nor Sabri Bin Hamzah totaling 55.15%. Accordingly, VEB is in compliance with the NDP requirement.</p>

6. APPROVALS AND CONDITIONS, AND MORATORIUM (Cont'd)

Authority / Details of conditions imposed	Status of compliance												
(vii) KAF and VEB should inform the SC of the status of compliance with the NDP requirement upon completion of the proposed listing exercise; and	Will be complied. KAF and VEB will inform the SC of the status of compliance with the NDP requirement upon completion of the IPO.												
(viii) VEB and KAF should comply with the relevant requirements relating to the implementation of the flotation proposal as stipulated in the Issues Guidelines.	Will be complied.												
<p>MITI</p> <p>(i) MITI recognizes the shareholdings of the Bumiputera investors in VEB upon completion of the Proposed Listing as follow: -</p> <table border="1" data-bbox="395 864 1134 1077"> <thead> <tr> <th>Shareholders</th> <th>Shareholding</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Mohamad Nor Bin Abdul Rashid</td> <td>67,720,835</td> <td>32.84</td> </tr> <tr> <td>Nor Sabri Bin Hamzah</td> <td>46,013,910</td> <td>22.31</td> </tr> <tr> <td>Total</td> <td>113,734,745</td> <td>55.15</td> </tr> </tbody> </table> <p>subject to the following condition: - approval of the MITI is required for the sell/transfer of the recognized shareholdings. However, the sell/transfer for up to 30% of the said shareholdings is allowed without obtaining approval of the MITI; and</p>	Shareholders	Shareholding	%	Mohamad Nor Bin Abdul Rashid	67,720,835	32.84	Nor Sabri Bin Hamzah	46,013,910	22.31	Total	113,734,745	55.15	To be complied, if applicable.
Shareholders	Shareholding	%											
Mohamad Nor Bin Abdul Rashid	67,720,835	32.84											
Nor Sabri Bin Hamzah	46,013,910	22.31											
Total	113,734,745	55.15											
(ii) VEB to inform MITI of the shareholdings of the recognized Bumiputera shareholders, six (6) months after the listing of VEB for purpose of ascertaining compliance.	To be complied. VEB to inform MITI in due course.												

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6. APPROVALS AND CONDITIONS, AND MORATORIUM (Cont'd)

The SC had approved the exemptions sought under the Prospectus Guidelines via its letter dated 17 July 2008. The details of the exemptions sought for, the approval and accompanying conditions imposed by the SC together with the status of compliance are as follows:-

Relevant Section of Prospectus Guidelines	Relief from Prospectus Guidelines	Decision and Status of Compliance
<p>(i) Paragraph 8.09(n), Chapter 8 To disclose salient terms of the contracts/arrangements on which the corporation is highly dependent. Such contracts/arrangements include information on patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are material to the corporation's business or profitability.</p> <p>(ii) Paragraph 20.01(c), Chapter 20 To make available for public inspection each contract disclosed in the prospectus and, in the case of contracts not reduced into writing, a memorandum which gives full particulars of the contracts.</p>	<p>Waiver from disclosure of certain sensitive salient terms of the two (2) material agreements disclosed in Section 4.2.19(ii).</p> <p>Waiver from making available for public inspection the sensitive salient terms of the two (2) material agreements disclosed in Section 4.2.19(ii).</p>	<p>Approved, subject to VEB submitting to the SC two (2) copies of the said agreements:-</p> <p>(a) One (1) certified true copy without any alteration/blackened out of the relevant terms; and</p> <p>(b) One (1) certified true copy with the relevant terms blackened out.</p>

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6. APPROVALS AND CONDITIONS, AND MORATORIUM (Cont'd)**6.2 MORATORIUM ON SALE OF SHARES**

Paragraph 6.24 of the SC Guidelines states that a moratorium will be imposed on the disposal of shares held in all Second Board applicant companies. The affected shareholders will not be allowed to sell, transfer or assign their shareholdings amounting to 45% of the nominal issued and paid-up capital for one year from the date of admission of the company to the Second Board. In addition, in the case where the affected shareholder is an unlisted company, every shareholder of the unlisted company (if an individual) or ultimate individual shareholder (if the shareholder of the unlisted company is another unlisted company) must give an undertaking that he/she will not sell, transfer or assign his/her shareholding in the related unlisted company for the period as stipulated above.

The details of the promoters of the Company whose Shares are subject to the moratorium are as follows: -

<----- After IPO ----->						
Promoters	Number of Shares held	% of enlarged share capital	Number of Shares to be held under moratorium	% of enlarged share capital	Date of commencement of moratorium	Date of expiry of moratorium
Mohamad Nor Bin Abdul Rashid	67,720,835	32.8	54,946,446	26.6	12.09.2008	11.09.2009
Nor Sabri Bin Hamzah	46,663,910	22.6	37,861,554	18.4	12.09.2008	11.09.2009

Mohamad Nor Bin Abdul Rashid and Nor Sabri Bin Hamzah, who are also the Substantial Shareholders, will not be allowed to sell, transfer or assign of any part of their interest in the Shares which are held under moratorium for one year from the date of admission of the Company on the Official List of the Second Board of Bursa Securities.

The restriction, which has been fully accepted by the Substantial Shareholders, is specifically endorsed on the share certificates and notice of allotment representing the shareholdings of the Substantial Shareholders which are under moratorium to ensure that the share registrar does not register any share transfer which is not in compliance with the moratorium restriction imposed by the SC.

The statement to be endorsed on the said certificates is as follows: -

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

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

The Group has ongoing trade transactions with companies in which the Promoters, Directors and/or Substantial Shareholders of VEB Group are substantial shareholders and/or directors. Details of the related party transactions and the interests of the Promoters, Directors and Substantial Shareholders of VEB in the aforesaid transactions preceding the date of this Prospectus are as follows: -

Related party	Nature of transaction	Transaction value (RM)	Interested Director /Shareholder	Nature of interest
Mohamad Nor Bin Abdul Rashid	Lease of a bungalow unit bearing address : No. 41, Jalan Desa Maju, Taman Desa, 58100 Kuala Lumpur by VSB to Mohamad Nor Bin Abdul Rashid	For FYE: 2007 – RM60,000.00* 2008 – RM120,000.00 (estimated)	Mohamad Nor Bin Abdul Rashid	Mohamad Nor Bin Abdul Rashid is a Director, Substantial Shareholder and Promoter of VEB
Mohamad Nor Bin Abdul Rashid	#Sale of a bungalow unit bearing address:- No. 41, Jalan Desa Maju, Taman Desa, 58100 Kuala Lumpur by VSB to Mohamad Nor Bin Abdul Rashid	RM2,400,000.00	Mohamad Nor Bin Abdul Rashid	Mohamad Nor Bin Abdul Rashid is a Director, Substantial Shareholder and Promoter of VEB

Notes: -

* the lease started in June 2007.

the sale and purchase of the property is estimated to be completed by the fourth quarter of 2008.

The transactions were based on normal commercial terms and are on arm's length basis. The Directors are of the opinion that all the business transactions between the Group, the Directors and Substantial Shareholders, and persons connected to them and the key management of VEB are on an arms length basis and on commercial terms and shall not be at a disadvantage to the Group. The Audit Committee will supervise the terms of related party transactions, and our directors will report related party transactions, if any, annually in the Company's annual report.

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

7.2 TRANSACTIONS OF UNUSUAL NATURE OR CONDITIONS

As at LPD, there are no transactions of unusual nature or conditions, involving goods, services, tangible or intangible assets, to which the corporation or any of its parent or subsidiaries was a party in respect of the past three (3) financial years and the subsequent financial period thereof, if any, immediately preceding the date thereof.

7.3 OUTSTANDING LOANS MADE BY CORPORATION OR ANY OF ITS SUBSIDIARIES TO/FOR THE BENEFIT OF RELATED PARTIES

As at LPD, there are no outstanding loans made by the Company or any of its subsidiaries to or for the benefit of its Directors, Substantial Shareholders and persons connected to them.

7.4 INTEREST IN SIMILAR BUSINESS

As at LPD and to the best knowledge and belief of the Directors and Substantial Shareholders of VEB, none of the Directors or Substantial Shareholders and/or key management of VEB are interested, directly or indirectly in any business carrying on a similar trade as the Company and its subsidiaries.

7.5 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED/TO BE ACQUIRED WITHIN THREE (3) YEARS AND THE SUBSEQUENT FINANCIAL PERIOD THEREOF, IF ANY, IMMEDIATELY PRECEDING THE DATE OF THIS PROSPECTUS

Save for the Acquisition, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiary companies within the most recent three (3) financial years and the subsequent financial period thereof, if any, immediately preceding the date of this Prospectus.

7.6 CONTRACTS OR ARRANGEMENTS IN WHICH THE DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO THE BUSINESS OF THE GROUP

As at LPD, none of the other Directors and/or substantial shareholders of VEB have interest in any contract or arrangement, which is significant in relation to the business of the Group.

7.7 RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

Save as disclosed in Section 7.1, there are no existing recurrent related party transactions of a revenue or trading nature between the VEB Group and any of its Related Party ("Recurrent Related Party Transaction") for the past three (3) years preceding 31 December 2007 or preceding the date of this Prospectus.

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

7.8 DECLARATION BY THE PRINCIPAL ADVISER, CO-ADVISER, SOLICITORS, AUDITORS, REPORTING ACCOUNTANTS AND INDEPENDENT CONSULTANTS

KAF Investment Bank hereby confirms that there is no conflict of interest with respect of their capacity as Principal Adviser to the Group for the IPO.

EFCASB hereby confirms that there is no conflict of interest with respect of their capacity as Co-Adviser to the Group for the IPO.

- (i) EFCASB has been appointed as the Co-Adviser to VEB in relation to the Listing Scheme. EFCASB is not aware of any circumstances which would give rise to a conflict of interest situation in its capacity as Co-Adviser to VEB. In this respect, EFCASB wishes to disclose that that Encik Munawir Bin Mohammad, an Executive Director of EFCASB, is the Non-Independent Non-Executive Director of VEB.

Notwithstanding the above, EFCASB is of the view that its involvement as Co-Adviser to VEB in relation to the Listing Scheme will not give rise to a conflict of interest situation based on the following: -

- (a) Encik Munawir Bin Mohammad is not directly involved in advising VEB in relation to the Listing Scheme; and
- (b) EFCASB will not be involved in any corporate advisory matters involving VEB after the Listing.

Messrs. Lee Choon Wan & Co. hereby confirms that there is no conflict of interest with respect of their capacity as Solicitors to the Group for the IPO and due diligence respectively.

Messrs. Wan Nadzir & Co. hereby confirms that there is no conflict of interest with respect of their capacity as Reporting Accountants and Auditors to the Group for the IPO.

Vital Factor Consulting Sdn Bhd hereby confirms that there is no conflict of interest with respect of their capacity as the Independent Business and Market Research Consultants to the Group for the IPO.

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8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP

8.1 INFORMATION ON LAND AND BUILDINGS

8.1.1 Summary of the Land and Buildings Owned by the Group

No.	Name of Registered Owner / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and Existing Use	Land area / Total Built Up Area of the Building(s) ("Total Area")	Restriction in Interest / Encumbrances	Prices Paid / Date of Transaction	Date of Issuance of Certificate of Fitness / Certificate for Occupation ("CF / CO")	Audited Net Book Value @ 31 March 2008
1. (1)	VSB HSD 4666 PT 1735 Mukim Kuala Lumpur Daerah Kuala Lumpur Address: No. 41, Jalan Desa Maju, Taman Desa, 58100 Kuala Lumpur	Age of building: Approximately 17 years. Tenure : Freehold Date of Expiry of lease: Not Applicable	Bungalow House Rented out for RM10,000 per month	Land area: 790.393 sq m Total Area: 423.34 sq m	First legal charge in favour of Bank Muamalat Malaysia Berhad	Price Paid: RM2,400,000 Date of transaction: 14 February 2007	13 October 1993 CO No. 22447	RM2,428,600
2.	VSB Lot PT 7610 Kawasan Perindustrian Teluk Kalung Teluk Kalung Kemaman, Terengganu	Age of building: There is no building on the land. Tenure : 60 years Date of Expiry of lease: 19 April 2068	Vacant Land	Land area: 40,000 sq m	1. "Tidak dibenar pindahmilik, digadai atau dipajak kecuai mendapat kebenaran Pihak Berkuasa Negeri" 2. "Tidak boleh dibelah bahagi"	Price Paid: RM1,444,890 Date of transaction: 2 September 2007	Not applicable. As at present, there is no building on the land.	RM1,454,890

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

No.	Name of Registered Owner / Title Identification	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and Existing Use	Land area / Total Built Up Area of the Building(s) ("Total Area")	Restriction in Interest / Encumbrances	Prices Paid / Date of Transaction	Date of Issuance of Certificate of Fitness / Certificate for Occupation ("CF / CO")	Audited Net Book Value @ 31 March 2008
3.	VFSB Labuan 205385048 Address: Lot 10, C4 Ranche- Ranche Industrial Estate, Off Jalan Patau-Patau, Federal Territory of Labuan	Age of building: Approximately 25 years Tenure: 60 years Date of Expiry of lease: 31 December 2043	Open Yard with Covered Workshop and Warehouse/ Project Site Office	Land area: 17,730 sq m Total Area: 2,969.61 sq m	First legal charge in favour of Bank Muamalat Malaysia Berhad	Price Paid: RM9,000,000 Date of transaction: 30 October 2007	15 April 1992 CF No. 0127	RM9,402,060

Note: -

- (1) VSB has agreed to sell the property to Mohamad Nor Bin Abdul Rashid vide a sale and purchase agreement dated 11 February 2008. The sale and purchase agreement is estimated to be completed by the fourth quarter of 2008.

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

8.1.2 Summary of the Land and Buildings Leased by the Group

No.	Name of Registered Owner / Title Identification / Address	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and existing Use	Land area / Total built up area building(s) ("Total Area")	Restriction in Interest / Encumbrances	Rental	Date of Issuance of Certificate of Fitness / Certificate for Occupation ("CF / CO")
1. (1)	Datuk Bandar Kuala Lumpur PN 27024 Lot 51975 Mukim Kuala Lumpur Daerah Kuala Lumpur Address: Levels 6 & 7, Tower Block, Plaza Dwtasik, Bandar Sri Permaisuri, 56000 KL.	Age of building: 11 years Tenure: Leasehold 99 years Date of Expiry of lease: 11 January 2095	Office Space/ Main Office of VSB Group	Land area: 11,331 sq m Total Area: Level 6: 521.74 sq m Level 7: 521.74 sq m	"Tanah ini tidak boleh dipindahmilik, dipajak, dicagar, digadai atau dibuat lain-lain urusan tanpa kebenaran Jawatankuasa Kerja Tanah Wilayah Persekutuan Kuala Lumpur"	Level 6: RM12,000 per month from 15 July 2007 to 14 July 2008 Level 7: RM12,000 per month from 15 April 2007 to 14 April 2009	10 April 2001 CO No. 24858
2.	Pangkalan Kemaman Sdn Bhd PN3961 Lot 3020 Mukim Teluk Kalong Daerah Kemaman Terengganu Darul Iman Address: Lot 12, Open Yard Phase II Kemaman Supply Base 24007 Kemaman Terengganu Darul Iman	Age of building: 5 years Tenure: Leasehold 60 years Date of Expiry of lease: 31 October 2053	Open Yard Covered with Workshop and Warehouse/ Project Site Office	Land area: 9923 sq m Total Area: 3,210.65 sq m	1. "Tanah yang diberimilik ini tidaklah boleh dibuat pindah-milik, digadai atau disewakan kecuali terlebih dahulu diberi kebenaran bertulis oleh Pengarah Tanah dan Galian Terengganu." 2. "Tanah yang diberimilik ini tidaklah boleh dibelah bahagi." 3. "Sekatan Kepentingan di perenggan (i) & (ii) di atas tidak melibatkan pemilik yang pertama iaitu Perbadanan Memajukan Iktisad Negeri Terengganu."	RM24,807 per month from 1 September 2006 to 31 August 2008	Temporary permit dated 20 November 2007 ⁽²⁾

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

No.	Name of Registered Owner / Title Identification / Address	Approximate Age of Building / Tenure / Date of Expiry of Lease	Description and existing Use	Land area / Total built up area building(s) ("Total Area")	Restriction in Interest / Encumbrances	Rental	Date of Issuance of Certificate of Fitness / Certificate for Occupation ("CF / CO")
3.	SPBS Engineering Sdn Bhd TRN 09-LCLS-032-026-01581, Kemena Land District, Kidurong Light Industrial Estate, Bintulu, Sarawak Address: Lot 1581, Block 26, Kidurong Light Industrial Estate, 97000 Bintulu, Sarawak	Age of building: less than 1 year Tenure: 60 years Date of Expiry of lease: 20 January 2063	Open Yard with Covered Workshop and Warehouse/ Project Site Office	Land area: 4,178 sq m Total Area: 3,462.3 sq m	1. No subdivision or partition of this land may be effected without the consent in writing of the Director of Lands and Surveys. 2. No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys. 3. No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease.	RM7,000 per month from 16 October 2007 to 15 October 2010	SPBS Engineering Sdn Bhd has submitted the drawings of the building plans to the State Authority of Sarawak for approval. Upon the said approval, SPBS Engineering Sdn Bhd would proceed to apply for a CF.

Notes: -

- (1) Strata Title to the office block has yet to be issued. The said land is held under Master Title, registered in the name of Datuk Bandar Kuala Lumpur. The beneficial owner of the office space is PPC Glomac Sdn Bhd who has vide Tenancy Agreements dated 14 July 2006 and 15 April 2007 leased the said office to VSB.
- (2) Pangkalan Bekalan Kemaman Sdn Bhd leased the said land to VSB. VSB constructed temporary buildings on the said land. Pursuant to Section 19(2) of the Uniform Buildings By-Laws 1984 ("By-Laws"), a temporary permit may be issued at the discretion of the local authority for the erection of a temporary building. In this regard, Majlis Perbandaran Kemaman issued a temporary permit pursuant to the By-Laws vide its letter dated 20 November 2007 to VSB. The said permit expires on 31 December 2008.

8. OTHER INFORMATION CONCERNING THE CORPORATION / GROUP (Cont'd)**8.2 ACQUISITIONS OF PROPERTIES DURING TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS**

No.	Beneficial Owner/Location	Date of Transaction	Prices Paid (RM)
1.	VSB HSD 4666 PT 1735, Mukim Kuala Lumpur, Daerah Kuala Lumpur No. 41, Jalan Desa Maju, Taman Desa, 58100 Kuala Lumpur	14 February 2007	RM2,400,000
2.	VSB Lot PT 7010, Kawasan Perindustrian Teluk Kalung, Mukim Teluk Kalung, Daerah Kemaman, Terengganu	2 September 2007	RM1,444,890
3.	VFSB Labuan CL 205385048 Lot 10, C4 Ranche-Ranche Industrial Estate, Off Jalan Patau-Patau, Federal Territory of Labuan	30 October 2007	RM9,000,000

8.3 MATERIAL PLANT AND EQUIPMENT

Below is the detailed list of material plant and equipment* utilised by the Group: -

Description	Net Book Value as at 31 March 2008 (RM'000)
Vessel	14,489
Portal cabin	678
Welding generator	576
Cargo basket	410
Material and cargo container	339
Steel structure for workshop	189
Portable air compressor	153
Rectifier	75
Spool basket	69
Wolf air turbo lamp	61
Circular chart recorder	60
Blasting pot	58
Airturbo floodlight and tungsten halogen	55
Cable	54
Skid frame compressor	54
Steel structure for blasting chamber	49
Vital chain and level block	34
Cut saw	31
Sub-station	21
Oxygen analyzer	10
TOTAL	17,465

Note: -

* Material plant and equipment is defined as those having a purchase cost above RM50,000.

9. FINANCIAL INFORMATION**9.1 PROFORMA CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008**

The following table sets out a summary of the proforma consolidated results of the Group for the past three (3) FYE 31 December 2007 and FPE 31 March 2007 and 31 March 2008, prepared on the assumption that the Group has been in existence throughout the period. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter and Appendices on the Proforma Consolidated Financial Information as set out in Section 9.4 of this Prospectus.

Financial Year	FYE 31 December			FPE 31 March	
	2005 (RM '000)	2006 (RM '000)	2007 (RM '000)	# 2007 (RM '000)	2008 (RM '000)
Revenue	77,339	143,212	143,231	28,805	40,771
Gross profit	13,229	24,777	30,852	5,082	8,419
EBITDA	7,212	18,535	22,168	3,361	7,119
Depreciation	(1,318)	(2,427)	(1,985)	(168)	(211)
Amortisation	-	(252)	(406)	(55)	(101)
Interest expenses	(784)	(5,705)	(6,518)	(1,614)	(1,324)
Interest income	196	2,392	2,303	693	501
PBT	5,306	12,543	15,562	2,217	5,984
Taxation	(1,776)	(3,820)	(4,836)	(681)	(1,397)
PAT	3,530	8,723	10,726	1,536	4,587
MI	7	9	(20)	6	(8)
Net profit attributable to equity holders of the Company	3,537	8,732	10,706	1,542	4,579
No of ordinary shares of RM0.25 each in issue ('000) *	111,200	111,200	111,200	111,200	111,200
Net earning per share (sen)	3.18	7.85	9.62	1.38	4.12
Gross Profit Margin	17.1%	17.3%	21.5%	17.6%	20.7%
PBT Margin	6.9%	8.8%	10.9%	7.7%	14.7%

Notes: -

- (1) The proforma consolidated income statements have been prepared for illustrative purposes only to present the results of the Group had the transaction set out in Section 9.4 of this Prospectus been effected prior to the earliest period presented, and after taking into consideration the proposed internal group reorganization i.e. Acquisition. Further details on this are highlighted in Section 9.4.
 - (2) There are no exceptional and extraordinary items for the financial years under review.
- * Based on the issued paid-up share capital of 111,200,000 Shares immediately prior to the Rights Issue and Public Issue.
- # Unaudited and stated for comparative purpose only.

9. FINANCIAL INFORMATION (Cont'd)**9.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**

The proforma consolidated balance sheets are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions set out in the Appendices of the Proforma Consolidated Financial Information in Section 9.4 of this Prospectus.

	VEB Audited Balance Sheet as at 31.03.08 (RM'000)	Proposals			
		Proforma I	Proforma II	Proforma III	Proforma IV
		After Acquisition (RM'000)	After Rights Issue (RM'000)	After IPO (RM'000)	After Utilisation of Proceeds (RM'000)
NON-CURRENT ASSETS					
Property, plant and equipment	-	23,384	23,384	23,384	23,384
Prepaid lease land	-	10,857	10,857	10,857	10,857
Goodwill on consolidation	-	55	55	55	55
Deferred tax assets	-	28	28	28	28
Deferred expenditure	-	952	952	952	952
	-	35,276	35,276	35,276	35,276
CURRENT ASSETS	^	194,649	204,101	247,025	222,965
LESS: CURRENT LIABILITIES	8	137,007	137,007	139,566	118,953
Net current assets	(8)	57,642	67,094	107,459	104,012
LESS: NON-CURRENT LIABILITIES					
Long term borrowings	-	9,131	9,131	9,131	5,684
Bonds	-	50,000	50,000	50,000	50,000
Deferred tax liabilities	-	887	887	887	887
	-	60,018	60,018	60,018	56,571
	(8)	32,900	42,352	82,717	82,717
CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY					
Share capital	^	27,800	37,252	51,560	51,560
Share premium	-	-	-	26,057	26,057
Other reserve	-	4,447	4,447	4,447	4,447
Retained earnings / (Accumulated losses)	(8)	-	-	-	-
Shareholders' equity	(8)	32,247	41,699	82,064	82,064
MINORITY INTEREST	-	653	653	653	653
Total Equity	(8)	32,900	42,352	82,717	82,717
NTA attributable to the equity holders of the Company	(8)	32,192	41,644	82,009	82,009
Number of Ordinary Shares in issue of RM0.25 each ('000)	*	111,200	149,008	206,240	206,240
NTA per Share (Sen)	-	28.95	27.95	39.76	39.76

9. FINANCIAL INFORMATION (Cont'd)

Notes: -

- (1) Proforma I is based on the assumptions that the Acquisition has been effected.
- (2) Proforma II incorporates Proforma I and the Rights Issue of 37,808,000 Shares at the issue price of RM0.25 to selected shareholders.
- (3) Proforma III incorporates Proforma II and the Public Issue of 57,232,000 Shares in VEB at an issue price of RM0.75 per Share.
- (4) Proforma IV incorporates Proforma III and the utilisation of proceeds.
- * Denotes 4 units of ordinary shares of RM0.25 each.
- ^ Denotes RM1.00.

9.3 PROFORMA CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2008

The proforma consolidated cash flow statement of VEB for the FPE 31 March 2008 has been prepared, solely for illustrative purposes, to show the cash flows of the VEB Group assuming that the Group has been in existence for the financial period under review. The proforma consolidated cash flow statement should be read in conjunction with the basis of preparation of the Proforma Consolidated Income Statements as set out in Section 9.1 of this Prospectus as well as the assumptions in the Appendices of the Proforma Consolidated Financial Information in Section 9.4 of this Prospectus.

Proforma for FPE 31 March 2008	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	5,984
Adjustments for non-cash items	2,250
	8,234
Changes in working capital	957
	9,191
Interest paid	(1,324)
Interest received	501
Tax paid	(2,090)
Net cash used in operating activities	6,278
CASH FLOWS FROM INVESTING ACTIVITIES	
Payment for lease land	(8,200)
Purchase of property, plant and equipment	(178)
Net cash used in investing activities	(8,378)
CASH FLOWS FROM FINANCING ACTIVITIES	
Drawdown of term loan	6,000
Proceeds from other borrowings	301
Repayment of term loan	(46)
Repayment for finance creditors	(121)
Net cash used in financing activities	6,134
Net decrease in cash and cash equivalents	4,034
Effects of exchange rate	(16)
Cash and cash equivalents at beginning of the year	19,574
Cash and cash equivalents at end of the year	23,592

9. FINANCIAL INFORMATION (Cont'd)**9.4 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION****(Prepared for inclusion in the Prospectus)**WAN NADZIR & CO. www.wanaco.com.my
Chartered Accountants AF 1234**VASTALUX ENERGY BERHAD
(Company No: 789373-V)**Date: **29 JUL 2008**

The Board of Directors
Vastalux Energy Berhad
7th Floor, Tower Block
Plaza Dwi Tasik
No. 21, Jalan Sri Permaisuri
Bandar Sri Permaisuri
56000 Kuala Lumpur.

Dear Sirs,

**VASTALUX ENERGY BERHAD ("VEB" OR THE "COMPANY")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the Proforma Consolidated Financial Information of VEB and its subsidiaries ("Proforma Group"), which consists of Proforma Consolidated Income Statement for the past three (3) financial years ended 31 December 2005 to 2007 and the three (3) months financial period ended 31 March 2008 based on the audited financial results of Vastalux Sdn. Bhd. and its subsidiaries ("VSB Group"), Proforma Consolidated Balance Sheet as at 31 March 2008, Proforma Consolidated Cash Flow Statement for the three (3) months financial period ended 31 March 2008 and Proforma Consolidated of Assets and Liabilities as at 31 March 2008 (collectively, "Proforma Consolidated Financial Information"). The Proforma Consolidated Financial Information of Proforma Group for which the Directors are solely responsible, together with the notes thereon, for the purpose of inclusion in the Prospectus to be dated 22 August 2008, in connection with the Rights Issue of 37,808,000 new ordinary shares of RM0.25 and the Public Issue of 57,232,000 new ordinary shares of RM 0.25 each at an Issue Price of RM0.75 per share in conjunction with the listing of and quotation for the entire issued and paid-up share capital of VEB on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

In our opinion, Proforma Consolidated Financial Information together with the notes and assumptions thereto (which we have stamped for the purpose of identification), which are provided for illustrative purpose only, have been properly prepared:-

- (a) on the basis consistent with the accounting policies adopted and showing the effects of:-
- the financial results of the Proforma Group for the three (3) financial years ended 31 December 2005 to 2007 and three (3) months financial period ended 31 March 2008 based on the audited financial results of the VSB Group by assuming that the Group had been in existence throughout the financial years/period under review;
 - the financial positions of Proforma Group as at 31 March 2008 taking into account the effects of Acquisition of the VSB Group, Rights Issue and Public Issue;
 - the financial positions of Proforma Group as at 31 March 2008 taking into account the effect of Acquisition of the VSB Group, had these transactions been effected on that date;
 - the cash flow of Proforma Group for the three (3) months financial period ended 31 March 2008 based on the audited financial statements of the VSB Group by assuming that the Acquisition of the VSB Group before Rights Issue and Public Issue have been in effect throughout the financial period ended on that date; and

in accordance with the applicable Approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board are presented in a form suitable for inclusion in the said Prospectus; and

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Kuala Lumpur
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Jalan Ampang P.U.T.C.,
Taman Ampang Hill,
55100 Kuala Lumpur,
Tel: 03-4270 5754
Fax: 03-4270 2526

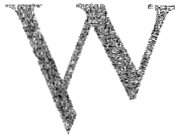
Ipoh
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Kuantan
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Pahang Darul Makmur,
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Fax: 09-516 9804

Kuala Bharu
Lot 100-1, Tingkat 1,
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5210 Kuala Bharu,
Negeri Sembilan,
Tel: 09-747 3511 / 09-747 3512
Fax: 09-747 3513

Kuala Terengganu
No. 21C, Tingkat 1,
Jalan Tok Lam,
20100 Kuala Terengganu,
Terengganu Darul Iman,
Tel: 09-620 3560
Fax: 09-620 3561

9. FINANCIAL INFORMATION (Cont'd)



REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

(Prepared for inclusion in the prospectus)

- (b) each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purposes of preparing such Proforma Consolidated Financial Information.

We understand that this report will be used for the purpose of inclusion in the Prospectus in connection with the abovementioned corporate exercise. As such, this report should not be used for any other purposes without our prior written permission.

Yours faithfully,



WAN NADZIR & CO.
NO. AF: 1234
CHARTERED ACCOUNTANTS



WAN NADZIR BIN WAN MOHAMAD
NO: 2018/02/10 (J)
PARTNER

Stamped for the purpose of identification on:
29 JUL 2008
Wan Nadzir & Co.

9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**A. PROFORMA CONSOLIDATED INCOME STATEMENTS**

We set out below the consolidated financial results of VEB and its subsidiaries ("Proforma Group") for the past three (3) financial years ended 31 December, 2005 to 2007 and the three (3) months financial period ended 31 March 2008 based on the audited financial results of the VSB Group. The proforma consolidated results are provided for illustrative purpose only based on the assumption that the Proforma Group had been in existence throughout the financial years/period under review.

	FYE			Financial period	
	2005	2006	2007	ended 31 March	#2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	77,339	143,212	143,231	40,771	28,805
Gross profit	13,229	24,777	30,852	8,419	5,082
Profit before depreciation, amortisation, interest and taxation	7,408	20,927	24,471	7,620	4,054
Depreciation	(1,318)	(2,427)	(1,985)	(211)	(168)
Amortisation	-	(252)	(406)	(101)	(55)
Interest expenses	(784)	(5,705)	(6,518)	(1,324)	(1,614)
Profit before taxation but after depreciation, amortisation and interest	5,306	12,543	15,562	5,984	2,217
Taxation	(1,776)	(3,820)	(4,836)	(1,397)	(681)
Profit after taxation	3,530	8,723	10,726	4,587	1,536
Minority interest	7	9	(20)	(8)	6
Net profit for the year/ period	3,537	8,732	10,706	4,579	1,542
Gross profit margin (%)	17.11	17.30	21.54	20.65	17.64
Net profit margin (%)	4.57	6.10	7.47	11.23	5.35
No. of ordinary shares in issue ('000) *	111,200	111,200	111,200	111,200	111,200
Proforma net earnings per share (RM)	0.03	0.08	0.10	0.04	0.01
Effective tax rate (%)	33.61	29.77	30.69	25.85	29.21

The three (3) months financial period ended 31 March 2007 was unaudited and stated for comparative purpose.

* The number of ordinary shares assumed in issue throughout the financial years/period under review represents the number of ordinary shares in issue after the VSB Group Acquisition.

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9. FINANCIAL INFORMATION (Cont'd)

VASTALUX ENERGY BERHAD
(Company No: 789373-V)

NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS

1. The proforma consolidated income statements for the past three (3) financial years ended 31 December 2007 and the three (3) months financial period ended 31 March 2008 are prepared based on the audited income statements of VEB for the financial period from 1 January 2008 to 31 March 2008 and the VSB Group for the past three (3) financial years ended 31 December 2007 and the three (3) months financial period ended 31 March 2008.
2. All significant inter-company transactions have been eliminated from the proforma consolidated income statements.
3. There was no extraordinary item or exceptional item for all the financial years/period under review.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**B. PROFORMA CONSOLIDATED BALANCE SHEETS**

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only to show the effects on the audited Balance Sheet of Proforma Group as at 31 March 2008 after taking into account the effects of Acquisition of the VSB Group, Rights Issue, Public Issue and Utilisation of Proceeds (details of which are set out in the notes to the Proforma Consolidated Balance Sheets as at 31 March 2008), had these transactions been effected on that date:-

	Proforma I	Proforma II	Proforma III	Proforma IV
VEB Audited Balance Sheet as at 31.3.2008 RM'000	VEB After Acquisition RM'000	After Proforma I and Rights Issue RM'000	After Proforma II and Initial Public Offering RM'000	After Proforma III and Utilisation of Proceeds RM'000
NON CURRENT ASSETS				
Property, plant and equipment	- 23,384	23,384	23,384	23,384
Prepaid lease land	- 10,857	10,857	10,857	10,857
Goodwill on consolidation	- 55	55	55	55
Deferred tax assets	- 28	28	28	28
Deferred expenditure	- 952	952	952	952
	- 35,276	35,276	35,276	35,276
CURRENT ASSETS				
Amount due from customers	- 115,830	115,830	115,830	115,830
Trade receivables	- 16,407	16,407	16,407	16,407
Other receivables, deposits and prepayments	- 2,776	2,776	2,776	2,776
Tax recoverable	- 320	320	320	320
Deposits at licensed banks	- 53,160	53,160	53,160	53,160
Cash and bank balances	* 6,156	15,608	58,532	34,472
	* 194,649	204,101	247,025	222,965
CURRENT LIABILITIES				
Bank overdrafts	- 10,724	10,724	10,724	2,888
Trade payables	- 83,517	83,517	83,517	83,517
Other payables and accruals	8 2,035	2,035	4,595	2,035
Bonds	- 25,000	25,000	25,000	25,000
Other short term borrowings	- 10,668	10,668	10,668	450
Provision for taxation	- 5,063	5,063	5,063	5,063
	8 137,007	137,007	139,566	118,953
NET CURRENT ASSETS				
	(8) 57,642	67,094	107,459	104,012
	(8) 92,918	102,370	142,735	139,288

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**B. PROFORMA CONSOLIDATED BALANCE SHEETS (CONTINUED)**

	VEB Audited Balance Sheet as at 31.3.2008 RM'000	Proforma I VEB After Acquisition RM'000	Proforma II After Proforma I and Rights Issue RM'000	Proforma III After Proforma II and Initial Public Offering RM'000	Proforma IV After Proforma III and Utilisation of Proceeds RM'000
EQUITY					
Share capital	*	27,800	37,252	51,560	51,560
Reserves	(8)	4,447	4,447	30,504	30,504
Shareholders' equity	(8)	32,247	41,699	82,064	82,064
Minority interest	-	653	653	653	653
Total equity	(8)	32,900	42,352	82,717	82,717
NON CURRENT LIABILITIES					
Bonds	-	50,000	50,000	50,000	50,000
Other long term borrowings	-	9,131	9,131	9,131	5,684
Deferred tax liabilities	-	887	887	887	887
	(8)	92,918	102,370	142,735	139,288
Number of ordinary shares in issue of RM0.25 each ('000)	^	111,200	149,008	206,240	206,240
Net tangible assets per ordinary share of RM0.25 each	-	28.95	27.95	39.76	39.76

* Denotes RMI

^ Denotes 4 unit of ordinary shares of RM0.25 each

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**

1. The Proforma Consolidated Balance Sheets are based on the audited financial statements of VEB as at 31 March 2008 and audited financial statements of the VSB Group as at 31 March 2008.
2. The Proforma Consolidated Balance Sheets have been prepared using the acquisition method of accounting.
3. The Proforma Consolidated Balance Sheets have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements to illustrate the Consolidated Balance Sheets of the Group assuming that all the transactions mentioned below had taken place on 31 March 2008:-

Proforma I : Acquisition of the VSB Group

Proforma I incorporates the Acquisition of the VSB Group. VEB acquired the entire issued and paid up capital of VSB comprising 5,000,000 ordinary shares of RM1.00 for a total purchase consideration of RM27,799,999 satisfied via issuance of 111,199,996 new ordinary shares of RM0.25 each in VEB at par value. The Acquisition of the VSB Group was completed on 30 April 2008.

Proforma II : After Proforma I and Rights Issue

Non-renounceable rights issue of 37,808,000 ordinary shares of RM0.25 each in VEB at par to the existing shareholders of VEB on the basis of approximately thirty four (34) new Shares for every one hundred (100) Shares held.

The gross proceeds arising from the proposed rights issue amounting to RM9,452,000 are expected to be fully utilised as working capital of the VEB Group.

The subscription of the Rights issue was fully completed on 30 May 2008.

Proforma III : After Proforma II and Initial Public Offering

Initial Public Offering of 57,232,000 new ordinary shares are consists as follows:-

- i) 12,000,000 new shares of RM0.25 each issued to public at the issue price of RM0.75; and
- ii) 4,240,000 new shares of RM0.25 each issued to the Promoters, Directors of VEB and eligible employee at the issue price of RM0.75.
- iii) 40,992,000 new shares of RM0.25 each issued via a private placement to selected investors.

For the purpose of this proforma, the proceeds from the Public Issue are retained in cash and bank balances under the Current Assets.

The estimated listing expenses of RM2,559,464 are charged to the share premium account and for the purpose of this proforma, these expenses are assumed to be unpaid and included in other payables and accruals under the Current Liabilities. Payment of these expenses is reflected in Proforma (IV) below.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**
(CONTINUED)**3. Proforma IV : After Proforma III and Utilisation of Proceeds**

The gross proceeds totaling RM52,376,000 arising from the Rights issue and the Initial public offering amounting to RM9,452,000 and RM42,924,000 respectively are expected to be fully utilised for the core business of the VEB Group in the following manner:-

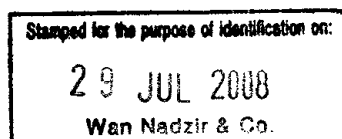
	RM'000
Capital expenditure	
• Development and construction of fabrication yard and yard facilities	3,000
• Finance/Part finance the acquisition of marine vessel(s)	10,000
Working capital	
• Expansion of business and markets	10,000
• Existing operations	5,316
• Retirement of existing loan	21,501
Estimated listing expenses	2,559
	<u>52,376</u>

As at 31 March 2008, the development and construction of fabrication yard and yard facilities, acquisition of marine vessels(s), and working capital for expansion of business and markets and existing operation have not been incurred. Therefore for the purpose of this proforma, the proceeds allocation for the development and construction of fabrication yard and yard facilities, to finance/part finance the acquisition of marine vessels(s), and working capital for expansion of business and markets and existing operation are assumed to be retained in cash and bank balances under the Current Assets.

4. Movements in cash and cash equivalents:-

	RM'000
Audited as at 31 March 2008	*
Acquisition of VSB	23,592
As per Proforma I	<u>23,592</u>
Rights issue	9,452
As per Proforma II	<u>33,044</u>
Initial public offering and employees	14,308
Share premium arising from share issue	28,616
As per Proforma III	<u>75,968</u>
Utilisation of proceeds	(16,224)
As per Proforma IV	<u>59,744</u>

* Denotes RM1



9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008
(CONTINUED)**

4. Movements in cash and cash equivalents (cont'd):-

Cash and cash equivalents comprise of :-

	At 31 March 2008 RM'000	As per Proforma I RM'000	As per Proforma II RM'000	As per Proforma III RM'000	As per Proforma IV RM'000
Deposits with licensed banks	-	53,160	53,160	53,160	53,160
Cash and bank balances	*	6,156	15,608	58,532	34,472
	*	59,316	68,768	111,692	87,632
Less: Bank overdrafts	-	(10,724)	(10,724)	(10,724)	(2,888)
Portion of deposits for repayment of bonds within 12 months	-	(25,000)	(25,000)	(25,000)	(25,000)
	*	23,592	33,044	75,968	59,744

* Denotes RM1

5. Movements in share capital:-

	RM'000
Audited as at 31 March 2008	*
Acquisition of VSB	27,800
As per Proforma I	27,800
Rights issue	9,452
As per Proforma II	37,252
Initial public offering	14,308
As per Proforma III and IV	51,560

* Denotes RM1

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29 JUL 2008

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008**
(CONTINUED)

6. Movements in reserves:-

	RM'000
Audited as at 31 March 2008	(8)
Acquisition of VSB	4,455
As per Proforma I and II	<u>4,447</u>
Share premium arising from shares issued pursuant to the public offering	28,616
Listing expenses	<u>(2,559)</u>
As per Proforma III and IV	<u><u>30,504</u></u>

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD
(Company No: 789373-V)****C. PROFORMA CONSOLIDATED CASH FLOW STATEMENT**

We set out below the Proforma Consolidated Cash Flow Statement for the three (3) months period ended 31 March 2008 based on audited financial statements of the Proforma Group. The Proforma Consolidated Cash Flow Statement has been prepared based on the assumption that the Acquisition of the VSB Group before Rights Issue and Public Issue have been in effect throughout the three (3) months financial period ended 31 March 2008:-

	Three (3) months financial period ended 31 March	
	2008	#2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,984	2,217
Adjustments for:-		
Depreciation and amortisation	1,466	684
Foreign exchange gain - Unrealised	(39)	-
Net interest expenses	823	921
Operating profit before changes in working capital	8,234	3,822
Changes in working capital:-		
Amount due from customers	(4,938)	(340)
Receivables, deposits and prepayments	(8,854)	(7,110)
Payables and accruals	14,749	2,314
Cash generated from/(used in) operations	9,191	(1,314)
Net interest paid	(823)	(921)
Tax paid	(2,090)	(1,435)
Net cash generated from/(used in) operating activities	6,278	(3,670)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(178)	(1,634)
Payment for land lease	(8,200)	-
Net cash used in investing activities	(8,378)	(1,634)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from other borrowings	6,301	-
Payment of dividend	-	(252)
Repayment of other borrowings	(167)	(2,847)
Net cash generated from/(used in) financing activities	6,134	(3,099)
Net increase/(decrease) in cash and cash equivalents	4,034	(8,403)
Effects of exchange rate changes	(16)	-
Cash and cash equivalents:		
At beginning of period	19,574	65,037
At end of period	23,592	56,634

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**C. PROFORMA CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)**

	Three (3) months financial period ended 31 March	
	2008	#2007
	RM'000	RM'000
CASH AND CASH EQUIVALENTS:-		
Deposits with licensed banks	53,160	74,012
Cash and bank balances	<u>6,156</u>	<u>11,783</u>
	59,316	85,795
Less:		
Bank overdrafts	(10,724)	(4,161)
Portion of deposits for repayment of bonds within 12 months	<u>(25,000)</u>	<u>(25,000)</u>
	<u><u>23,592</u></u>	<u><u>56,634</u></u>

The three (3) months financial period ended 31 March 2007 was unaudited and stated for comparative purpose.

NOTES TO THE PROFORMA CONSOLIDATED CASH FLOW STATEMENT

- The Proforma Consolidated Cash Flow Statement has been prepared for illustrative purposes only and are based on the audited financial statements of the VSB Group for the three (3) months financial period ended 31 March 2008 and on accounting policies consistent with those previously adopted in the preparation of the audited financial statements and in accordance with applicable Approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**D. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**

The proforma Consolidated Statement of Assets and Liabilities set out below are provided for illustrative purposes only to show the effects on the audited financial statements of Proforma Group as at 31 March 2008 after taking into account the effects of Acquisition of the VSB Group (details of which are set out in the notes to the Proforma Consolidated Statement of Assets and Liabilities as at 31 March 2008), had these transactions been effected on that date:-

	Note	Proforma Group As at 31.3.2008 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	4	23,384
Prepaid lease land	5	10,857
Goodwill on consolidation		55
Deferred tax assets	6	28
Deferred expenditure	7	952
		<u>35,276</u>
CURRENT ASSETS		
Amount due from customers	8	115,830
Trade receivables	9	16,407
Other receivables, deposits and prepayments	10	2,776
Tax recoverable		320
Deposits at licensed banks	11	53,160
Cash and bank balances	12	6,156
		<u>194,649</u>
CURRENT LIABILITIES		
Bank overdrafts	13	10,724
Bills payable	13	9,695
Trade payables	14	83,517
Other payables and accruals	15	2,035
Bonds	16	25,000
Other short term borrowings	17	973
Provision for taxation		5,063
		<u>137,007</u>
NET CURRENT ASSETS		<u>57,642</u>
		<u>92,918</u>

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**D. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)**

	Note	Proforma Group As at 31.3.2008 RM'000
EQUITY		
Share capital	18	27,800
Reserves	19	4,447
Shareholders' equity		<u>32,247</u>
Minority interest		<u>653</u>
Total equity		32,900
NON CURRENT LIABILITIES		
Bonds	16	50,000
Other long term borrowings	17	9,131
Deferred tax liabilities	6	887
		<u>92,918</u>
Number of ordinary shares in issue of RM0.25 each ('000)		111,200
Net tangible assets per ordinary share of RM0.25 each		<u>28.95</u>

* Denotes RM1

^ Denotes 4 unit of ordinary shares of RM0.25 each

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES****1. BASIS OF PREPARATION**

The financial statements of the Group have been prepared in accordance with the applicable Approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board.

The adoption of the relevant new or revised Financial Reporting Standards ("FRS"), that are effective for the financial period beginning on or after 1 January 2008 and have been applied in preparing these financial statements are as follows:-

FRSs	Effective date
FRS 107, Cash Flow Statements	1 July 2007
FRS 111, Construction Contracts	1 July 2007
FRS 112, Income Taxes	1 July 2007
FRS 118, Revenue	1 July 2007
Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 July 2007

Standards effective for the financial period beginning on or after 1 January 2008 but not relevant for the Groups' operations are as follows:-

FRSs	Effective date
FRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134, Interim Financial Reporting	1 July 2007

The adoption of the above FRSs does not have significant financial impact on the Group except as disclosed in the Notes to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

a) Accounting convention

The financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in other significant accounting policies.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****b) Basis of consolidation**Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits there from.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and any unrealized income and expenses arising from intragroup transaction, are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortized balance of goodwill and exchange differences which were not previously recognized in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and the liabilities of the acquiree. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated income statements.

c) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Notes 2(i).

d) Property, plant and equipment

Property, plant and equipment except for mould, dies and jigs included under plant and machinery, held by the Group are stated at cost less accumulated depreciation and impairment losses.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****d) Property, plant and equipment (continued)**

Depreciation is charged on a straight line basis to write off the cost of each asset over their estimated useful lives at the following annual rates:

Plant and machinery	20%
Computers	20%
Furniture and fittings and signboard	10%
Office equipment	10%
Motor vehicles	20%
Renovation	20%
Telecommunication equipment	20%
Vessel and equipment on vessel	10% - 33.3%

e) Amount due from customers

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is determined by survey of work done. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers.

f) Cash and cash equivalents

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

g) Trade and other receivables

Receivables are carried at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end. Bad debts are written off during the financial year in which they are identified.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****h) Lease and hire purchase**

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risk of ownership are classified as finance leases.

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease year.

Property, plant and equipment acquired under finance lease contracts is depreciated over the useful life of the asset in accordance with the policy set out in Note 4(d) above. If there is no reasonable certainty that the ownership will be transferred to the Company, the asset is depreciated over the shorter of the lease term and its useful life.

Operating leases are leases of assets under which all risks and benefits of ownership are effectively retained by lessor. Payments made under operating leases are charged to the income statement on a straight line basis over the year of the lease.

Prepaid lease payments are leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payments made on entering into or acquiring a leasehold land are accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

i) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of net realisable value and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statements immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

j) Trade and other payables

Trade payables are stated at the fair value of the consideration to be paid in the future for good and services received.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****k) Income tax**

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial amounts in the financial statements. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax is measured at the tax rates are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognized in the income statement, except when it arises from a transaction which is recognizes direct to equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill. Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

l) Deferred expenditures

Deferred expenditures are accounted for as follows:-

- i) Cost for issuance of Sukuk Musyarakah of a subsidiary is amortised evenly throughout the Sukuk Musyarakah's tenure.
- ii) All expenditure in connection to the dry-docking of the vessel is capitalised as dry-docking expenditure and is amortised over the dry-docking cycle of 3 years. The amortisation commences when the vessel is ready for its intended use.

m) Revenue recognition

- i) Revenue from construction contract

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2(e).

- ii) Charter Hire of Vessel

Charter hire of vessel is recognised when the services are rendered and is computed at the contracted daily rate. In the event invoices are yet to be issued at year end, the revenue is accrued to the extent of the services rendered at the balance sheet date.

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****n) Foreign Currencies****i) Foreign currency translation**

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Monetary assets and liabilities in foreign currency at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximately those ruling on that date. Non-monetary assets and liabilities in foreign currency at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling on that date of the transactions. Exchange gains or losses are dealt with in the income statements.

ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

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

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**i) Construction contracts

The Group recognised revenue based on percentage of completion method. The stage of completion is measured by reference to the contract construction costs incurred to date to the estimated total of costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total revenue and contract costs, as well as the recoverability of the construction contracts activities. Total revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and work of specialists.

ii) Income tax

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognizes tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Depreciation of vessels and equipment of vessel

The cost of vessel and equipment on vessel are depreciated on straight-line basis over the assets' useful life. Management estimates the useful lives of the Group's vessel to 10 years and equipment on vessel to be between 3 to 5 years. These are common life expectancies applied in the shipping industry. Changes in the expected level of usage could impact the economic useful lives and residual values of these assets, therefore future depreciation charges could be revised.

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
	RM'000	RM'000	RM'000
Plant and machinery	10,457	5,659	4,798
Computers	1,071	668	403
Furniture and fittings and signboard	385	139	246
Office equipment	332	102	230
Motor vehicles	1,100	842	258
Renovation	1,408	956	452
Telecommunication equipment	244	166	78
Vessel	16,265	1,775	14,490
Land and buildings	2,429	-	2,429
	33,691	10,307	23,384

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****5. PREPAID LEASE LAND**

The land is charged as securities for banking facilities as referred to Note 14 and Note 17 (ii).

6. DEFERRED TAX (ASSETS)/LIABILITIES

Presented after appropriate offsetting as follows:-

	As at <u>31.3.2008</u> RM'000
Deferred tax assets	(28)
Deferred tax liabilities	887
At end of period	<u>859</u>

The components of deferred tax assets and liabilities prior to offsetting are as follows:-

	As at <u>31.3.2008</u> RM'000
<u>Deferred tax assets</u>	
Business losses	<u>(28)</u>

	As at <u>31.3.2008</u> RM'000
<u>Deferred tax liabilities</u>	
Property, plant and equipment	799
Deferred expenditure	88
At end of period	<u>887</u>

7. DEFERRED EXPENDITURE

	As at <u>31.3.2008</u> RM'000
At beginning of year	1,093
Less: Amortisation	(141)
At end of period	<u>952</u>

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9. FINANCIAL INFORMATION (Cont'd)**VASTALUX ENERGY BERHAD**
(Company No: 789373-V)**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES (CONTINUED)****8. AMOUNT DUE FROM CUSTOMERS**

	As at
	<u>31.3.2008</u>
	RM'000
Cost incurred to date	320,482
Add: Attributable profits	61,711
	<u>382,193</u>
Less: Progress billings	<u>(266,363)</u>
Amount due from customers	<u><u>115,830</u></u>

Retention sums on contracts included in trade receivables amounted to RM512,923 as stated in Note 9.

9. TRADE RECEIVABLES

	As at
	<u>31.3.2008</u>
	RM'000
Trade receivables	15,894
Retention sums on contracts (Note 8)	513
	<u>16,407</u>

The normal credit term given to customers ranges from 30 to 60 days.

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at
	<u>31.3.2008</u>
	RM'000
Other receivables	1,909
Deposits	304
Prepayments	563
	<u>2,776</u>

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