

5. INFORMATION ON OUR GROUP (Cont'd)

The process for our Group's other services and offshore crane rental are as follows:-

(i) Manpower / Planned Preventive Maintenance ("PPM")

Our Group maintains a preventative maintenance schedule for all our clients under contract. As the date of the PPM approaches, we will mobilize our personnel to conduct and perform the necessary preventative maintenance works on the designated offshore pedestal crane. During this process, our Group may also be required to replace existing deficient parts/components on the offshore pedestal crane which are nearly worn out based on our PPM records. If such replacements are required, our Group will despatch the replacement components/parts to the offshore platform prior to the scheduled date of the PPM works.

Besides PPM works, we also provide ad-hoc call out services for clients under contract, as well as for other clients requiring our services. Generally, ad-hoc services begin with a call from our client when their cranes are down or not functioning at its optimum capacity. Upon obtaining the necessary documentation and payment approval from our client, we will then proceed to requisition parts (where necessary) and mobilize our technicians and personnel to the offshore platform. Typically, any down time on the platform as a result of a malfunctioning crane will be costly to the client. As such, an agreement on the price is usually swift and mobilisation is on a speedy and urgent basis.

(ii) Supply of crane components/parts

Generally, the processes for supply of crane components/parts begin with our client requesting necessary crane components/parts to replace their existing deficient components/parts. Following the requests from our clients, our Group will proceed to submit our quotes for the component/parts with price and delivery terms. Upon receipt of the approval from our clients, our Group will then proceed to package the component/parts and deliver them to nominated warehouse of our clients.

(iii) Rental Cranes

As disclosed in **Section 5.8.1** of this Prospectus, our rental cranes are used as temporary replacements at our client's offshore platform in view of the long lead time required to overhaul and recondition cranes. Generally, the rental crane process begins with a request from our client for the rental crane. Our Group will proceed to mobilize our personnel to the offshore platform for engineering studies necessary to submit a proper proposal; then, our client will agree to the terms. Upon completion of the engineering studies, our Group will then arrange for the logistics loadout of our rental crane on the offshore platform. At the platform, our Group will erect the rental crane and perform load test prior to the handover to our clients. During the crane rental operation stage, our Group will perform periodic maintenance works on the offshore pedestal crane. Once the tenure of the rental cranes has expired, the cranes will be disassembled, removed and loaded back onshore to our fabrication yard.

5. INFORMATION ON OUR GROUP (Cont'd)

Our Group also provides rental cranes for work-over projects lifting solution where our clients will rent our rental cranes as well as our personnel to operate the rental cranes. The processes of the rental cranes for work over lifting solutions are similar to the processes for crane rental for temporary usage except in the installation method. Some of these platforms requiring this service do not have a permanent crane. In these cases our three (3) stage self erector would be utilized.

5.8.9 Quality assurance

Our Group is committed to providing high quality services and products. Our in-house quality systems are audited and approved by API and we are licensed by them to use their monogram on our products. In this respect, all offshore pedestal cranes fabricated at our yard are API2C and ISO-9001 compliant and are delivered with a brand new crane warranty. The commitment on quality broadly entails areas such as processes and scope, document control and policy, planning, supplier and procurement review and monitoring/evaluation, production and service, design processes and audit.

We are committed to bringing our customers high quality products and services by placing emphasis on error prevention while ensuring that we have a consistent detection program in place. Our quality system is intended to ensure that the customer receives a product or service that is designed, manufactured and serviced in accordance with our customer's, industry and our own strict quality requirements. Our quality system complies with the standards and guidelines, such as XM QM2004 Quality Management System, API Specification Q1, API2C and ISO 9001:2000. The result of our commitment to quality is evidenced by our success in having zero defects and zero warranty call-outs in manufacturing fourteen (14) brand new cranes and fifty seven (57) reconditioned cranes respectively.

5.8.10 HSE

Compliance with the requirements and regulations of HSE is crucial in the oil and gas industry in order to prevent injuries, loss of human life and to preserve the environment. Our Group has established an in-house HSE policy or program that includes the following:-

- to conduct a program/HSE inspection and audit to identify and eliminate unsafe working conditions, to control health hazards and to encourage full compliance with the safety and health standards for every job;
- to conduct training for employees in good safety and health condition through in-house and established training institutes;
- to develop awareness and strictly enforcing HSE policy and procedures as part of a pre-employment condition;
- to prompt an investigation for any incidents or accidents and near misses to prevent any recurrence of such events; and
- to discuss and to have a dialogue with:-
 - (i) the customers on HSE related matters; and
 - (ii) the management, employees and sub-contractors during regular safety meetings, tool-box meetings and during emergency procedures.

In terms of operation and safety of our Group's integrated offshore crane services, our Group has recorded zero incidents and / or accidents during the past three (3) years.

5. INFORMATION ON OUR GROUP (Cont'd)**5.8.11 Marketing and distribution**

Our Group's sales and marketing team utilises the following marketing strategies to sustain and expand our business:-

- positioning ourselves as a fully integrated offshore crane service and manufacturing provider specialising in the oil and gas industry;
- positioning our Group as an established and niche offshore pedestal crane specialist with more than twenty (20) years of work experience and good track record in the oil and gas industry;
- continually providing excellence in customer service with the aim of establishing long-term business relationships;
- continually maintaining our HSE, product and service quality standards;
- keeping abreast with new technological development of our products so as to gain a competitive edge and to better meet customers' requirements;
- expanding our market presence primarily in East Malaysia and neighbouring South East Asian countries. However, our Group may also expand our business reach to other countries on the African continent should prospective business opportunities arise in the future; and
- developing new business opportunities by working closely with existing customers.

Our Group's Directors and senior management are responsible for implementing our Group's marketing strategy. The senior employees are focused on business development with existing and potential customers.

Our Group also makes proactive visits to current and potential customers as part of our marketing strategy to promote our services and products.

Distribution Channel Strategy

Our Group primarily adopts a direct distribution strategy in marketing our range of services which includes overhaul and service of offshore cranes, fabrication of new offshore cranes, supply of manpower and parts, rental of our offshore pedestal cranes and workover projects lifting solutions.

In-house sales and marketing teams are primarily utilised to market our services. This is a collective responsibility of the middle to senior management of our Group.

Our Group's physical presence in the PMO for PETRONAS Carigali and ExxonMobil, the Joint Development Area off Kelantan coast for Talisman, and workover projects off the coast of Sabah and Sarawak enables us to quickly and effectively gauge existing and potential customer demand for our services, and allows us to effectively conduct sales and marketing activities targeted at these customers.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8.12 Approvals, major licences and permits obtained

Details of major business licenses, permits and approvals applicable to our Group (where all are registered under HOSSB) as at the LPD are as follows:-

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
HOSSB	MITI	Manufacturing License (A 015257) for Teluk Kalong, Kemaman	Valid from 16.08.2005	<ul style="list-style-type: none"> The Ministry of International Trade and Industry must be informed/notified of any sales of shares in the Company. 	Complied.
HOSSB	MITI	Manufacturing License (A 015256) for Kemaman Supply Base	Valid from 16.08.2005	<ul style="list-style-type: none"> The Ministry of International Trade and Industry must be informed/notified of any sales of shares in the Company. 	Complied.
HOSSB	MITI	Certificate of Pioneering Activities (Perakuan Perintis Bil 2365)	18.09.2005 to 17.09.2010 (with an option to re-apply for a further five (5) years extension)	<ul style="list-style-type: none"> Added value products (Nilai ditambah keluaran syarikat) must be at least 30%. The number of staff at management, technical and supervisory level must be at least 15% of the company's total manpower. The company will have to maintain separate accounts for products which has been approved by the promotion of Pioneer Standard (Taraf Perintis) which is the 'Manufacturing of Offshore Pedestal Crane' and the products / activities which was approved without tax are dependant on the terms of the account which must be agreed by the Internal Revenue Board of the State (Lembaga Hasil Dalam Negeri). 	Complied. Complied. Complied.

5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving/ Issuing Authority	Type of approvals/ licences/ permits	Date of issuance/ Validity	Equity and other major conditions imposed	Status of compliance
HOSSB	PETRONAS	License to Supply Equipment / Provide Services to Prospecting and Producers of Oil or Gas in Malaysia (L-556861 - H)	15.07.2008 to 14.07.2010	<ul style="list-style-type: none"> The Company shall inform PETRONAS on any changes to the Company's status such as changes to the equity holding, board of directors and management personnel within fourteen (14) days from the date of change. Failure on the part of the Company to comply with this condition will render the cancellation of this license. 	Complied.
HOSSB	MOF	Registration Certificate as a Contractor (Serial No. 246914 and Registration number reference: 357-02022586)	18.07.2007 to 17.07.2010	<ul style="list-style-type: none"> The company must ensure that the fields which have been registered in the certificate do not overlap with any other fields that have been approved by any other companies that is owned or have the same Board of Directors and management. 	Noted and to ensure compliance.
HOSSB	API	Certificate of Authority to use the Official API Monogram (Licence Number: 2C-0086)	27.05.2008 to 27.05.2011	<ul style="list-style-type: none"> HOSSB has been granted the right to use the Official API Monogram® on its manufactured products under the conditions in the official publications of the American Petroleum Institute entitled API Spec Q1® and API Spec 2C and in accordance with the provisions of the Licence Agreement. 	Noted and to ensure compliance.

5. INFORMATION ON OUR GROUP (Cont'd)

5.8.13 Intellectual property rights

❖ Brandname

Our Group operates under the brandname "Handal" with the following logo:-



❖ Copyrights

Our Group has copyrights to all our Group's designs and drawings of our modular offshore pedestal crane systems. We also have the rights to the systems designed by us on the new cranes manufactured.

5.8.14 Salient terms of the contracts/arrangements on which our Group is highly dependent

Save as disclosed below, we have not entered into any other contracts/arrangements for which our Group is highly dependent as at the LPD:

- (i) On 8 January 2007, HOSSB entered into a an agreement with ExxonMobil to provide all the supervision, procedures, labour, material, equipment tools, services and all other things of the like nature pursuant to the ExxonMobil contract and ExxonMobil shall pay HOSSB for the abovementioned services and work done.

The salient terms of the above agreement are as follows:-

Duration

The contract shall commence from 1 May 2006 and shall be valid for five (5) years with two one year extension options each from the effective date.

Termination

- ExxonMobil has the right to terminate the contract by giving written notice upon occurrence of an event of default of HOSSB.
- ExxonMobil shall have the right at any time to suspend or terminate without cause all or any part of the work by giving HOSSB a written notice specifying the part of the work to be suspended or terminated.
- If in the performance of the contract, HOSSB provides services, personnel and/or Equipment (as defined in the contract) in association with or pursuant to its association with another company, the parties agree in the event that the association is terminated or for any reason ceases, ExxonMobil shall have the option to terminate the contract upon written notice to HOSSB.
- ExxonMobil shall have the right at its option to terminate the contract if HOSSB no longer holds a valid PETRONAS licence for this particular category of work/service due to the licence being suspended or terminated by PETRONAS.

5. INFORMATION ON OUR GROUP (Cont'd)

- (ii) On 28 February 2007, HOSSB entered into an agreement with PETRONAS Carigali to provide all the supervision, procedures, labour, material, equipment tools, services and all other things of the like nature pursuant to the PETRONAS contract and PETRONAS Carigali shall pay HOSSB for the abovementioned services and work done.

The salient terms of the agreement are as follows:-

Duration

Five (5) years from the effective date. Upon mutual agreement by HOSSB and PETRONAS Carigali, PETRONAS Carigali has the right to extend the contract for one (1) year plus one (1) year. PETRONAS Carigali shall notify HOSSB of its intention to extend the contract within thirty (30) days of expiry of the primary or initial extension.

Termination

- PETRONAS Carigali has the right to terminate the contract by giving written notice upon occurrence of an event of default of HOSSB.
- PETRONAS Carigali shall have the right at any time to suspend or terminate without cause all or any part of the work by giving HOSSB a written notice specifying the part of the work to be suspended or terminated.
- If in the performance of the contract, HOSSB provides services, personnel and/or Equipment (as defined in the contract) in association with or pursuant to its association with another company, the parties agree in the event that the association is terminated or for any reason ceases, PETRONAS Carigali shall have the option to terminate the contract upon written notice to HOSSB.
- PETRONAS Carigali shall have the right at its option to terminate the contract if HOSSB no longer holds a valid PETRONAS Carigali licence for this particular category of work/service due to the licence being suspended or terminated by PETRONAS Carigali.

- (iii) On 24 January 2008, HOSSB entered into a provision for crane maintenance contract with Talisman to provide all work as set out in the request for service including all services to be rendered by HOSSB in accordance with the contract, whether expressly stated in or otherwise inferable from the description of the work.

The salient terms of the above agreement are as follows:-

Duration

The contract shall commence from 2 November 2007 and shall continue for a period of three (3) years with two (2) extension options of one (1) year each. Talisman shall exercise the option by issuing a thirty (30) day written notice in advance, whereupon the contract period shall be extended upon the same rates, terms and conditions as herein contained.

Termination

- Talisman shall have the right by giving notice to terminate all or any part of the contract at such time or times as Talisman may consider necessary for any or all of the following reasons:

5. INFORMATION ON OUR GROUP (Cont'd)

- (a) to suit the convenience of Talisman. Talisman shall not be liable to payment of any other compensation whatsoever for early termination other than mutually agreeable fair and reasonable estimation of cost for the work completed;
- (b) subject to clause 16.2 of the contract, in the event of any material default on the part of HOSSB; and
- (c) in the event HOSSB or its foreign supplier (if applicable) being unable to pay its debts. Termination of the contract in this event shall be at no cost to Talisman.

5.8.15 R&D

Our Group is constantly focused on improving efficiencies of our work processes to meet with the ever changing safety and environmental guidelines. It is our Group's policy to constantly strive to learn and implement the latest technologies available in our operations in order to gain and sustain our competitive advantage in the following areas:-

- to enhance business effectiveness, efficiency and productivity to optimise offshore cranes capability (after service) and operating costs;
- to continuously improve our crane service methodology and utilise new or existing technology for new offshore crane fabrication towards achieving zero defect quality; and
- to continuously improve service quality to ensure customer satisfaction.

Our Group's R&D is carried out in our fabrication yard at the Kemaman Supply Base. The R&D for offshore pedestal crane manufacturing is carried out using sophisticated R&D computer aided design and simulation facilities. The detailed studies which include more rudimentary testing of highly technical application of new hydraulic motors, electric power supply and electronic diesel engines ensures that only high-integrity, reliable offshore pedestal cranes enter production. We have crane test stands capable of testing loads of up to 160 tonnes, as well as hydraulic test stands for real-time proving of systems. Our detailed drawings ensure our production and quality control systems at our fabrication yard in Kemaman Supply Base are of high standards which conform to API2C standards.

We have designated three (3) personnel to oversee the R&D functions of our Group, which includes and headed by our Deputy Managing Director, Joel Emanuel Heaney. We are constantly evaluating existing and new technologies, implementing those that we believe will improve our business processes or create opportunities for new business development. Please refer to **Section 5.8.6** of this Prospectus for the various technologies used by our Group to carry out our business operations.

We do not recognise any expenditure that is specific to the R&D activities of our Group as we are mainly actively engaged in R&D activities related to our process improvements.

5.8.16 Interruptions in business

Our Group has not experienced any material interruption to the business of our Group in the past twelve (12) months preceding the date of this Prospectus.

5. INFORMATION ON OUR GROUP (Cont'd)**5.8.17 Major customers**

The major customers that contributed 10% or more to our Group's revenue for the past three (3) FYE 31 December 2006 to 2008 and the four (4) months period ended 30 April 2009 are listed below:-

Name	Country of origin	Length of relationship as at LPD (years)	Total Group's Revenue							
			2006		2007		2008		Four (4)-month period ended 30 April 2009	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%
ExxonMobil	USA	14	15,291	38.99	20,512	36.90	22,492	37.13	7,742	34.23
PETRONAS Carigali	Malaysia	14	5,645	14.39	10,562	19.00	14,500	23.94	6,598	29.18
Talisman	Canada	8	4,179	10.66	1,117	2.01	2,880	4.75	592	2.62
Sarku Engineering Services Sdn Bhd	Malaysia	3	769	1.96	7,388	13.29	10,246	16.91	4,583	20.27

For the FYE 31 December 2008, ExxonMobil and PETRONAS Carigali accounted for 37.13% and 23.94% of our total revenue respectively. During the four (4)-month period ended 30 April 2009, ExxonMobil and PETRONAS Carigali accounted for 34.23% and 29.18% of our total revenue respectively. Our Group operates in a highly specialised and niche industry with only a few major oil and gas operators in Malaysia.

ExxonMobil and PETRONAS Carigali are our major customers as they are the major PSC operators in Malaysia especially in the PMO. Please refer to **Section 4.1.3** of this Prospectus for the mitigating factors of the dependence on these major customers.

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5. INFORMATION ON OUR GROUP (Cont'd)

5.8.18 Major suppliers

The major suppliers that contributed 10% or more to our Group's purchases for the past three (3) FYE 31 December 2006 to 2008 and the four (4) months period ended 30 April 2009 are listed below:-

Name	Country of origin	Length of relationship as at LPD (years)	Total Group's Purchases							
			2006		2007		2008		Four (4)-month period ended 30 April 2009	
			RM'000	%	RM'000	%	RM'000	%	RM'000	%
ECHI	USA	8	7,566	26.64	10,369	31.55	13,245	31.97	3,527	35.22
Handal Fabrication Sdn Bhd ("HFSB")	Malaysia	5	2,851	10.04	5,716	17.39	6,405	15.46	1,713	17.11
Excell Crane & Hydraulics (Singapore) Pte Ltd	Singapore	8	1,892	6.66	2,872	8.74	3,633	8.77	239	2.39
Frontken Engineering Pte Ltd	Singapore	8	522	1.84	464	1.41	3,423	8.26	704	7.03
Sun Hui Engineering Sdn Bhd	Malaysia	8	2,587	9.11	210	0.64	158	0.38	46	0.46

For the FYE 31 December 2008, ECHI and HFSB accounted for 31.97% and 15.46% of our total purchases respectively. During the four (4)-month period ended 30 April 2009, ECHI and HFSB accounted for 35.22% and 17.11% of our total purchases respectively. ECHI supplies crane spare parts and HFSB supplies manpower and material for crane fabrication and machining. As disclosed in **Section 10.1** of this Prospectus, both ECHI and HFSB are related parties. The purchases were carried out at arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to our minority shareholders.

5. INFORMATION ON OUR GROUP (Cont'd)

5.9 FUTURE PLANS, STRATEGIES AND PROSPECTS**5.9.1 Future plans and strategies**

In order to achieve our vision and maintain our competitive strength, our Group intends to utilise the following strategies as part of our future plans for the next three (3) to five (5) years:-

(a) New services and crane technologies

Our Group has recently emerged as an engineering lifting solutions provider for workover projects. Workover projects involve reviving old/abandoned oil platforms which have recently become commercially viable given the introduction of new technology and prevailing oil prices.

Our Group will also focus on the significant enhancement of our existing crane technologies and the development of engineered lifting solutions in the market through continuous R&D efforts and spending on selected design software as improvements become available.

(b) Expansion of manufacturing facilities

Currently, our Group is operating from a rented three (3) acre yard located at the Kemaman Supply Base in Kemaman, Terengganu Darul Iman. Our Group expects to complete our proposed new yard located at the Teluk Kalong industrial area in Kemaman, Terengganu Darul Iman by the second quarter of 2009. For further information on the new yard, please refer to **Section 9.1** of this Prospectus.

(c) Geographical expansion plans

The principal markets for our Group's products and services are currently focused in Peninsular Malaysia. Our Group will expand our sales and marketing network to reduce the risk of over exposure to any one particular geographical location. Part of our Group's future plans is to continue to focus on expanding our business in East Malaysia and abroad.

(d) Acquisition of complementary businesses, forming joint ventures, alliances and mergers

We plan to expand our business in the future through acquisitions, joint ventures and strategic alliances that will complement our current and future businesses. Our Directors believe that suitable acquisitions, joint ventures and strategic alliances will give access to new markets and customers as well as new businesses. Under this strategy, we will also be able to pursue growth by seeking out potential companies to acquire or form joint ventures which are complementary to our business.

(e) Brand building and promotion

Our Group will continuously seek to build upon our brand, corporate image and reputation. By positioning ourselves as a fully integrated offshore crane service and manufacturing provider specialising in the oil and gas industry, we will be able to compete more effectively against our competitors and also increase the barriers to entry for other potential competitors. We believe that consistent delivery of quality services and cranes and the ability to come up with new and/or enhanced services and cranes will set us apart in the industry and help grow our brand name.

5. INFORMATION ON OUR GROUP (Cont'd)

5.9.2 Prospects

Premised on our future plans and strategies as highlighted above, our key competitive strengths as highlighted in **Section 5.8.4**, the prospects and the outlook of the industry as set out in **Section 6** and the state of our order book for the FYE 2009 as disclosed in **Section 11.4.1(b)** of this Prospectus, our Board is of the view that our Group will enjoy positive growth and favourable prospects in the long-term.

We will continue to leverage on our core competencies, strong fundamentals and our excellent track record whilst pursuing growth opportunities within the oil and gas industry. For the near future, our growth will be driven by our increased capacity at the new yard in the Teluk Kalong industrial area, as well as our plans to utilise our IPO proceeds in the manner as set out in **Section 3.8(i)** of this Prospectus.

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6. INDUSTRY OVERVIEW AND OUTLOOK

6.1 OVERVIEW OF THE MALAYSIAN ECONOMY

The Malaysian economy registered a growth of 4.6% in 2008, amidst the international financial turmoil and sharp deterioration in global economic environment. Robust domestic demand, in particular sustained private consumption and strong public spending, supported growth during the year. While external demand was strong in the first half of 2008, the sharp and rapid deterioration in the global economic conditions as well as major correction in commodity prices in the second half led to a contraction in Malaysia's export performance in the latter part of the second half year. Given the high degree of openness of the Malaysian economy, the contraction in exports adversely affected income and domestic demand. Private investment activities and private consumption moderated significantly in the fourth quarter of 2008.

The economy grew strongly by 7.1% in the first half of 2008 supported by robust domestic and external demand. Domestic demand was led by continued strong expansion in private consumption, supported by a steady increase in disposable income, positive labour market conditions and favourable financing environment. External demand was supported by very high commodity prices and strong export volume. Demand from the regional countries was also strong. When the global downturn intensified in the second half of 2008, with several major advanced economies slipping into recession and growth in a number of regional economies moderating rapidly, net external demand declined significantly. Nevertheless, real gross domestic product ("GDP") growth remained positive in the second half-year, expanding modestly by 2.4%, supported by strong public consumption and continued expansion in private consumption.

The Malaysian economy is expected to experience the full impact of the global downturn in 2009. In response, several policy measures have been put in place with a primary focus on supporting domestic demand, as well as mitigating the impact of the global slowdown on the affected segments of the economy. On 4 November 2008, the Government announced the first stimulus package amounting to RM7 billion. The funds would be allocated to projects which have a high and immediate multiplier impact on the economy. In addition, several measures to directly support private consumption were also introduced, such as a reduction of Employees Provident Fund contributions from 11% to 8% and higher vehicle loan eligibility for civil servants. As the global economic conditions deteriorated further in the fourth quarter of 2008 and in the early part of 2009, a second economic stimulus package of RM60 billion or almost 9% of GDP was announced on 10 March 2009. The package will be implemented over 2009 and 2010, and will involve spending on training, job creation, improving public infrastructure, school facilities and basic amenities, as well as establishing guarantee facilities.

(Source: Bank Negara Malaysia Annual Report 2008)

6.2 OVERVIEW AND PROSPECTS OF THE OIL AND GAS INDUSTRY IN MALAYSIA

Production of crude oil (including condensates) averaged 694,141 barrels per day ("bpd") in 2008, representing an increase of 2%. The higher production was driven entirely by the doubling in crude oil output in Sabah to 150,792 bpd (2007: 74,800 bpd). Sabah now accounts for 21.7% of total oil output. In keeping with the production limits set by the National Depletion Policy, production in Peninsular Malaysia declined by 8.9% to 337,369 bpd, to account for 49% of total output of crude oil of the country. Meanwhile, condensates continued to contribute significantly, accounting for 17.5% of the total oil production, at 121,511 bpd.

Output of natural gas contracted by 4.9% to 5,579 million cubic feet per day due mainly to lower external demand for liquefied natural gas ("LNG"). In addition, production was also affected by unplanned maintenance shutdowns at several gas fields in Peninsular Malaysia. Oil reserves in the country increased to 5.46 billion barrels or 22 years of lifespan as at 1 January 2008, supported by the rising reserves from the deepwater discoveries in offshore Sabah. Meanwhile, natural gas reserves is at 14.67 billions of barrels oil equivalent, sufficient to cover 36 years of gas output at current production levels. The oil and gas industry continued to experience higher activity, especially in building rigs, platforms and storage terminals.

(Source: Bank Negara Malaysia Annual Report 2008)

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

Industry observers believe that it would be a matter of time before the major oil and gas operators in Malaysia will award new contracts to the local supporting oil and gas. Previously when crude oil prices were on a declining trend, it was believed that many oil and gas majors had re-evaluated some of its new contracts with the local supporting oil and gas companies to determine their feasibility. However, with crude oil price stabilising, many are expected to resume its intended exploration and production capital expenditure expansion plan.

Moving forward, the oil and gas majors are expected to continue to focus on deepwater development and the revival of existing platforms. As for the shallow water platforms, most of them are located off the coast of Terengganu and have been fully developed. Hence, the potential work would be to refurbish the abandoned or existing platforms to increase oil and gas production. In addition, the oil and gas majors in Malaysia have also been aggressively looking for new deepwater fields in the last ten (10) years and have been waiting to develop them to replace the depleting shallow water fields. Hence, all these development should benefit the local oil and gas companies as based on historical trends in the award of contracts, preference is usually given to locally licensed oil and gas companies unless they do not have the available resources, technology or expertise.

(Source: Management)

6.3 INDUSTRY PLAYERS AND COMPETITION

Some of the other major worldwide offshore crane service providers and manufacturers includes Favelle Favco Berhad (Malaysia), National OilWell Inc. (USA), Seatrax Inc. (USA), Energy Cranes International (USA) and MS Herkules Sdn Bhd (a subsidiary of Ramunia Holdings Berhad). However, Favelle Favco Berhad and MS Herkules Sdn Bhd are the only companies which have a presence in the Malaysian market. Competition among offshore crane service providers and manufacturers are based on a number of factors, including, range and quality of products and services, technical compliance to customers' specifications, cost competitiveness, technological advancement, HSE management and prompt delivery/completion.

We believe that our Group is well positioned in the market as:-

- ❖ Our Group is a niche player in the offshore pedestal crane market servicing the oil and gas industry. Our Group is one of only two (2) API licensed companies operating in Malaysia that manufacture offshore pedestal cranes and is the only company in Malaysia to provide fully integrated offshore crane services to the oil and gas industry. In addition, only companies that are licensed or registered by PETRONAS are allowed to bid directly for work from PETRONAS and PSC operators and contractors. 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 also required to register as contractors with the MOF;
- ❖ High barriers to entry due to the highly specialised and technical nature of the business, crane design and crane development. Customized crane manufacturing requires a high level of expertise to meet the demanding specifications required in offshore applications and also to meet the stringent safety standards imposed by the industry;
- ❖ Our Group has the proven in-house capabilities to design and develop customised cranes according to certain specifications to meet the unique performance requirements requested by customers;

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

- ❖ Our Group has successfully established a track record associated with quality, reliability, technical expertise and safety as well as service excellence. Our track record serves as an important reference to win new customers; and
- ❖ Our Group has recently emerged as an engineering lifting solutions provider for workover projects. We have provided lifting solutions for workover campaigns in Peninsular Malaysia, Sabah and Sarawak on the drilling and workover enhanced recovery campaign. This has been ongoing, utilising our rental crane fleet for the past two (2) years and is expected to continue for the foreseeable future.

6.4 GOVERNMENT LAWS AND REGULATIONS

6.4.1 Government laws and regulations

Oil and gas industry

The oil and gas industry in Malaysia is governed by the Petroleum Development Act 1974. The power to regulate all activities in the upstream petroleum sector is vested with PETRONAS.

PETRONAS, established under the Petroleum Development Act, 1974 as a state-owned enterprise, has exclusive rights of ownership, exploration and production of oil and gas in Malaysia. PETRONAS is actively engaged in the exploration, development and production of crude oil and natural gas both at home and abroad. In Malaysia, these activities are undertaken and managed through PSCs with a number of international oil and gas companies as well as with its subsidiary PETRONAS Carigali.

Companies that are registered with PETRONAS are only allowed to participate in the downstream sector and maritime sector of the oil and gas industry. However, companies who also wish to participate in the upstream sector are required to have a license issued by PETRONAS.

Companies who apply for the PETRONAS licence 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 and Equipment Categories ("SWEC"). SWECs are divided into two (2) categories which are products and services. An individual licence or registration must be obtained for each SWEC. Generally, licences and registrations are effective for a period of one (1) year. However, the effective period of more than one (1) year can be considered.

In addition, 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 MOF.

In this respect, our Group holds a PETRONAS licence to supply equipment/provide services to PETRONAS and PSC operators/contractors in Malaysia and is a registered contractor with the MOF.

Manufacturing industry

All companies that are in the manufacturing industry having shareholders' funds of RM2.5 million and above or engaging seventy five (75) or more full-time paid employees are required to have a manufacturing license from MITI. Our Group holds two (2) MITI licences for manufacturing of offshore pedestal cranes, existing yard in Kemaman Supply Base and the other for our proposed new yard in Teluk Kalong.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)

6.4.2 Government Incentives

PETRONAS Initiatives

In an effort to reduce the operating costs of upstream operations, PETRONAS and its PSC operators/contractors have initiated the Malaysian petroleum industry's Cost Reduction Alliance ("CORAL"), a forum which seeks to reduce costs and enhance efficiency via breakthrough measures and provides for the sharing of facilities and logistics, the standardisation of equipment specifications and the coordination of operations. Pursuant to the CORAL forum, the Malaysian Oil and Gas Services Council ("MOGSC") was formed in 2003 to showcase the capabilities and expertise as well as spearhead the development of PETRONAS registered oil and gas service companies. MOGSC members provide engineering, process equipment, maintenance, piping, diving, installation, barge supplies, information technology, surveying, consultancy, helicopter services and catering services. Malaysian oil and gas service companies are expected to make further inroads in the international market through MOGSC, as MOGSC allows them to showcase their expertise and capabilities abroad. In this respect, HOSSB is a member of MOGSC.

Manufacturing Incentives

HOSSB was granted pioneer status for a period of ten (10) years by MITI under the Promotion of Investments Act, 1986 for its activity on "Manufacturing of Offshore Pedestal Cranes". Under this pioneer status incentive, income derived from the pioneer activity is exempted from income tax for a period of five (5) years from 18 September 2005 to 17 September 2010. HOSSB is required to apply for the extension of the incentive period for another five (5) years upon the expiry of its initial five (5) years pioneer period subject to the fulfilment of all terms and conditions for the pioneer status incentive.

6.5 DEMAND/SUPPLY CONDITIONS

The long term demand for crude oil is expected to sustain spending on exploration, development and production activities in the oil and gas industry. Servicing and maintenance activities for offshore pedestal cranes as well as workover projects lifting solutions are expected to increase in tandem with the spending of the oil and gas majors in shoring-up oil reserves and boosting production output. The crane is the critical link between platforms and onshore supply bases. All equipment, tools, consumables and in some cases personnel that are required to operate oil and gas platforms, are lifted to and from the platform using cranes.

The growth of the offshore pedestal crane manufacturing industry is dependent on the growth of the oil and gas industry. New discoveries in offshore fields have been the engine of growth for the offshore pedestal cranes market. As oil and gas companies go for deepwater oil and gas production, cranes have to keep up with the needs of exploration and production activities. Since the offshore pedestal cranes are specialised cranes, the demand for offshore cranes is dependent on new offshore discoveries and projects for enhancing existing wells.

In addition, our Group has recently emerged as an engineering solutions provider for workover projects. Our Group has provided lifting solutions for workover campaigns in Peninsular Malaysia, Sabah and Sarawak on dozens of platforms with the campaigns continuing into the foreseeable future.

Our Group has recently purchased a new ten (10) acre yard at the Teluk Kalong industrial area in Kemaman, Terengganu Darul Iman, which will complement and increase our existing capacity to manufacture, service and overhaul pedestal cranes. The new yard is expected to cater for the growing demand for our Group's services and cranes. The new ten (10) acre yard is expected to be completed by the second quarter of 2009 and has the capacity to manufacture, service, maintain and overhaul an average of approximately thirty (30) offshore cranes per annum compared to our Group's current plant capacity of approximately twelve (12) cranes per annum.

6. INDUSTRY OVERVIEW AND OUTLOOK (Cont'd)**6.6 SUBSTITUTE PRODUCTS/SERVICES**

Our Group is a fully integrated offshore crane service provider and manufacturer specialising in the oil and gas industry. Offshore pedestal crane services play a critical role in the oil and gas industry. There are no direct substitutes for the provision of such services unless PSC contractors/operators or owners of offshore platforms undertake to perform these services internally. As offshore platforms mature, it becomes more important to maintain the integrity of the high risk offshore pedestal cranes. Over time, the wear and tear of these offshore pedestal cranes have made it costly and time consuming for PSC operators to maintain. Thus, it has become more advantageous for the operators to outsource the maintenance of offshore pedestal cranes as part of its initiatives to reduce costs and enhance efficiency. In addition, the requirement for API2C compliant offshore pedestal cranes also increases the demand for such service providers.

Used or reconditioned offshore pedestal cranes can be a substitute for newly manufactured offshore pedestal cranes. However, when a customised platform is being designed and constructed at a substantial cost with the crane being a small proportion of the investment, operators may prefer to have a brand new customised crane included in the program. Small independent platform operators may elect to capture the relatively small cost savings by utilising used cranes. In some other cases, light tender assist rigs and larger floating self-contained workover rigs come with their own cranes. However, these rigs cannot be used on smaller platforms as they may be too heavy and costly.

6.7 INDUSTRY'S RELIANCE ON AND VULNERABILITY TO IMPORTS

The main raw materials used by our Group are steel and steel-based products used in the reconditioning and fabrication of offshore pedestal cranes. These are procured from overseas and local suppliers.

During the FYE 31 December 2008, purchases of steel products accounted for approximately 25% of the total proforma purchases by our Group. Our Group sources approximately 87% of our steel materials from overseas as steel used in our crane manufacturing activities are highly specialised.

As these types of steel materials are easily available from suppliers overseas, any disruptions in supply are minimal. For situations where mild steel can be used, Malaysia's large output would easily satisfy our Group's requirements. For the past twelve (12) months up to the LPD, our Group has not experienced any significant shortage in the supply of raw materials used in our manufacturing process.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL**7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS****7.1.1 Promoters and substantial shareholders' shareholdings**

Based on our Register of Members as at the LPD, the direct and indirect interests of our Promoters and substantial shareholders in our issued and paid-up share capital before and after the IPO are as follows:-

Promoters / Substantial shareholders	Nationality	Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Mohsin Abdul Halim	Malaysian	23,738,000	33.20	^(a) 7,150,000	10.00	21,746,000	24.16	^(a) 6,850,000	7.61
Mallek Rizal bin Mohsin	Malaysian	7,150,000	10.00	^(b) 23,738,000	33.20	^(c) 6,850,000	7.61	^(b) 21,746,000	24.16
Joel Emanuel Heaney	American	15,444,000	21.60	-	-	14,148,000	15.72	-	-
Zahari bin Hamzah	Malaysian	25,168,000	35.20	-	-	23,056,000	25.62	-	-

Notes:-

- (a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.
(b) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.
(c) Includes pink form allocation and on the assumption that the eligible Director will subscribe for his entire entitlement of the pink form allocation.

7.1.2 Profile of Promoters and substantial shareholders

The profiles of the Promoters and substantial shareholders of our Group, who are also our directors, are set out in **Section 7.2.2** of this Prospectus.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.1.3 Changes of the Promoters and substantial shareholders and their shareholdings since our incorporation

Save as disclosed below, there are no other significant changes in our Promoters and substantial shareholders' shareholding in our Company since our incorporation, as at the date of this Prospectus:-

Promoters / Substantial shareholders	*As at 8 May 2008				After IPO			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Mohsin Abdul Halim	-	-	-	-	21,746,000	24.16	(a) 6,850,000	7.61
Mallek Rizal bin Mohsin	-	-	-	-	(c) 6,850,000	7.61	(b) 21,746,000	24.16
Joel Emanuel Heaney	-	-	-	-	14,148,000	15.72	-	-
Zahari bin Hamzah	-	-	-	-	23,056,000	25.62	-	-

Notes:-

* Excludes the nominee directors and nominee substantial shareholders as at the date of our incorporation.

(a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.

(b) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

(c) Includes pink form allocation and on the assumption that the eligible Director will subscribe for his entire entitlement of the pink form allocation.

7.1.4 Directorships and substantial shareholdings in other public companies for the past two (2) years

None of our Promoters/substantial shareholders hold any directorships and/or substantial shareholdings, whether directly or indirectly, in any other public companies for the past two (2) years preceding the date of this Prospectus.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.2 DIRECTORS

7.2.1 Directors' shareholdings

Based on our Register of Members as at the LPD, the direct and indirect interests of our Directors in our issued and paid-up share capital before and after the IPO are as follows:-

Director(s)	Nationality	Before the IPO			After the IPO		
		Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%
Dato' Mohsin Abdul Halim	Malaysian	23,738,000	^(a) 7,150,000	33.20	21,746,000	^(a) 6,850,000	24.16
Mallek Rizal bin Mohsin	Malaysian	7,150,000	^(b) 23,738,000	10.00	^(c) 6,850,000	^(b) 21,746,000	7.61
Joel Emanuel Heaney	American	15,444,000	-	21.60	14,148,000	-	15.72
Zahari bin Hamzah	Malaysian	25,168,000	-	35.20	23,056,000	-	25.62
Lokman Razani bin Abdul Razak	Malaysian	-	-	-	^(c) 300,000	-	0.33
YTM Tengku Baderul Zaman ibni Al Marhum Sultan Mahmud	Malaysian	-	-	-	^(c) 300,000	-	0.33
Mohd Rafik bin Shah Mohamad	Malaysian	-	-	-	^(c) 100,000	-	0.11
Chau Sik Cheong	Malaysian	-	-	-	^(c) 100,000	-	0.11

Notes:-

(a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.

(b) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

(c) Includes pink form allocation and on the assumption that all the respective eligible Directors will subscribe for their entire entitlement of the pink form allocation.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

Dato' Mohsin Abdul Halim, aged 66, is our Executive Chairman. He was appointed to our Board on 7 May 2009.

He is the founder and Executive Chairman of HOSSB. He holds a Teaching Diploma. He started his early career as a teacher and later as an officer in the Kelantan Civil Service in 1966. During his tenure in the Kelantan Civil Service, Dato' Mohsin served as an Assistant District Officer, Assistant State Secretary, Private Secretary to Duli Yang Maha Mulia Sultan of Kelantan. He also concurrently held the post of Comptroller of the Kelantan Royal Household. Subsequently, he was seconded to the Malayan Civil Service and served as Personal Secretary to the Sixth Duli Yang Maha Mulia Seri Paduka Baginda Yang Dipertuan Agong.

Mallek Rizal bin Mohsin, aged 43, is our Managing Director and Chief Executive Officer. He was appointed to our Board on 7 May 2009.

He is also the Executive Director of Finance for HOSSB where he is responsible for all financial matters of HOSSB and its overall business strategies. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants (MIA) and the Institute of Chartered Accountants New Zealand (ICANZ). He holds a Bachelor of Management Studies degree from the University of Waikato, New Zealand. Prior to joining HOSSB, he worked amongst others, as an Auditor for Price Waterhouse (currently known as PricewaterhouseCoopers), Assistant Manager of Corporate Finance for Amanah Merchant Bank Berhad, Corporate Services Manager for ACP Industries Berhad, Special Assistant Corporate Finance of the President's Office for Malaysian Resources Corporation Berhad and Chief Financial Officer for Putera Capital Berhad.

Joel Emanuel Heaney, aged 46, is our Deputy Managing Director. He was appointed to our Board on 7 May 2009.

He is also the Regional Manager and Advisor to our Group. He graduated from West Jefferson High in Marrero, Louisiana in 1981. Upon graduation, he accepted a post at Kennedy Services, while simultaneously completing with certification, Dale Carnegie Business Dynamics, and public speaking in 1984, and Live-Design principles in 1986. He joined Applied Hydraulics System, Inc in 1987 first in new crane manufacturing, thereafter shortly promoted to Service Management Officer. In 1994, he joined Weatherford International Ltd as an International Product Manager for their American Aero Offshore crane product line. He then joined HESB in 1995 to guide HESB into the offshore crane service industry. He has more than twenty (20) years of specific offshore crane working experience and plays an important role in spearheading our Group's operations and performance.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Zahari bin Hamzah, aged 47, is our Non-Independent Executive Director. He was appointed to our Board on 7 May 2009.

He is also the Executive Director and General Manager of Operations/Engineering/Sales for HOSSB. He graduated with a Mechanical Engineering Diploma from Universiti Teknologi Mara in 1984. Prior to joining HOSSB, he began his career in Matsushita Electric Company (M) Sdn Bhd as the pioneer batch of Technical Management Trainees of the company. Subsequently, he moved to George Kent (M) Bhd, as a Technical/Sales Executive where he was responsible for tendering, executing and managing, commissioning and servicing of various projects such as oil/gas metering and bulking installation, dispensers for petrol stations, oleo and water pumping stations, water makers for offshore platforms, and flexible steel pipes for petrochemical storage tanks, amongst others. In October 1988, he joined HESB as a Sales Manager and was promoted to General Sales Manager for the Oil and Gas Division. He was also put in charge to oversee the material handling activities of HESB.

YTM Tengku Baderul Zaman ibni Al Marhum Sultan Mahmud, aged 35, is our Independent Non-Executive Director. He was appointed to our Board on 11 May 2009.

He is currently the President of the Regency Advisory Council of the State of Terengganu. He graduated from the American University, United Kingdom with a Degree in Business Administration. He started his career with Berjaya Group Berhad in 1994 as Assistant Manager, Group Public Affairs and Administration where he was involved in a number of projects of the Berjaya Group such as the Bukit Tinggi Resort - Pahang, Berjaya Times Square, Desa Waterpark, Kuala Lumpur and Berjaya Redang Resort - Pulau Redang, Terengganu. In 1999 he was appointed as the Special Assistant to the Chairman and Chief Executive Officer of Berjaya Group to oversee the corporate affairs of the Group and also for liaison with various Government bodies. In 2003, he joined Ancom Berhad and was appointed as the director of six (6) subsidiaries of the Ancom Berhad group, which are involved in shipping and industrial chemicals mainly for the oil and gas industry. He subsequently joined Ken Holdings Berhad in 2005 as Executive Director.

Lokman Razani bin Abdul Razak, aged 43, is our Independent Non-Executive Director. He was appointed to our Board on 11 May 2009.

He graduated in Law (LL.B(Hons)) from the University of Sheffield, United Kingdom in 1990. He has wide experience in the banking and financial industry, having served as Legal Counsel to a leading merchant bank for more than ten (10) years, as well as management, strategic planning and mergers & acquisitions. He is currently the executive chairman of a group of companies that is involved in the field of telecommunications, information communication technology applications and biometric security that is listed in Europe with operations in Malaysia. He is also involved in various other companies in the agriculture, waste recycling and events management sectors.

Mohd Rafik bin Shah Mohamad, aged 59, is our Independent Non-Executive Director. He was appointed to our Board on 11 May 2009.

He is a qualified Chartered Accountant from the Malaysian Institute of Accountants and a retired member of the Association of Chartered Certified Accountants, United Kingdom. He commenced his career as an Analyst with Esso Malaysia Berhad in 1973. Before joining Nestle Foods Malaysia in 1981, he has held several senior finance positions in a few local companies. At Nestle Foods Malaysia, he held various senior positions in the Nestle Group of companies in Malaysia and overseas over a twenty three (23) years period, with his last position being the Executive Vice President and Chief Financial Officer of Nestle Indonesia.

Presently, he is a director of Malaysian AgriFood Corp. Berhad, Langkawi Tuna Berhad, Biotropics Malaysia Berhad and Nestle (Malaysia) Berhad.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Chau Sik Cheong, aged 56, is our Independent Non-Executive Director. He was appointed to our Board on 11 May 2009.

He is a Chartered Accountant, and a member of the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA). He began his career with Coopers & Lybrand (now known as Pricewaterhouse Coopers) in April 1974 and subsequently joined SCM Perunding Sdn Bhd as a Finance Manager in October 1980. In June 1982, he joined Cycle and Carriage Bintang Bhd as a Senior Accountant and was subsequently promoted to Finance Director. He retired from Cycle and Carriage Bintang Bhd in 2004.

7.2.3 Directorships and substantial shareholdings in other public companies for the past two (2) years

Save as disclosed below, none of our Directors has any previous or existing directorship or substantial shareholdings, whether directly or indirectly, in any other public companies incorporated in Malaysia for the past two (2) years preceding the date of this Prospectus.

Name	Principal activity	Designation	No. of ordinary shares held			
			Direct	%	Indirect	%
Mohd Rafik bin Shah Mohamad						
Nestle (Malaysia) Berhad	Manufactures food products	Director	27,000	0.012	-	-
Langkawi Tuna Corporation Berhad	Yellowfin tuna fishing, growing and processing	Chairman and Director	-	-	-	-
Biotropics Malaysia Berhad	Develops and promotes Malaysia's bio-resources into herbal-based products	Chairman and Director	-	-	-	-
Malaysian Agrifood Corporation Berhad	Support Malaysia's agriculture and food supply chain sector	Director	-	-	-	-
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud						
Ken Holdings Berhad	Investment holding company where its subsidiaries are involved in construction and property development activities	Director	-	-	-	-
Nasioncom Holdings Berhad	Investment holding company where its subsidiaries are involved in the telecommunications and information technology services and solutions	Director (resigned on 24 September 2008)	-	-	-	-
JPK Holdings Berhad	Investment holding where its subsidiaries are involved in the manufacturing of precision plastic injection moulded parts	Director	-	-	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.2.4 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group for the FYE 31 December 2008 and FYE 31 December 2009 are as follows:-

Director(s)	Remuneration Band (RM)	
	FYE 31 December 2008	Proposed for FYE 31 December 2009
Dato' Mohsin Abdul Halim	650,000 – 700,000	700,000 – 750,000
Mallek Rizal bin Mohsin	800,000 – 850,000	850,000 – 900,000
Joel Emanuel Heaney	900,000 – 950,000	950,000 – 1,000,000
Zahari bin Hamzah	800,000 – 850,000	850,000 – 900,000
Lokman Razani bin Abdul Razak	0 – 50,000	50,000 – 100,000
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	0 – 50,000	50,000 – 100,000
Mohd Rafik bin Shah Mohamad	-	50,000 – 100,000
Chau Sik Cheong	-	50,000 – 100,000

7.2.5 Service Agreement

As at the LPD, none of our Directors has any existing or proposed service agreements with our Group.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.3 BOARD PRACTICES

7.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

Name	Date of appointment	Designation	Date of expiration of the current term of office	No. of years in office
Dato' Mohsin Abdul Halim	7 May 2009	Executive Chairman	2 nd Annual General Meeting ("AGM")	< 1 year
Mallek Rizal bin Mohsin	7 May 2009	Managing Director and Chief Executive Officer	2 nd Annual General Meeting ("AGM")	< 1 year
Joel Emanuel Heaney	7 May 2009	Deputy Managing Director	2 nd Annual General Meeting ("AGM")	< 1 year
Zahari bin Hamzah	7 May 2009	Non-Independent Executive Director	2 nd Annual General Meeting ("AGM")	< 1 year
Lokman Razani bin Abdul Razak	11 May 2009	Independent Non-Executive Director	2 nd Annual General Meeting ("AGM")	< 1 year
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	11 May 2009	Independent Non-Executive Director	2 nd Annual General Meeting ("AGM")	< 1 year
Mohd Rafik bin Shah Mohamad	11 May 2009	Independent Non-Executive Director	2 nd Annual General Meeting ("AGM")	< 1 year
Chau Sik Cheong	11 May 2009	Independent Non-Executive Director	2 nd Annual General Meeting ("AGM")	< 1 year

7.3.2 Audit Committee

Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Mohd Rafik bin Shah Mohamad	Chairman	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director
Chau Sik Cheong	Member	Independent Non-Executive Director

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external 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 financial statements, nomination of the external auditors and review of related party transactions.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.3.3 Remuneration Committee

Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Chau Sik Cheong	Chairman	Independent Non-Executive Director
Mohd Rafik bin Shah Mohamad	Member	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board the remuneration and terms of employment of the Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Directors are reflective of the responsibility and commitment of the Directors concerned.

7.3.4 Nomination Committee

Our Nomination Committee comprises the following members:-

Name	Designation	Directorship
YTM Tengku Baderul Zaman Ibni Al Marhum Sultan Mahmud	Chairman	Independent Non-Executive Director
Lokman Razani bin Abdul Razak	Member	Independent Non-Executive Director
Chau Sik Cheong	Member	Independent Non-Executive Director

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of the Board and to determine the selection criteria therefore, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.4 KEY MANAGEMENT AND TECHNICAL PERSONNEL

7.4.1 Key management and technical personnel's shareholdings

Based on our Register of Members as at the date of this Prospectus, the direct and indirect interests of our key management and technical personnel in our issued and paid-up share capital before and after the IPO are as follows:-

Key management / technical personnel	Designation	Nationality	Before the IPO			After the IPO			
			Direct No. of Shares	Indirect No. of Shares	%	Direct No. of Shares	Indirect No. of Shares	%	
Dato' Mohsin Abdul Halim	Executive Chairman	Malaysian	23,738,000	(a) 7,150,000	33.20	21,746,000	(a) 6,850,000	24.16	7.61
Mallek Rizal bin Mohsin	Managing Director and Chief Executive Officer	Malaysian	7,150,000	(b) 23,738,000	10.00	(c) 6,850,000	(b) 21,746,000	7.61	24.16
Joel Emanuel Heaney	Deputy Managing Director	American	15,444,000	-	21.60	14,148,000	-	15.72	-
Zahari bin Hamzah	Non-Independent Executive Director	Malaysian	25,168,000	-	35.20	23,056,000	-	25.62	-
Amir Hasnizam bin Meor Nordin	Business Development Manager	Malaysian	-	-	-	(c) 36,000	-	0.04	-
Muhammad Rizal bin Harizan	Workshop Manager	Malaysian	-	-	-	(c) 37,000	-	0.04	-
Lee Swee Ann	Senior Manager, Finance and Administration	Malaysian	-	-	-	(c) 10,000	-	0.01	-
Norliza binti Muhamad	Accounts and Administration Manager	Malaysian	-	-	-	(c) 50,000	-	0.06	-
Hartini binti Mahamood	Senior Manager, Human Resource	Malaysian	-	-	-	(c) 10,000	-	0.01	-
Chin Yong Jun	QA and QC Manager	Malaysian	-	-	-	(c) 28,000	-	0.03	-
Aiza bin Abd Ghaffar	HSE Manager	Malaysian	-	-	-	(c) 26,000	-	0.03	-

Notes:-

(a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.

(b) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

(c) Includes pink form allocation and on the assumption that all the respective parties will subscribe for their entire entitlement of the pink form allocation.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.4.2 Profiles

The profiles of the key management and technical personnel of our Group, other than the profile of Dato' Mohsin Abdul Halim, Mallek Rizal bin Mohsin, Joel Emanuel Heaney and Zahari bin Hamzah which is set forth in **Section 7.2.2** of this Prospectus are as follows:-

Amir Hasnizam bin Meor Nordin, aged 41, is the Business Development Manager of our Group. He graduated with a Degree in Mechanical Engineering from Gannon University, Pennsylvania, USA in 1992. He is also a member of the Malaysian Oil and Gas Institution. Upon graduation, he joined Felda Bina Sdn Bhd as a Project Engineer in 1992. Subsequently, he joined ExxonMobil as a Procurement/Material Analyst in 1993. He then worked in Sanggul Emas Sdn Bhd, as Project Manager in 2000. He joined HOSSB as a Business Development/Marketing Manager in 2003. He is responsible for project execution, marketing and development of our Group's products and services.

Muhammad Rizal bin Harizan, aged 35, is the Workshop Manager of our Group. He graduated with a certificate from Majlis Latihan Vokasional Kebangsaan ("MLVK") in 1991. He has attended training on Overhaul Competency from Braden, USA and American Aero Hydraulics System. He joined BJ Oil Services (M) Sdn Bhd as Hydraulic Technician in 1994. In 1995, he worked with HESB and HOSSB as a Senior Crane Specialist. He was promoted to his current position in 2002 with his primary role being assisting our Group's daily operations and supervision of the workshop operations.

Lee Swee Ann, aged 43, is the Senior Finance and Administration Manager of our Group. He holds a professional accountancy qualification from the Association of Chartered Certified Accountants and is a member of the Malaysian Institute of Accountants. Prior to joining HOSSB, he worked, amongst others, as an Accountant with DK Leather Corporations Bhd, as a Finance Manager of a subsidiary of DRB Hicom Bhd and as a Financial Controller of Tai Kwong Yokohama Bhd. He joined HOSSB as a Senior Manager of Finance and Administration in April 2009. He is responsible for all finance and accounts matters for our Group.

Norliza binti Muhamad, aged 37, is the Accounts and Administration Manager of our Group. She graduated with a Diploma in Accountancy from Universiti Teknologi MARA in 1995. She began her career with Sri Kesom Engineering Sdn Bhd and Dyne Trading Sdn Bhd as an Accounts Executive from 1996 to 2000. Thereafter, she joined HESB as an Account/Administrative Executive in 2000. She joined HOSSB in 2002 as Accounts and Administration Manager and is responsible for the overall accounting functions, such as payables, receivables, cash flow monitoring and administration.

Hartini binti Mahamood, aged 48, is the Senior Human Resource Manager of our Group. She holds a Bachelor of Economics Degree from University of Malaya. She began her career with United Malayan Banking Corporation Berhad (now known as RHB Bank Berhad) as an Assistant Executive Officer in 1984. Thereafter, she joined ACP Industries Berhad (now known as MTD ACPI Engineering Berhad) as a Manager, Human Resource and Administration. She joined HOSSB as a Senior Manager of Human Resource in January 2009. She is responsible for all matters pertaining to the human resource of our Group.

Chin Yong Jun, aged 32, is the QA and QC Manager of our Group. He began his career with NAKA Engineering and Trading as a Quality Control Supervisor in 1997. Thereafter, he rotated to being a Piping QC Inspector, Material Coordinator and Purchasing Supervisor in the same company. He joined our Group in 2002 and is responsible for the QA/QC monitoring and compliance with API standards and end users' requirements for offshore pedestal cranes.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Aiza bin Abd Ghaffar, aged 31, is the HSE Manager of our Group. He graduated with a Degree in Information System Management from Universiti Teknologi MARA in 2003. He began his career with HOSSB as HSE Supervisor in 2003. He had attended various Safety and Health Officer Courses with the National Institute of Occupational Safety & Health (Malaysia) from August to October 2007. He is responsible for the overall safety issues of our Group.

7.4.3 Directorships and substantial shareholdings in other public companies for the past two (2) years

None of our key management and technical personnel has any previous or existing directorships or substantial shareholdings in any other public companies incorporated in Malaysia for the past two (2) years preceding the date of this Prospectus.

7.5 INVOLVEMENT OF EXECUTIVE DIRECTORS / KEY MANAGEMENT AND TECHNICAL PERSONNEL IN OTHER BUSINESSES / CORPORATIONS

As at the LPD, save as disclosed below, none of our Executive Directors, key management and technical personnel is involved in the activities or operations of other businesses or corporations (which are active and not dormant):-

(a) Dato' Mohsin Abdul Halim;

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
Handrill Sdn Bhd	To act as consultants for engineering support services related to the manufacturing and construction in the oil and gas industry	Director	18 February 2008	50.00	^(a) 25.00
Handal Engineering Sdn Bhd	Selling and servicing of industrial plant and equipment	Director	6 February 1985	64.00	-
Handal Fabrication Sdn Bhd	Trading, engineering and construction	Director	28 June 2006	20.00	-
Impian Bumiria Sdn Bhd	Providing engineering, fabrication services and supply of manpower	Director	19 January 2004	40.00	^(a) 20.00
Jutasama Jaya Sdn Bhd	Fabrication and delivery of steel structure	Director	2 August 1993	40.00	-
Jebsen & Jebsen Logistic Services Sdn Bhd	Rental of properties and provision of warehousing and distribution services	Director	2 February 1992	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
MHE-Demag Malaysia Sdn Bhd	Engineering contracts, assembling heavy automotive equipment and selling and servicing industrial plant and equipment	Director	1 July 1992	-	-

Note:-

(a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.

Dato' Mohsin Abdul Halim's involvement in the above businesses and corporations do not require his involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experienced managers. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impact his ability to act as our Executive Chairman.

(b) Mallek Rizal bin Mohsin;

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
Handrill Sdn Bhd	To act as consultants for engineering support services related to the manufacturing and construction in the oil and gas industry	Director	18 February 2008	25.00	^(a) 50.00
Impian Bumiria Sdn Bhd	Providing engineering, fabrication services and supply of manpower	Director	19 January 2004	20.00	^(a) 40.00

Note:-

(a) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

Mallek Rizal bin Mohsin's involvement in the above businesses and corporations do not require his involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experience managers. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impact his ability to act as our Managing Director and Chief Executive Officer.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)
(c) Joel Emanuel Heaney;

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
Handal Fabrication Sdn Bhd	Trading, engineering and construction	Director	7 November 2004	20.00	-
ECHI	Service and offshore crane designs	-	-	25.00	-

Joel Emanuel Heaney's involvement in the above businesses and corporations do not require his involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experience managers. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impact his ability to act as our Deputy Managing Director.

(d) Zahari bin Hamzah;

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
Handrill Sdn Bhd	To act as consultants for engineering support services related to the manufacturing and construction in the oil and gas industry	Director	18 February 2008	25.00	-
Handal Engineering Sdn Bhd	Selling and servicing of industrial plant and equipment	-	-	5.00	-
Handal Fabrication Sdn Bhd	Trading, engineering and construction	Director	7 November 2004	20.00	-

Zahari bin Hamzah's involvement in the above businesses and corporations do not require his involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experience managers. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impact his ability to act as our Executive Director.

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)
(e) Amir Hasnizam bin Meor Nordin; and

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
CSI Resources Sdn Bhd	To provide building maintenance services and products	Director	17 October 2003	80.00	-
CSI Bina Sdn Bhd	Construction	Director	15 June 2006	40.00	-
Sanggul Emas Sdn Bhd	Provision of services in respect of oil and gas industry	-	-	10.00	-

Amir Hasnizam bin Meor Nordin's involvement in the above businesses and corporations do not require his involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experience managers. As such, his involvement in such other businesses and corporations neither affect his contribution to our Group nor negatively impact his ability to act as our Business Development Manager.

(f) Norliza binti Muhammad

Company	Principal activities	Designation	Date of appointment / (Resignation)	% equity interest held	
				Direct	Indirect
V-Semenan Malaysia Sdn Bhd	Manpower Supply	Director	13 March 2003	5.00	

Norliza binti Muhammad's involvement in the above businesses and corporations do not require her involvement in the day-to-day activities and operations of these companies as they are managed by well qualified and experience managers. As such, her involvement in such other businesses and corporations neither affect her contribution to our Group nor negatively impact her ability to act as our Accounts and Administration Manager.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.6 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL

None of our Promoters, Directors and key management and technical personnel is or was involved in any of the following events, whether within or outside Malaysia:-

- (i) a petition under any bankruptcy or insolvency law 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;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of the corporation;
- (iii) charged and/or convicted in criminal proceeding, or is a named subject of pending criminal proceedings;
- (iv) any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) the subject of any order, judgment or ruling of any court, government or regulatory authority or body, permanently or temporarily enjoining him from engaging in any type of business practice or activity.

7.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save for the following, there are no family relationships (as defined under Section 122A of the Act) and associations between or amongst our Directors, Promoters, substantial shareholders and key management and technical personnel.

Dato' Mohsin Abdul Halim, our Executive Chairman and Promoter of our Group, is the father of Mallek Rizal bin Mohsin, our Managing Director, Chief Executive Officer and Promoter of our Group.

7.8 SERVICE AGREEMENTS

As at the LPD, none of our key management and technical personnel has existing or proposed service agreements with our Group.

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7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

7.9 MANAGEMENT AND EMPLOYEES

As at the LPD, our Group has a total workforce of 202 employees, of which 64 are permanent employees and 138 are contractual employees.

(i) Permanent employees

The following table sets out the permanent employee structure of our Group as at the LPD:-

Category of employee	No. of employees			Average no. of years in service
	Malaysian	Foreigners	Total	
Management and professional	14	1	11	13
Technical and supervisory	36	2	38	7
Clerical and administrative	11	-	11	4
Skilled workers	-	-	-	-
General workers	-	-	-	-
Total	61	3	64	

(ii) Contractual employees

As at the LPD, our Group has 138 contractual workers of which five (5) are foreigners. The contractual employees include the skilled workers who are specialised in their respective areas, such as crane operators, mechanics and electricians, as well as the factory and general workers.

Our Directors have confirmed that all the foreign employees have valid working permits and are not in breach of any immigration laws.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

7.10 TRAINING AND DEVELOPMENT

Our Group recognises the importance of human resource as a central element to our success. We encourage our employees to attend training courses and seminars to upgrade their skills and to keep abreast with the technological developments in the industry. Hence, as part of our human resource development, our Group constantly conducts in-house training for all employees to update them on new developments within our business operations. In addition, for employees of supervisory level and above, we arrange for them to attend various public programs in areas pertaining to crane operations, safety and product training to further enhance their skill and knowledge of the job.

Some of the training programmes which we have participated since 2008 are as follows:-

Month/ Year	Programme	Organiser
January 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia - Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Month/ Year	Programme	Organiser
February 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
March 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
April 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	P5 - Combined Sea Survival and Helicopter Underwater Escape Training (“HUET”) with Emergency Breathing Apparatus (“EBS”)	Terengganu Safety Training Centre Sdn Bhd
May 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	ISO 9001:2000 Internal Quality Auditor Training	AJA EQS Certification (Malaysia) Sdn Bhd
June 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	Building Management Skills for Purchasers	Institute of Professional Advancement Sdn Bhd
July 2008	P5 - Combined Sea Survival and HUET with EBS	Terengganu Safety Training Centre Sdn Bhd
	Braden Service Training	Conducted by HOSSB
	Effective Negotiation Skills for Purchasers	FMM Institute
August 2008	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	P5 - Combined Sea Survival and HUET with EBS	Terengganu Safety Training Centre Sdn Bhd
	Crane Assessment	Conducted by HOSSB
	Effective Technical Report Writing Skills	SP Training and Management
	Finance Directors' Summit 2008	Commerce Clearing House (M) Sdn Bhd

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT AND TECHNICAL PERSONNEL (Cont'd)

Month/ Year	Programme	Organiser
October 2008	P5 - Combined Sea Survival and HUET with EBS	Terengganu Safety Training Centre Sdn Bhd
January 2009	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	P5 - Combined Sea Survival and HUET with EBS	Terengganu Safety Training Centre Sdn Bhd
	Human Resource for Non-Human Resource Managers/Executive	Advison Management Services
	Effective Credit Management and Debt Collection Strategies	Advison Management Services
MS Project 03	Superbyte Netware Sdn Bhd	
February 2009	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	MS Project 03	Superbyte Netware Sdn Bhd
March 2009	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	Autocad 2007	Superbyte Netware Sdn Bhd
	Performance Improvement and Motivation for Supervisors and Line Leaders	SP Training & Management
	Handwriting Analysis for Recruiting New Employees	Comfori Sdn Bhd
May 2009	CSA(A) - Combined Safety Course	Terengganu Safety Training Centre Sdn Bhd
	M-BOSET - Malaysia – Basic Offshore Safety Training	Terengganu Safety Training Centre Sdn Bhd
	P5 - Combined Sea Survival and HUET with EBS	Terengganu Safety Training Centre Sdn Bhd

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8. APPROVALS AND CONDITIONS

8.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing Scheme is subject to the following approvals being obtained:-

- (a) the SC vide their letters dated 12 September 2008 and 27 April 2009, pursuant to Section 215(5) of the CMSA;
- (b) the ECU under the FIC Guidelines vide their letter dated 12 September 2008 and 27 April 2009;
- (c) the MITI vide their letters dated 18 July 2008 and 13 May 2009; and
- (d) Bursa Securities, for the admission to the Official List and listing of and quotation for the entire enlarged issued and paid-up capital of HRB on the Second Board of Bursa Securities. The application to Bursa Securities will be made within three (3) market days from the date of this Prospectus.

8.2 CONDITIONS ON APPROVALS

The conditions imposed by the SC and ECU vide their letter dated 12 September 2008 are as follows:-

Authority	Conditions imposed	Status of compliance
SC/ ECU under the FIC Guidelines	(i) The promoters of HRB should not sell, transfer or assign their entire shareholdings in HRB for six (6) months from the date of admission of HRB to the Second Board of Bursa Securities;	Noted and to be complied with.
	(ii) The remaining directors of HRB, once appointed, should submit their respective declarations to the SC based on Schedule 2 of SC Guidelines;	OSK had on behalf of HRB submitted the respective directors' declarations to the SC on 14 May 2009.
	(iii) Full disclosure should be made in the listing prospectus of HRB with regard to the salient terms of the agreement between ECHI and HOSSB;	Complied. Please refer to Section 5.8.6 of this Prospectus for the disclosure of the salient terms of HRB with regard to the salient terms of the agreement between ECHI and HOSSB.
	(iv) The Bumiputera investors holding the thirty percent (30%) of the enlarged share capital of HRB for the purpose of complying with the National Development Policy ("NDP") requirement should be approved/recognised by the MITI;	Complied. MITI had vide their letters dated 18 July 2008 and 13 May 2009 approved the recognition of our Bumiputera shareholders.
	(v) OSK / HRB should inform the SC on the status of compliance with the NDP requirement upon completion of the Listing; and	Noted and to be complied with.
	(vi) HRB and OSK should comply with the relevant requirements relating to the implementation of the Listing.	Noted and to be complied with.

8. APPROVALS AND CONDITIONS (Cont'd)

The SC had vide their letter dated 10 March 2009 approved our application for an extension of time for an additional six (6) months up to 11 September 2009 for the completion of our Listing Scheme. Subsequently, on 27 April 2009, the SC and ECU (under the FIC Guidelines) approved our application on the revision to our Public Issue size. The condition imposed by the SC and ECU is as follows:-

Authority	Conditions imposed	Status of compliance
SC/ ECU under the FIC Guidelines	(i) HRB should not utilise, either directly or indirectly, the proceeds raised from the proposed listing or funds from bank borrowings, to pay for the proposed dividends in respect of the financial year ended 31 December 2008.	Noted. HOSSB had on 4 May 2009 paid the final net dividend in respect of the FYE 31 December 2008 amounting to RM637,500 from HOSSB's internally generated funds.

The SC noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change pursuant to the implementation of our Listing Scheme, as follows:-

Category of shareholders	⁽¹⁾ Before implementation of our Listing Scheme (%)	After completion of our Listing Scheme (%)
Bumiputera	50.00	⁽²⁾⁽³⁾ 73.00
Non-Bumiputera	50.00	11.28
Foreigners	-	15.72
Total	100.0	100.00

Notes:-

- (1) As at incorporation.
- (2) 57.06% representing 51,352,000 HRB Shares had been recognised by the MITI vide their letter dated 13 May 2009.
- (3) Assuming that the following IPO Shares are allocated and subscribed by Bumiputera investors as follows:-

	No. of IPO Shares
(i) Shares allocated to the eligible directors, employees of HRB together with business associates, who have contributed to the success and development of the Group are allocated to Bumiputera individuals;	4,000,000
(ii) 30% of the Issue Shares from the placement portion are placed with identified Bumiputera corporate investors;	2,550,000
(iii) 30% of the Issue Shares from the public balloting portion are taken up by individual Bumiputera investors; and	1,800,000
(iv) Offer Shares are to be allocated to Bumiputera corporate investors	6,000,000
Total	14,350,000

The MITI had vide their letter dated 18 July 2008 and 13 May 2009 approved our Listing Scheme and recognised/approved our Bumiputera shareholders, namely Dato' Mohsin Abdul Halim, Mallek Rizal bin Mohsin and Zahari bin Hamzah. The conditions imposed by MITI and the status of compliance are as follows:-

8. APPROVALS AND CONDITIONS (Cont'd)

Authority	Conditions imposed	Status of compliance
MITI	(i) HRB to obtain the SC's approval and comply with all relevant requirements in relation to the above proposal, as stipulated in the SC Guidelines.	Noted and to be complied with.
	(ii) HRB to notify the MITI of the level of shareholding of the recognised Bumiputera shareholders after six (6) months from the listing date of HRB.	Noted and to be complied with.

8.3 MORATORIUM ON SALE OF SHARES

One of the conditions imposed by the SC for Listing is that a moratorium shall be imposed on the entire shareholdings held by our Promoters comprising 65,500,000 Shares representing 72.78% of the enlarged issued and paid-up share capital of HRB. Our Promoters are not allowed to sell, transfer or assign their respective shareholdings in our Group within six (6) months from the date of our admission to the Official List of the Second Board of Bursa Securities.

The restriction, which is fully acknowledged by the aforesaid shareholders, are specifically endorsed on the notices of allotment representing the respective shareholdings of the shareholders which are under moratorium as follows:-

“The shares comprised herein are not capable of being sold, transferred or assigned for a period determined by the SC (“Moratorium Period”). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities 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.”

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9 OTHER INFORMATION

9.1 INFORMATION ON LAND AND BUILDINGS

Our Group currently owns the following land and buildings:-

Registered Owner / Beneficial Owner	Title Details / Postal Address	Description / Existing Use	Tenure of Land	Land Area and Gross Built-Up Area	Express Condition / Restriction in Interest	Encumbrances	(a) Net book value as at 31 December 2008 (RM'000)
HOSSB	No. PN 7451, Lot No. 6088, Mukim Teluk Kalong, District of Kemaman, Terengganu Darul Iman ("Teluk Kalong Land")	Industrial lot / Fabrication yard	Leasehold for 60 years expiring on 15.10.2066	Land area: 40,000 square metres / 10 acres Expected built-up area: 5,955.75 square metres ^(c)	<u>Express Condition:</u> i. The land must be used only for crane fabrication/ engineering/ manufacturing industry and for construction of the relevant buildings. ii. The land must be used only for crane fabrication/ engineering/ manufacturing industry and for construction and completion of the relevant buildings in accordance with the plans approved by the local authorities. <u>Restriction in Interest:</u> i. The consent of the state authority is required for any transfer, charge or lease of the land. No sub-division is allowed.	Charged to OSK Trustees Berhad as security for the MTN.	2,562 ^(b)

Notes:-

(a) Classified under prepaid land lease payments in accordance with FRS117: Leases

(b) The net book value of the land and building excludes construction work in progress, which amounts to approximately RM5.33 million as at 31 December 2008

(c) Upon completion of the new fabrication yard, the Company will make an application to obtain the Certificate of Fitness from Majlis Perbandaran Kemaman, Terengganu Darul Iman.

9. OTHER INFORMATION (Cont'd)

None of the above assets have been revalued in conjunction with the Listing.

Our Group currently rents the following property:-

Registered Owner / Beneficial Owner	Tenant	Location / Postal Address	Description / Existing Use	Approximate age of building (years)	Period of tenancy / Date of expiry of lease	Issuance Date of Certificate of Fitness	Land Area / Built-up area	Monthly Rental (RM)
Pangkalan Bekalan Kemaman Sdn Bhd ("PBK")	HOSSE	4 Kawasan Fasa II Kemaman Supply Base 24007 Kemaman Terengganu Darul Iman	Office and crane fabrication yard	9	01.05.2009 to 30.04.2012 (with automatic renewal for an additional year to 2013)	*	Land Area: 12,656 square metres Built up area: 1,137 square metres	31,640

Note:-

* HOSSE currently operates from a rented yard in the Kemaman Supply Base ("KSB"), the leading petroleum supply base in Peninsular Malaysia. The owner and operator of KSB is PBK. At this juncture, HOSSE has not obtained the Certificate of Fitness in respect of its yard from PBK. However, PBK has informed HOSSE vide its letter dated 19 June 2008 that PBK is the midst of obtaining a "blanket" fire certificate for the yards and warehouses located in Phase 1 and Phase 2 of the KSB from Majlis Perbandaran Kemaman.

Notwithstanding the above, our Board had vide its undertaking letter dated 9 June 2009 confirmed that they will use their best endeavour and submit an application to Majlis Perbandaran Kemaman to obtain the Certificate of Fitness for the above mentioned yard within one (1) year from the date of the undertaking.

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9. OTHER INFORMATION (Cont'd)

9.2 ACQUISITION OF PROPERTIES DURING THE TWO (2) YEARS PRECEDING THE DATE OF THIS PROSPECTUS

Our Group has not acquired any property during the last two (2) years preceding the date of this Prospectus.

9.3 MATERIAL PLANT AND EQUIPMENT

Save for the offshore pedestal cranes used for rental purposes which carry an audited net book value as at 31 December 2008 of approximately RM1.12 million, there is no material plant and equipment used by our Group for our operations.

Our Board is of the opinion that our Group has sufficient capacity to meet the current and anticipated level of demand for our services and will continue to monitor the capacity requirements to ensure that our Group's operations run smoothly.

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10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 RELATED PARTY TRANSACTIONS**

Save as disclosed below, there are no existing and / or proposed related party transactions entered or to be entered into in respect of the three (3) most recent completed financial years and the subsequent financial year:-

Transacting Parties	Business activities of the companies outside of our Group	Nature of Transaction	Actual value for the FYE 31 December			*Forecast 2009 RM'000	Interested substantial shareholder / Director / key management	Shareholdings	
			2006 RM'000	2007 RM'000	2008 RM'000			Direct (%)	Indirect (%)
Recurrent related party transactions:									
Handal Fabrication Sdn Bhd	Fabrication and engineering services	Manpower and material supply for fabrication and machining job	2,851	5,716	6,405	5,139	Dato Mohsin Abdul Halim	20.00	-
ECHI	Service and offshore crane designs	Material and crane spare part supply	7,566	10,369	13,245	10,581	En Zahari Hamzah Joel Emanuel Heaney Joel Emanuel Heaney	20.00 20.00 25.00	- - -
Non-recurrent related party transaction:									
Impian Bumira Sdn Bhd	Providing engineering and fabrication consultancy services	Appointed contractor for construction of offshore pedestal crane office and factory [^]	-	-	4,175	6,775	Dato Mohsin Abdul Halim Mallek Mohsin Rizal	40.00 20.00	(a) 20.00 (b) 40.00

Notes:-

- * The value of these transactions are estimates and are therefore provisional in nature and subject to change.
[^] This transaction is a once off transaction for the construction of the fabrication yard at Teluk Kalong industrial area in Kemaman, Terengganu Darul Iman.
(a) Deemed interested by virtue of his relationship with Mallek Rizal bin Mohsin, his son.
(b) Deemed interested by virtue of his relationship with Dato' Mohsin Abdul Halim, his father.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

All the above transactions are conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to our minority shareholders.

We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

After our Listing, we will procure a mandate from our shareholders, if necessary, for all our recurrent related party transactions of revenue and trading nature or those necessary for our day-to-day operations. Further, the interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions.

10.2 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

As at the LPD, there is no transaction that was unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we or our subsidiary was a party in respect of the past three (3) financial years and the subsequent financial period thereof, if any, immediately preceding the date of this Prospectus.

10.3 OUTSTANDING LOANS FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans (including guarantees of any kind) made by our Company and/or subsidiary to/for the benefit of the related parties for the past three (3) financial years and the subsequent financial period thereof immediately preceding the date of this Prospectus.

10.4 INTERESTS IN A SIMILAR BUSINESS

Save as disclosed below, our Board is not aware of any similar assets, businesses or interest in Malaysia owned by our substantial shareholders, directors and/or key management and technical personnel of our Group.

Name of company with similar business	Nature of Business	Common directors / substantial shareholders	No. of shares held in the company			
			Direct	%	Indirect	%
ECHI	Service and crane designs offshore crane	Joel Emanuel Heaney	25,000	25.00	-	-

Our Board is of the opinion that the similar principal activities of ECHI do not give rise to a situation of conflict of interest as:-

- (a) ECHI operates its business in the USA and does not have any business dealings in Malaysia or in the South East Asian region except via its partnership with HOSSB;
- (b) ECHI and HOSSB formed a strategic partnership in 2001 pursuant to a representation and manufacturing agreement dated 15 January 2001 wherein HOSSB receives technology transfer and assistance in sourcing of raw materials from ECHI. ECHI management has over forty six (46) years of experience in all aspects of offshore crane including parts, service, repair, rental, manufacturing, sales, training and design of offshore cranes; and

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

- (c) the strategic partnership ensures that HOSSB is kept abreast with all the latest technological developments and expertise in the oil and gas industry.

Our Board confirms that any subsequent dealings between ECHI with our Group will be on an arm's length basis, to be transacted on normal commercial terms and not to the detriment of the minority shareholders of our Group. Nonetheless, in the event of any related party transaction, interested shareholders and interested directors will be required to abstain from voting, while at the same time, the Audit Committee and the Independent Directors will ensure proper disclosure and corporate governance in all business dealings.

10.5 PROMOTION OF ANY MATERIAL ASSETS ACQUIRED / TO BE ACQUIRED

None of our Directors and substantial shareholders has any interest, direct or indirect, in any promotion of, or in, any material assets, within the three (3) most recent completed financial years and the subsequent financial period thereof immediately preceding the date of this Prospectus, acquired or disposed of by or leased to us or our subsidiary, or is proposed to be acquired or disposed of by or leased to us or our subsidiary.

10.6 DECLARATION BY ADVISERS

Save as disclosed below, OSK confirms that there is no equity and/or financial relationship with our Group that has resulted or may result in a potential conflict of interest in its capacity as the Adviser, Underwriter and Placement Agent to our Group for the Listing:-

- a) As at the LPD, OSK is the holder for the outstanding MTN amounting to RM25.0 million. The said MTNs are tradeable in the open market under the Real Time Electronic Transfer of Funds and Securities ("RENTAS") System maintained by Bank Negara Malaysia.

However, OSK is of the view that the above does not give rise to any potential conflict of interest as:

- a) subscribing to the MTN is one of the many services provided by OSK in the ordinary course of its business, being investment banking operations and capital market activities.
- b) the MTNs are held under OSK's Treasury and Dealing Division which is a separate division from that of the advisory business carried out by OSK's Corporate Finance Division. OSK is required as part of its investment banking license to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines call for, amongst others, firewall policies, clear segregation between dealings and advisory activities and the formation of an independent committee to review its business operations and internal controls;
- c) none of the proceeds to be raised from the Public Issue will be utilised to repay or redeem the outstanding MTNs. The MTNs are readily tradeable in the open market and will be repaid via the amounts deposited in a sinking fund in accordance to the terms and conditions as stipulated under the Trust Deed dated 31 July 2007 governing the MTN Programme; and
- d) the outstanding MTN of RM25.0 million constitutes only 2.88% of OSK's audited NA as at 31 December 2008 of approximately RM868.46 million.

Messrs GEP Associates has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Reporting Accountants for the Listing.

Messrs Tay & Partners has given its written confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for the Listing.

11 FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION****11.1.1 Proforma consolidated income statements**

The following table sets forth a summary of our proforma consolidated income statements for the past three (3) FYE up to 31 December 2008 based on the assumption that we have been in existence throughout the three (3) financial years under review. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set forth in **Section 11.2** of this Prospectus and our Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects that are presented in **Section 11.4** of this Prospectus:-

	←-----FYE 31 December----->		
	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	39,215	55,595	60,577
Cost of sales	(24,334)	(29,828)	(35,260)
Gross profit	14,881	25,767	25,317
Other income	466	967	1,463
Administrative expenses	(4,981)	(9,642)	(7,544)
Other expenses	(2,742)	(3,865)	(3,583)
Profit from operations	7,624	13,227	15,653
Finance costs	(612)	(1,120)	(1,885)
PBT	7,012	12,107	13,768
Income tax expense	(2,166)	(3,395)	(4,521)
PAT	4,846	8,712	9,247
No. of shares assumed in issue ('000) ⁽¹⁾	71,500	71,500	71,500
EBITDA	8,814	14,238	16,377
Gross EPS (sen) ⁽¹⁾	9.81	16.93	19.26
Net EPS (sen) ⁽¹⁾	6.78	12.18	12.93
Gross profit margin (%)	37.95	46.35	41.79
PBT margin (%)	17.88	21.78	22.73
PAT margin (%)	12.36	15.67	15.26
Effective tax rate (%)	30.89	28.04	32.84

Note:-

(1) Based on the number of Shares in issue after the Acquisition.

Our audited financial statements for the past three (3) financial years have not been subjected to any audit qualification. There were no extraordinary items in the audited financial statements of our Group during the years under review.

11. FINANCIAL INFORMATION (Cont'd)**11.1.2 Proforma consolidated balance sheets**

We have prepared our proforma consolidated balance sheets below for illustrative purposes to show the effects on the audited consolidated balance sheets of our Group as at 31 December 2008, had the IPO been effected on that date. We advise you to read the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set out in **Section 11.2** of this Prospectus.

	<-----Group----->		
	Company RM'000	Proforma I After Acquisition RM'000	Proforma II After Proforma I and Public Issue RM'000
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	-	13,677	13,677
Prepaid land lease payments	-	2,562	2,562
Goodwill on consolidation	-	4,442	4,442
	-	20,681	20,681
<u>Current assets</u>			
Inventories	-	5,747	5,747
Work-in-progress	-	17,641	17,641
Trade receivables	-	15,133	15,133
Other receivables, deposits and prepayments	630	1,801	1,801
Short term and fixed deposits with licensed banks	-	24,202	24,202
Cash on hand and at banks	*	1,684	13,604
	630	66,208	78,128
TOTAL ASSETS	630	86,889	98,809
EQUITY AND LIABILITIES			
<u>Equity attributable to our shareholders</u>			
Share capital	*	35,750	45,000
Share premium	-	-	2,670
Reserves	(5)	(5)	(5)
Total Equity	(5)	35,745	47,665
<u>Non-current liabilities</u>			
Hire purchase creditors	-	165	165
Borrowings	-	20,074	20,074
Deferred taxation	-	465	465
	-	20,704	20,704

11. FINANCIAL INFORMATION (Cont'd)

	← Group →		
	Company	Proforma I	Proforma II After Proforma I and Public Issue
	RM'000	After Acquisition RM'000	RM'000
<u>Current liabilities</u>			
Trade payables	-	10,831	10,831
Other payables and accruals	635	2,863	2,863
Hire purchase creditors	-	82	82
Borrowings	-	15,501	15,501
Current tax payable	-	1,163	1,163
	635	30,440	30,440
Total liabilities	635	51,144	51,144
TOTAL EQUITY AND LIABILITIES	630	86,889	98,809
Number of shares assumed in issue ('000)	#	71,500	90,000
NA per share (RM)	(1,250)	0.50	0.53

Notes:-

- * This represents RM2.00.
This represents four (4) ordinary shares of RM0.50 each.

11. FINANCIAL INFORMATION (Cont'd)**11.1.3 Proforma consolidated cash flow statement**

The audited cash flow statement of our Group as set out below has been prepared for illustrative purposes only based on our Group's audited financial statements for the FYE 31 December 2008. We advise you to read the proforma consolidated cash flow statement together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the proforma consolidated cash flow statement set out in **Section 11.2** of this Prospectus.

	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	13,768
Adjustments for:-	
Interest expense	1,885
Depreciation of property, plant and equipment	1,514
Amortisation of prepaid land lease payments	44
Unrealised gain on foreign exchange	(71)
Interest income	(834)
Operating profit before working capital changes	16,306
Decrease in inventories	479
Increase in work-in-progress	(7,597)
Increase in trade receivables	(2,846)
Increase in other receivables, deposits and prepayments	(1,098)
Increase in trade payables	3,912
Increase in other payables and accruals	968
Cash generated from operations	10,124
Interest paid	(1,638)
Tax paid	(4,782)
Net cash generated from operating activities	3,704
CASH FLOWS FOR INVESTING ACTIVITIES	
Short term and fixed deposits interest received	834
Placement of fixed deposits	(1,805)
Purchase of property, plant and equipment	(9,221)
Net cash used in investing activities	(10,192)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net increase in bills payable	2,759
Payment of hire purchase interest	(9)
Payment of term loans interest	(24)
Repayment of hire purchase creditors	(61)
Repayment of term loans	(214)
Net cash generated from financing activities	2,451
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,628
CASH AND CASH EQUIVALENTS AT END OF YEAR	14,591

11. FINANCIAL INFORMATION (Cont'd)

11.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)



GEP ASSOCIATES AF1030
CHARTERED ACCOUNTANTS
An Independent member firm of **AGN** International Ltd

Block F2 Dataran Prima
25 Jalan PJU 1/42A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Telephone
(+603) 7803 3390

Facsimile
(+603) 7803 3502

E-mail
aud2@gep.com.my

Website
www.gep.com.my

02 JUN 2009

The Board of Directors
Handal Resources Berhad
4 Kawasan Lapang Fasa II
Kemaman Supply Base
24007 Kemaman
Terengganu Darul Iman
Malaysia

Dear Sirs,

**HANDAL RESOURCES BERHAD (“HRB”)
REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the presentation of the proforma consolidated financial information of HRB and its subsidiary company (“HRB Group” or “the Group”) for the past three (3) financial years ended 31 December 2006 to 31 December 2008 together with the notes and assumptions thereto, as set out in the Prospectus dated 29 June 2009 (“Prospectus”), which we have stamped for the purpose of identification, in connection with the proposed admission of HRB to the Official List of the Second Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the listing of and quotation for the entire issued and paid-up share capital of 90,000,000 ordinary shares of RM0.50 each in HRB on the Bursa Securities and should not be relied on for any other purposes. The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions set out below and after making certain adjustments to show that:

- (i) the financial results of the Group for the past three (3) financial years ended 31 December 2006 to 31 December 2008 would have been if the group structure as at the date of the Prospectus had been in existence throughout the financial years being reported on;
- (ii) the financial position of the Group as at 31 December 2008 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the public issue and payment of the estimated listing expenses; and
- (iii) the cash flows of the Group for the financial year ended 31 December 2008 would have been if the group structure as of the date of the Prospectus had been in existence throughout the financial year ended 31 December 2008, adjusted for the public issue and payment of the estimated listing expenses.

The proforma consolidated financial information, because of its nature, may not be reflective of the Group's actual financial results, financial position and cash flows. Further, such information does not purport to predict the future financial results, financial position and cash flows of the Group.

11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

It is the sole responsibility of the Directors of HRB to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to express an opinion on the proforma consolidated financial information based on our work.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of the subsidiary of HRB covering the past three (3) financial years ended 31 December 2006 to 31 December 2008, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of HRB.

In our opinion:


- (a) the proforma consolidated financial information together with the accompanying notes which are provided solely for illustrative purposes only have been properly prepared:
 - (i) in a manner consistent with the basis and accounting policies to be adopted by the Group; and
 - (ii) in accordance with the applicable approved Financial Reporting Standards in Malaysia;

and

- (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 financial information.

Yours faithfully,


GEP ASSOCIATES
AF:1030
Chartered Accountants


GONG WOUI TEIK
741/04/10(J)
Chartered Accountant

11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

1. INTRODUCTION

The proforma consolidated financial information, comprising the proforma consolidated income statements for the financial years ended 31 December 2006 to 31 December 2008, the proforma consolidated balance sheets as at 31 December 2008, the proforma consolidated cash flow statement for the year ended 31 December 2008, the proforma statement of assets and liabilities as at 31 December 2008 and the notes thereto, have been prepared for inclusion in the prospectus of Handal Resources Berhad dated 29 June 2009 in connection with the proposed listing of Handal Resources Berhad ("HRB" or "the Company") on the Second Board of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

2. LISTING SCHEME

2.1 In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of HRB on the Second Board of Bursa Securities, the details of the Listing Scheme are as follows:-

2.1.1 Share Transfer

On 6 June 2008, Dato' Mohsin Abdul Halim, Zahari bin Hamzah, Mallek Rizal bin Mohsin and Joel Emanuel Heaney entered into a multi-party share transfer agreement to re-organise their respective shareholdings in Handal Offshore Services Sdn. Bhd. ("HOSSB"), and to transfer part of Zahari bin Hamzah and Mallek Rizal bin Mohsin's interest in HOSSB to Dato' Mohsin Abdul Halim and Joel Emanuel Heaney, a long time serving and key management of HOSSB. The share transfer was completed on 5 May 2009.

2.1.2 Acquisition

On 6 June 2008, HRB entered into a conditional share sale agreement with the vendors of HOSSB for the acquisition of the entire equity interest in HOSSB, comprising 4,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM35,749,998, which was fully satisfied by the issuance of 71,499,996 ordinary shares of RM0.50 each in HRB ("HRB Shares") to the respective vendors of HOSSB at an issue price of RM0.50 per HRB Share ("Acquisition"). The Acquisition was completed on 6 May 2009.

2.1.3 Offer for Sale

Upon completion of the Acquisition and in conjunction with the Listing, 6,000,000 HRB Shares ("Offer Shares"), representing 6.67% of the enlarged issued and paid-up share capital of HRB will be offered to identified public investors at an offer price of RM0.72 per share subject to the terms and conditions of the Prospectus.

2.1.4 Public Issue

In conjunction with the Listing, HRB will undertake a public issue of 18,500,000 new HRB Shares ("Issue Shares"), representing 20.56% of the enlarged issued and paid-up share capital of HRB, at an issue price of RM0.72 per share to be allocated in the following manner:-



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

- (a) 6,000,000 HRB Shares, representing 6.67% of the enlarged issued and paid-up share capital of HRB made available for application by the Malaysian public of which 30% is to be set aside for bumiputera investors;
- (b) 4,000,000 HRB Shares, representing 4.44% of the enlarged issued and paid-up share capital of HRB reserved for eligible directors, employees and business associates/persons who have contributed to the success of HRB Group; and
- (c) 8,500,000 HRB Shares, representing 9.44% of the enlarged issued and paid-up share capital of HRB, by way of private placement to identified investors.

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

2.1.5 Listing

The admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM45,000,000 comprising of 90,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities will be sought.



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

3. SUMMARISED PROFORMA CONSOLIDATED INCOME STATEMENTS OF HRB GROUP

- 3.1 The summarised proforma consolidated income statements of HRB Group for the past three (3) financial years ended 31 December 2006 to 31 December 2008 have been prepared for illustrative purposes assuming that the HRB Group had been in existence throughout the financial year under review.

	← Year ended 31 December →		
	2006 RM'000	2007 RM'000	2008 RM'000
Revenue	39,215	55,595	60,577
Cost of sales	(24,334)	(29,828)	(35,260)
Gross profit ("GP")	14,881	25,767	25,317
Other income	466	967	1,463
Administrative expenses	(4,981)	(9,642)	(7,544)
Other expenses	(2,742)	(3,865)	(3,583)
Profit from operations	7,624	13,227	15,653
Finance costs	(612)	(1,120)	(1,885)
Profit before taxation ("PBT")	7,012	12,107	13,768
Income tax expense	(2,166)	(3,395)	(4,521)
Profit after taxation ("PAT")	4,846	8,712	9,247
Number of shares assumed in issue ('000)	71,500	71,500	71,500
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	8,814	14,238	16,377
Gross earnings per share ("EPS") (sen)	9.81	16.93	19.26
Net EPS (sen)	6.78	12.18	12.93
GP margin (%) *	37.95	46.35	41.79
PBT margin (%) **	17.88	21.78	22.73
PAT margin (%) ^	12.36	15.67	15.26
Effective tax rate (%)	30.89	28.04	32.84

Notes:

- * GP over revenue
 ** PBT over revenue
 ^ PAT over revenue



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

3.1.1 Notes to the Summarised Proforma Consolidated Income Statements of HRB Group

- i) The summarised proforma consolidated income statements of HRB Group for the financial years ended 31 December 2006 to 31 December 2008 are prepared for illustrative purposes only and are based on the audited financial statements of HRB and HOSSB.
- ii) There were no extraordinary or exceptional items for all the years under review.
- iii) The proforma gross earnings per share has been calculated based on the profit before taxation, and on the assumption that the issued and paid-up share capital of the 71,500,000 ordinary shares of RM0.50 each had been in issue throughout the years under review.

The proforma net earnings per share has been calculated based on the profit after tax, and on the assumption that the issued and paid-up share capital of HRB of 71,500,000 ordinary shares of RM0.50 each had been in issue throughout the years under review.

- (iv) The summarised proforma consolidated income statements of HRB Group for the financial years ended 31 December 2006 to 31 December 2008 did not take into account the fair value adjustments in relation to the acquisition set out in Note 2.1.2.



11. FINANCIAL INFORMATION (Cont'd)

Handal Resources Berhad
Proforma Consolidated Financial Information

4. PROFORMA CONSOLIDATED BALANCE SHEETS OF HRB GROUP AS AT 31 DECEMBER 2008

4.1 The proforma consolidated balance sheets of HRB Group have been prepared for illustrative purposes only assuming that HRB Group had been in existence throughout the financial years under review and should be read in conjunction with the basis of assumptions set out in the notes below.

	← Group →		
	Company RM'000	Proforma I After Acquisition of Subsidiary RM'000	Proforma II After Proforma I and Public Issue RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	-	13,677	13,677
Prepaid land lease payments	-	2,562	2,562
Goodwill on consolidation	-	4,442	4,442
	-	20,681	20,681
Current assets			
Inventories	-	5,747	5,747
Work-in-progress	-	17,641	17,641
Trade receivables	-	15,133	15,133
Other receivables, deposits and prepayments	630	1,801	1,801
Short term and fixed deposits with licensed banks	-	24,202	24,202
Cash on hand and at banks	*	1,684	13,604
	630	66,208	78,128
TOTAL ASSETS	630	86,889	98,809
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the company			
Share capital	*	35,750	45,000
Share premium	-	-	2,670
Reserves	(5)	(5)	(5)
Total Equity	(5)	35,745	47,665



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

	← Group →		
	Company RM'000	Proforma I After Acquisition of Subsidiary RM'000	Proforma II After Proforma I and Public Issue RM'000
Non-current liabilities			
Hire purchase creditors	-	165	165
Borrowings	-	20,074	20,074
Deferred taxation	-	465	465
	-	20,704	20,704
Current liabilities			
Trade payables	-	10,831	10,831
Other payables and accruals	635	2,863	2,863
Hire purchase creditors	-	82	82
Borrowings	-	15,501	15,501
Current tax payable	-	1,163	1,163
	635	30,440	30,440
Total liabilities	635	51,144	51,144
TOTAL EQUITY AND LIABILITIES	630	86,889	98,809
Number of shares assumed in issue ('000)	**	71,500	90,000
Net assets ("NA") per share (RM) ^	(1,250)	0.50	0.53

Notes:

* This represents RM2.00

** This represents four (4) ordinary shares of RM0.50 each

^ NA over number of shares in issue



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

4.2 Basis of preparation of proforma consolidated balance sheets

4.2.1 The proforma consolidated balance sheets have been prepared for illustrative purposes only and are based on the audited financial statements of HRB and its subsidiary company as at 31 December 2008.

4.2.2 The proforma consolidated balance sheets of HRB are arrived using the purchase method of accounting for its subsidiary company. Under the purchase method of accounting, the results of the subsidiary company are included in the balance sheets from the date of acquisition. Inter-company balances have been eliminated in arriving at the proforma consolidated balance sheets.

4.2.3 The Acquisition will result in a goodwill amounting to approximately RM4.442 million which will be maintained on the balance sheet of HRB following the completion of the Acquisition.

	RM'000
Purchase consideration	35,750
Less : Audited NA of HOSSB as at 31 December 2008*	(31,308)
Goodwill	4,442

Note :

* Excludes the proposed final net dividend of RM637,500 recommended by the directors of HOSSB in respect of the financial year ended 31 December 2008.

4.2.4 The increase in cash on hand and at banks of RM11,920,000 after Proforma I is arrived at:

	RM'000
Proceeds from public issue of 18,500,000 shares at RM0.72	13,320
Less : Listing expenses	1,400
	11,920

4.2.5 The estimated listing expenses of RM1,400,000 are written off against the share premium account.

4.2.6 The NA per share is calculated by dividing the NA by the number of ordinary shares of HRB in issue at the relevant stage.

4.2.7 The proforma consolidated balance sheets have been prepared on the basis and accounting policies consistent with those normally adopted in the preparation of the audited financial statements.



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

4.2.8 The proforma consolidated balance sheets incorporate on a proforma basis the following transactions as though they have been effected on 31 December 2008.

Proforma I- After acquisition of subsidiary company

Proforma I incorporates the effect of acquisition of subsidiary company.

On 6 May 2009, HRB acquired 4,000,000 ordinary shares of RM1 each, represents the entire issued and paid-up share capital of HOSSB for a total purchase consideration of RM35,749,998 satisfied via issuance of 71,499,996 new ordinary shares of RM0.50 each in HRB at par.

Proforma II- After Public Issue

Proforma II incorporates the effect of Proforma I and the effect of public issue of 18,500,000 new ordinary shares of RM0.50 each, representing 20.56% of the enlarged issued and paid-up share capital of HRB upon listing at an issue price of RM0.72 per new ordinary share.

The premium of RM4,070,000 arising from the public issue is credited to the share premium account. Listing expenses amounting to RM1,400,000 have been set off against the share premium account.

4.2.9 Share capital

	RM'000
<u>Issued and fully paid-up:-</u>	
Paid-up share capital upon incorporation	*
Issued as consideration for acquisition of subsidiary company	35,750
As shown in Proforma I	35,750
To be issued pursuant to public issue	9,250
As shown in Proforma II	45,000

Notes:

* This represents four (4) ordinary shares of RM0.50 each

4.2.10 Share premium

	RM'000
Arising from public issue	4,070
Less: Listing expenses	(1,400)
As shown in Proforma II	2,670



11. FINANCIAL INFORMATION (Cont'd)

*Handal Resources Berhad
Proforma Consolidated Financial Information*

5. PROFORMA CONSOLIDATED CASH FLOW STATEMENT OF HRB GROUP

The proforma consolidated cash flow statement of HRB Group for the year ended 31 December 2008 set out below, is based on the audited financial statements of HRB and HOSSB.

The proforma consolidated cash flow statement is provided for illustrative purposes only, and has been presented on the basis that the acquisition had been in effect throughout the financial year under review.

	After Acquisition of Subsidiary RM'000	After Acquisition and Public Issue RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,768	13,768
Adjustments for:-		
Interest expense	1,885	1,885
Depreciation of property, plant and equipment	1,514	1,514
Amortisation of prepaid land lease payments	44	44
Unrealised gain on foreign exchange	(71)	(71)
Interest income	(834)	(834)
Operating profit before working capital changes	16,306	16,306
Decrease in inventories	479	479
Increase in work-in-progress	(7,597)	(7,597)
Increase in trade receivables	(2,846)	(2,846)
Increase in other receivables, deposits and prepayments	(1,098)	(1,098)
Increase in trade payables	3,912	3,912
Increase in other payables and accruals	968	968
Cash generated from operations	10,124	10,124
Interest paid	(1,638)	(1,638)
Tax paid	(4,782)	(4,782)
Net cash generated from operating activities	3,704	3,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Short term and fixed deposits interest received	834	834
Placement of fixed deposit	(1,805)	(1,805)
Purchase of property, plant and equipment	(9,221)	(9,221)
Net cash used in investing activities	(10,192)	(10,192)



11. FINANCIAL INFORMATION (Cont'd)

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	After Acquisition of Subsidiary RM'000	After Acquisition and Public Issue RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from public issue	-	13,320
Net increase in bills payable	2,759	2,759
Payment of hire purchase interest	(9)	(9)
Payment of term loans interest	(24)	(24)
Repayment of hire purchase creditors	(61)	(61)
Repayment of term loans	(214)	(214)
Payment of estimated listing expenses	-	(1,400)
	<hr/>	<hr/>
Net cash generated from financing activities	2,451	14,371
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,037)	7,883
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	18,628	18,628
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14,591	26,511
	<hr/>	<hr/>
NOTE:		
Cash and cash equivalents comprise the following amounts:		
Short term and fixed deposits with licensed banks	24,202	24,202
Cash on hand and at banks	1,684	13,604
Bank overdraft	(3,298)	(3,298)
	<hr/>	<hr/>
	22,588	34,508
Less: Fixed deposits pledged to licensed banks	(7,997)	(7,997)
	<hr/>	<hr/>
	14,591	26,511
	<hr/>	<hr/>



11. FINANCIAL INFORMATION (Cont'd)

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6. PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

The detailed statement of assets and liabilities has been prepared for illustrative purposes only and is based on the audited financial statements of HRB and HOSSB as at 31 December 2008.

The proforma statement of assets and liabilities has been prepared using the purchase method of accounting, to show the effects of the acquisition of HOSSB, Public Issue, utilisation of proceeds from the Public Issue and the estimated share issue expenses of RM1,400,000 on the assumption that the respective transactions had been completed on 31 December 2008 and should be read in conjunction with the notes thereon:-

	Note	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6.2	13,677
Prepaid land lease payments	6.3	2,562
Goodwill on consolidation	6.4	4,442
		20,681
Current assets		
Inventories		5,747
Work-in-progress		17,641
Trade receivables	6.5	15,133
Other receivables, deposits and prepayments		1,801
Short term and fixed deposits with licensed banks		24,202
Cash on hand and at banks		13,604
		78,128
TOTAL ASSETS		98,809
EQUITY AND LIABILITIES		
Equity attributable to shareholders of the company		
Share capital	6.6	45,000
Share premium	6.7	2,670
Reserves		(5)
Total equity		47,665
Non-current liabilities		
Hire purchase creditors	6.8	165
Borrowings	6.9	20,074
Deferred taxation	6.10	465
		20,704



11. FINANCIAL INFORMATION (Cont'd)

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	Note	RM'000
Current liabilities		
Trade payables	6.11	10,831
Other payables and accruals		2,863
Hire purchase creditors	6.8	82
Borrowings	6.9	15,501
Current tax payable		1,163
		30,440
Total liabilities		51,144
TOTAL EQUITY AND LIABILITIES		98,809
Number of shares assumed in issue ('000)		90,000
NA per share (RM)		0.53

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES**6.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies are to be adopted by the HRB Group and are consistently applied throughout the year.

a) Basis of preparation

The Proforma Consolidated Statement of Assets and Liabilities of HRB Group have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved Financial Reporting Standards in Malaysia.

The Proforma Consolidated Statement of Assets and Liabilities are prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

b) Basis of consolidation

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating activities so as to obtain benefit from their activities.

Subsidiary companies are consolidated from the date, on which control is transferred to the Group and are no longer consolidated from the date that control ceases. In preparing the Proforma Consolidated Statement of Assets and Liabilities, all intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated in full. Uniform accounting policies are adopted in the Proforma Consolidated Statement of Assets and Liabilities for like transactions and events in similar circumstances.



11. FINANCIAL INFORMATION (Cont'd)

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Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in Income Statement.

c) Goodwill on Consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for capital work-in-progress and building under construction are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is computed on the straight-line method to write off the cost of each asset to its residual value at the following rates based on the estimated useful lives of the various property, plant and equipment:



11. FINANCIAL INFORMATION (Cont'd)

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	Rate per annum (%)
Crane and machineries	20
Motor vehicles	20
Computer and peripherals	20
Workshop equipment	10
Furniture and fittings	10
Office equipment	10
Renovation	10

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in Income Statement.

(e) Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

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



11. FINANCIAL INFORMATION (Cont'd)

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An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the Income Statement in the year in which the reversals are recognised, unless it reversed an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the Income Statement, a reversal of the impairment loss is also recognised in the Income Statement.

(f) Investments

Investments in subsidiary company, is stated at cost and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recovered.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to the Income Statement.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Work-In-Progress

Work-in-progress is valued at cost. Cost represents materials, labours and other direct costs incurred on incompleted service and maintenance works up to the financial year end.

(i) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Specific allowance is made for any debt which is considered to be doubtful of collection based on a review of all outstanding amounts as at the balance sheet date.

(j) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



11. FINANCIAL INFORMATION (Cont'd)

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(k) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

Operating lease payments are recognised as an expense of a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whether necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(l) Property, Plant and Equipment Acquired under Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the Income Statement over the period of the respective agreements.

(m) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(n) Equity Instruments

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in the statement of changes in equity in the period in which they are declared.

(o) Revenue Recognition

Revenue from services rendered is recognised when the services are performed.

Revenue from fabrication of crane is recognised by reference to the stage of completion in accordance to the contract.

Rental income from cranes is recognised on an accrual basis.

Interest income from short term and fixed deposits is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.



11. FINANCIAL INFORMATION (Cont'd)

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(p) Employee Benefits**(i) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the Income Statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(q) Foreign Currency Transactions and Balances

The Financial Statements of the Group are presented in Ringgit Malaysia (RM), which is also the Group's functional currency.

Transactions in foreign currencies are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

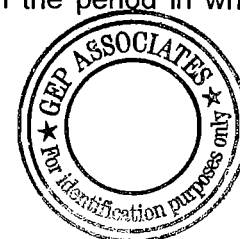
Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in Income Statement for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in Income Statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



11. FINANCIAL INFORMATION (Cont'd)

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(s) Income Tax

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.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the Income Statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(t) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are adopted as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(u) Cash Equivalents

The Group adopts the indirect method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly-liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.



11. FINANCIAL INFORMATION (Cont'd)

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6.2 PROPERTY, PLANT AND EQUIPMENT

COST	Balance at 1.1.2008 RM'000	Addition RM'000	Disposal RM'000	Reclassifi- cation RM'000	Balance at 31.12.2008 RM'000
Crane and machineries	7,348	1,218	-	-	8,566
Motor vehicles	149	-	-	-	149
Motor vehicles under hire purchase	363	145	-	-	508
Computer and peripherals	279	61	-	-	340
Workshop equipment	65	37	-	54	156
Furniture and fittings	91	6	-	-	97
Office equipment	107	15	-	-	122
Renovation	82	17	-	-	99
Capital work-in-progress	2,119	2,502	-	(54)	4,567
Building under construction	-	5,330	-	-	5,330
	10,603	9,331	-	-	19,934

ACCUMULATED DEPRECIATION	Balance at 1.1.2008 RM'000	Current Deprecia- tion RM'000	Disposal RM'000	Reclassifi- cation RM'000	Balance at 31.12.2008 RM'000
Crane and machineries	4,233	1,334	-	-	5,567
Motor vehicles	149	-	-	-	149
Motor vehicles under hire purchase	108	77	-	-	185
Computer and peripherals	137	53	-	-	190
Workshop equipment	30	15	-	-	45
Furniture and fittings	30	9	-	-	39
Office equipment	33	12	-	-	45
Renovation	23	14	-	-	37
Capital work-in-progress	-	-	-	-	-
Building under construction	-	-	-	-	-
	4,743	1,514	-	-	6,257



11. FINANCIAL INFORMATION (Cont'd)

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	NET BOOK VALUE RM'000
Crane and machineries	2,999
Motor vehicles	-
Motor vehicles under hire purchase	323
Computer and peripherals	150
Workshop equipment	111
Furniture and fittings	58
Office equipment	77
Renovation	62
Capital work-in-progress	4,567
Building under construction	5,330
	13,677
	13,677

6.3 PREPAID LAND LEASE PAYMENTS

	RM'000
At beginning of year	2,606
Amortisation for the year	(44)
	2,562
Analysed as:	
Long term leasehold land	2,562
	2,562

The long term leasehold land has been pledged as securities for borrowings granted to the Group.

The fair values of the long term leasehold land were measured in prior year by an independent professional valuer based on open market value on an existing use basis.

6.4 GOODWILL ON CONSOLIDATION

	RM'000
At cost	
At beginning of year	-
Acquisition of subsidiary company	4,442
	4,442
At end of year	4,442



11. FINANCIAL INFORMATION (Cont'd)

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6.5 TRADE RECEIVABLES

	RM'000
Trade receivables	15,133
Less: Allowance for doubtful debts	
At beginning of year	96
Written off during the year	(96)
At end of year	-
	15,133

The currency exposure profile of trade receivables is as follows:

	RM'000
- Ringgit Malaysia	13,827
- United States Dollar	1,273
- Australia Dollar	33
	15,133

The Group's normal credit term ranges from 30 days to 45 days. Other credit terms are assessed and approved on a case-by-case basis.

6.6 SHARE CAPITAL

	Number of Shares ('000)	RM'000
Authorised:		
Ordinary shares of RM0.50 each	90,000	45,000
Issued and fully paid-up:		
Paid-up share capital upon incorporation	**	*
To be issued pursuant to acquisition of subsidiary company	71,500	35,750
	71,500	35,750
To be issued pursuant to public issue	18,500	9,250
	90,000	45,000

Notes:

* This represents RM2.00

** This represents four (4) ordinary shares of RM0.50 each



11. FINANCIAL INFORMATION (Cont'd)

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6.7 SHARE PREMIUM

	RM'000
Arising from public issue	4,070
Less: Listing expenses	<u>(1,400)</u>
	<u>2,670</u>

6.8 HIRE PURCHASE CREDITORS

	RM'000
Total hire purchase instalments due:	
Within one year	94
Between two to five years	<u>191</u>
	285
Unexpired term charges	<u>(38)</u>
Outstanding principal amount due	247
Within one year	<u>(82)</u>
Between two to five years	<u>165</u>

Hire purchase liabilities are subject to interest rates ranging from 2.51% to 3.80% per annum.

6.9 BORROWINGS

	RM'000
Bank overdraft	3,298
Bills payable	6,987
Term loan	290
Medium Term Notes	<u>25,000</u>
	35,575
Amount repayable within one year	<u>(15,501)</u>
Amount repayable between two to five years	<u>20,074</u>

Bank Overdraft and Bills Payable

The bank overdraft and bills payable are secured by the following:

- (i) Pledge of fixed deposits on lien;
- (ii) Assignment of certain contracts secured by the Group;
- (iii) Negative pledge; and



11. FINANCIAL INFORMATION (Cont'd)

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(iv) Jointly and severally guaranteed by certain directors of the Group.

The bank overdraft bears interest charged at 5.00% per annum and is held on call by the licensed bank.

Bills payable have maturity periods ranging from 97 days to 176 days and bear interest ranging from 4.78% to 6.04% per annum.

Term Loan

The term loan is secured over certain cranes and machineries and also jointly and severally guaranteed by certain directors of the Group.

This loan is repayable over a period of three years and bears interest charged at 6.00% per annum.

Medium Term Notes ("MTNs")

The MTNs are secured against the following:

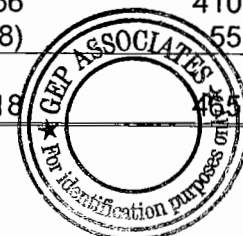
- (i) An assignment of all proceeds arising there from under present and future contracts of the Group;
- (ii) A first ranking legal charge over the leasehold land of the Group held under No. PN 7451, Lot No. 6088, Mukim Teluk Kalong, District of Kemaman, Terengganu Darul Iman in favour of the OSK Trustees Berhad ("Security Trustee");
- (iii) A first ranking charge over the Designated Accounts (Disbursement, Revenue, Sinking Fund and Debt Service Reserve Accounts operated by the Security Trustee) including all monies standing to credit of the Group;
- (iv) An assignment of all the rights and interest arising from the insurance, performance bonds, liquidated damages (where applicable) during the construction period of Group's new fabrication yard; and

6.10 DEFERRED TAXATION

	RM'000
At beginning of year	410
Recognised in income statement	55
At end of year	465

The component and movement of deferred tax liability is as follows:

	Accelerated Capital Allowances RM'000	Others RM'000	Total RM'000
At beginning of year	354	56	410
Recognised in income statement	93	(38)	55
At end of year	447	18	465



11. FINANCIAL INFORMATION (Cont'd)

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6.11 TRADE PAYABLES

The currency exposure profile of trade payables is as follows:	RM'000
- United States Dollar	6,721
- Ringgit Malaysia	4,020
- Australia Dollar	90
	10,831

The normal credit terms granted to the Group ranges from 30 days to 90 days.

7. FINANCIAL INSTRUMENTS**Financial Risk Management Objectives and Policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing their risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

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

Credit Risk

The management has in place a credit policy to monitor and minimise the exposure of default. Receivables are monitored on an ongoing basis.

The maximum exposure to credit risk for the Group was represented by the carrying amount of each financial asset.

Interest Rate Risk

The Group is exposed to interest rate risk mainly from differences in timing between the maturities or repricing of its interest bearing assets and liabilities.

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. These mismatches are managed as part of the overall interest rate risk management process of the Group.

The maturity profile and effective interest rate of the Group's financial assets and liabilities exposed to interest rate risk are as follows :

	Effective interest rate %	Total RM'000	Within one year RM'000	Between two to five years RM'000	After five years RM'000
Financial asset					
Short term and fixed deposits with licensed banks	2.75 to 3.70	24,202	24,202		



11. FINANCIAL INFORMATION (Cont'd)

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Financial liabilities					
Medium term notes	6.50 to 7.45	25,000	5,000	20,000	-
Bills payable	4.78 to 6.04	6,987	6,987	-	-
Bank overdraft	5.00	3,298	3,298	-	-
Term loan	6.00	290	216	74	-
Hire purchase creditors	2.51 to 3.80	247	82	165	-
		<u>35,822</u>	<u>15,583</u>	<u>20,239</u>	<u>-</u>

Foreign Currency Risk

The Group incur foreign currency risk on certain transactions that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar (USD) and Australia Dollar.

The Group does not generally hedge its exposure to fluctuations in foreign exchange rate.

Liquidity Risk

The Group monitors their cash flows actively and ensure that credit facilities are in place to meet their obligations as and when they fall due.

Fair Value**Recognised Financial Instruments**

The carrying amounts of the financial assets and financial liabilities of Group at the balance sheet date approximated their fair values.

There are no fair values for financial instruments not recognised in the balance sheet as at 31 December 2008 that are required to be disclosed.



11. FINANCIAL INFORMATION (Cont'd)

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8. BASIS OF PREPARATION OF PROFORMA CONSOLIDATED FINANCIAL INFORMATION

8.1 The proforma consolidated financial information has been prepared to illustrate that:

- (i) the financial results of the Group for the past three (3) financial years ended 31 December 2006 to 31 December 2008 would have been if the group structure as at the date of the Prospectus had been in existence throughout the financial years being reported on;
- (ii) the financial position of the Group as at 31 December 2008 would have been if the group structure as of the date of the Prospectus had been in place on that date, adjusted for the public issue and payment of the estimated listing expenses; and
- (iii) the cash flows of the Group for the financial year ended 31 December 2008 would have been if the group structure as of the date of the Prospectus had been in existence throughout the financial year ended 31 December 2008, adjusted for the public issue and payment of the estimated listing expenses.

8.2 The proforma consolidated financial information have been prepared based on the audited financial statements of HOSSB for the financial years ended 31 December 2006 to 31 December 2008, after giving effect to the proforma adjustments considered appropriate as set out in the proforma consolidated financial information.

8.3 For illustrative purposes, it was assumed that the Acquisition as detailed in Section 2.1.2 of this report took place on 31 December 2008 in arriving at the proforma consolidated balance sheets as at 31 December 2008. The Acquisition has been reflected in the proforma consolidated balance sheets as at 31 December 2008 using the purchase method of accounting.

8.4 For illustrative purposes, it was assumed that the event stated in Section 2.1 of this report took place since the beginning of the periods being reported on in arriving at the proforma consolidated income statements for each of the three (3) years ended 31 December 2006 to 31 December 2008.

8.5 For illustrative purposes, it was assumed that the events stated in Section 2.1 of this report took place since the beginning of the period ended 31 December 2008 in arriving at the proforma consolidated cash flow statement for the year ended 31 December 2008.

8.6 The proforma consolidated financial information have been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, results of operations and cash flows of HRB Group.

8.7 The proforma consolidated financial information have been prepared in accordance with the accounting policies to be adopted by the Group, which are similar to those of its subsidiary, as set out in the audited financial statements of its subsidiary.

8.8 For the purpose of inclusion in the proforma consolidated financial information, the audited financial statements of HRB for the financial period ended 31 December 2008 and the audited financial statements of HOSSB for the three (3) years ended 31 December 2006 to 31 December 2008 have been prepared in accordance with the applicable approved Financial Reporting Standards.

The audit reports of HRB and HOSSB for the financial years under review were not subject to any qualifications.



11. FINANCIAL INFORMATION (Cont'd)**11.3 CAPITALISATION AND INDEBTEDNESS**

The following table summarises our cash and cash equivalents, capitalisation and indebtedness as at the FYE 31 December 2008:-

	Proforma audited as at 31 December 2008 after Acquisition RM'000	After Public Issue RM'000
Cash and cash equivalents	14,591	26,511
INDEBTEDNESS		
Short Term (Due within 12 months)		
Hire Purchase	82	82
Borrowings	15,501	15,501
Long Term (Due after 12 months)		
Hire Purchase	165	165
Borrowings	20,074	20,074
Total indebtedness	35,822	35,822
CAPITALISATION		
Total shareholders' equity	35,745	47,665
Total capitalisation	35,745	47,665
Total capitalisation and indebtedness	71,567	83,487

The contingent liabilities of our Group are as set out in **Section 11.4.6** of this Prospectus.

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

The following management's discussion and analysis of our Group's financial conditions and results of operations should be read in conjunction with the proforma consolidated financial statements and the accompanying notes for the past three (3) FYE 31 December 2008 included in **Section 11.1** and **11.2** of this Prospectus.

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

11.4.1 Analysis of our Group's operating results

We are principally an investment holding company, incorporated to facilitate the listing of our subsidiary company, namely HOSSB. Our subsidiary company is principally involved in the following activities:-

- (a) provision of overhaul and maintenance services;
- (b) manufacturing or fabrication of new offshore pedestal cranes;
- (c) other services such as supply of manpower and parts;
- (d) offshore crane rental business; and
- (e) workover projects lifting solutions.

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

11. FINANCIAL INFORMATION (Cont'd)

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

(a) Segmental Analysis

The table below sets forth the breakdown of our Group's revenue and PBT by core activities for the respective financial years:-

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

	←-----FYE 31 December----->					
	2006		2007		2008	
	RM'000	%	RM'000	%	RM'000	%
Integrated crane services contracts	26,629	67.91	37,265	67.03	41,996	69.33
Manufacturing and fabrication of new offshore pedestal cranes	12,586	32.09	11,750	21.13	8,335	13.76
Workover projects lifting solutions	-	-	6,580	11.84	10,246	16.91
Proforma Consolidated Revenue	39,215	100.00	55,595	100.00	60,577	100.00

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

	←-----FYE 31 December----->					
	2006		2007		2008	
	RM'000	%	RM'000	%	RM'000	%
Integrated crane services contracts	14,120	94.89	19,057	73.96	18,897	74.64
Manufacturing and fabrication of new offshore pedestal cranes	761	5.11	3,109	12.06	(896)	(3.54)
Workover projects lifting solutions	-	-	3,601	13.98	7,316	28.90
Proforma Consolidated Gross Profit	14,881	100.00	25,767	100.00	25,317	100.00
Overall Gross Profit Margin (%)	37.95		46.35		41.79	

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

	←-----FYE 31 December----->		
	2006	2007	2008
	%	%	%
Integrated crane services contracts	53.02	51.14	45.00
Manufacturing and fabrication of new offshore pedestal cranes	6.05	26.46	(10.75)
Workover projects lifting solutions	-	54.73	71.40

11. FINANCIAL INFORMATION (Cont'd)**(b) Financial Commentary*****FYE 31 December 2006***

Based on the segmental analysis, our Group's revenue for the FYE 31 December 2006 was contributed by the following two (2) core activities:-

- (a) integrated crane services contracts; and

Revenue from our Group's integrated crane service contracts are derived from services performed / billings for overhaul and maintenance works as well as provision of other services such as supply of manpower and parts, which are carried out both on a periodic basis (for scheduled maintenance work) and on an ad-hoc basis.

- (b) manufacturing and fabrication of new offshore pedestal cranes.

Revenue from our Group's manufacturing and fabrication activities are recognised by reference to the stage of completion for manufacturing and fabrication works carried out.

Our Group recorded revenue of RM39.215 million in the FYE 31 December 2006 as compared to revenue of RM33.645 million recorded in the FYE 31 December 2005, representing an increase of RM5.570 million or 16.55%.

The increase in revenue for the FYE 31 December 2006 was mainly due to revenue contribution from integrated crane services contracts which increased by 28.79% to RM26.629 million, compared to RM20.677 million recorded in the previous year. HOSSB was awarded new integrated crane services contracts from PETRONAS Carigali and ExxonMobil in May 2006. These contracts were implemented in August 2006 and have higher contract rates as compared to the previous contracts, thus contributing to the 16.55% increase in total revenue.

The gross profit margin and PBT margin for the FYE 31 December 2006 have increased from 29.76% to 37.95% and 9.10% to 17.88% respectively as compared to the FYE 31 December 2005. The increase in gross profit margin and PBT margin is in line with the award of the new integrated crane services contracts from PETRONAS Carigali and ExxonMobil, which have higher contract rates as compared to the previous contracts.

FYE 31 December 2007

Our Group recorded revenue of approximately RM55.595 million in the FYE 31 December 2007 as compared to RM39.215 million recorded in the FYE 31 December 2006, representing an increase of RM16.380 million or 41.76%

The increase in the Group's total revenue was mainly due to revenue from integrated crane services contracts which increased from RM26.629 million to RM37.265 million. The substantial increase in revenue for our integrated crane services contracts was a result of a full year's revenue contribution from our integrated crane services contracts from PETRONAS Carigali and ExxonMobil secured in May 2006, as well as an increase in overhaul and maintenance services works carried out during the year. In line with the award of the new contract with higher rates, our Group recorded a higher gross profit for our integrated crane services contracts i.e. RM19.057 million in the FYE 31 December 2007 compared to RM14.120 million recorded in the FYE 31 December 2006.

11. FINANCIAL INFORMATION (Cont'd)

Although the Group recorded a slight decrease in revenue for the manufacture and fabrication of offshore pedestal cranes, gross profit contribution increased from RM0.761 to RM3.109 million. This substantial increase in gross profit was mainly due to the Group securing five (5) new purchase orders for the manufacture of offshore pedestal cranes during the year.

Cost incurred for crane fabrication works is recorded in the balance sheet as work-in-progress. Revenue and cost are recognised in the income statement when fabrication works reach a stage of completion based on a pre-agreed milestone in accordance to the terms of the fabrication contract/purchase orders for new cranes. Generally, gross profit margins are higher for the initial stages of the manufacturing and fabrication process since the cost recognised is lower (the cost incurred and expensed off in the income statement mainly relate to labour cost for the engineering design and production planning and procurement), whereas the mid to later stages of crane fabrication involves the recognition of the cost of raw material (such as steel) and parts which are higher, and constitute the main cost component of the crane. In 2007, we secured five (5) new crane orders and commenced the engineering design and production planning in the same year. Accordingly, the gross profit margin is higher in 2007.

The FYE 31 December 2007 also marked the introduction of a new business segment to our Group, workover projects lifting solutions. As explained in further detail under **Section 5.8.1(v)** of this Prospectus, workover projects involve reviving old or abandoned oil platforms. Revenue from workover projects lifting solutions is mainly derived from the rental of our own offshore pedestal cranes and supply of manpower to enable rehabilitation/drilling works (which are carried out by third parties) to be performed at the platform. For the FYE 31 December 2007, our Group performed workover development jobs off the Sabah and Sarawak coast totalling approximately RM6.580 million.

For the FYE 31 December 2007, our Group's overall gross profit margin increased from 37.95% to 46.35% whereas PBT margin increased from 17.88% to 21.78%. The smaller increase in pre-tax margin was mainly due to the increase in administrative and other expenses, in particular, the increase in directors' and employees' emoluments in view of the overall improvement in our Group's performance during the FYE 31 December 2007 and the expenses incurred for the issuance of MTNs.

FYE 31 December 2008

Our Group recorded revenue of approximately RM60.577 million in the FYE 31 December 2008 as compared to RM55.595 million recorded in the FYE 31 December 2007, representing an increase of RM4.982 million or approximately 8.96%

During the FYE 31 December 2008, our Group recorded higher revenue of RM41.996 million from our integrated crane services contracts as compared to RM37.265 million in the previous financial year. The increase in revenue was mainly due to our Group being awarded a new integrated crane services contract from Talisman in January 2008, and the increase in overhaul and maintenance services work from existing contracts with PETRONAS Carigali and ExxonMobil. Despite the increase in our Group's revenue from integrated crane services contracts, our Group's gross profit for this segment decreased from RM19.057 million to RM18.897 million. The slight decrease in gross profit was attributed to the general increase in cost of raw materials and parts.

11. FINANCIAL INFORMATION (Cont'd)

Our Group recorded lower revenue of RM8.335 million for the manufacture and fabrication of offshore pedestal cranes as compared to the previous financial year's revenue of RM11.750 million. The decline in our Group's revenue for manufacturing and fabrication activities was due to fewer orders for new cranes as compared to the previous year. Our manufacturing and fabrication segment recorded a gross loss of RM0.896 million as most of the fabrication works performed during the year were in the mid to final stages and as explained earlier on, the margins are lower as compared to the initial stage. There was also a general increase in the cost of raw materials/parts and supply of manpower.

Revenue for workover projects lifting solutions increased to RM10.246 million from RM6.580 million recorded in the FYE 31 December 2007. The increase in revenue for our workover projects lifting solution is attributed to the additional workover jobs secured by our Group. As a result of the additional workover jobs secured, our Group recorded a higher gross profit of RM7.316 million as compared to RM3.601 million recorded in the previous financial year. Gross profit margin for workover projects increased from 54.73% to 71.40% due to a general increase in scope of work (workover projects were carried out for a longer period of time) and the increase in the utilisation of rental cranes and supply of manpower.

The overall gross profit margin of our Group for the FYE 31 December 2008 decreased from 46.35% to 41.79%. This was mainly due to the decrease in margins for our integrated crane services contracts (due to a general increase in the cost of materials/parts and supply of manpower) and fabrication of new offshore pedestal cranes. However, this decrease was slightly mitigated by the increase in margins for our workover projects lifting solutions.

Our Group's PBT for the FYE 31 December 2008 improved slightly from 21.78% recorded in the previous year to 22.74%.

State of the order book for the FYE 31 December 2009

As our Group is primarily a service based Group, our future profitability is not dependent on an order book but rather the level of expenditure/level of maintenance service required to keep our client's cranes operating at optimum levels. As disclosed in this Prospectus, our scope of work and service rates are fixed via long term maintenance and service contracts with PETRONAS Carigali, ExxonMobil and Talisman. This provides us with a steady stream of revenue and earnings visibility throughout the tenure of these contracts.

Our Group has not secured any new manufacturing contracts for crane fabrication works for the FYE 31 December 2009. However, we have successfully delivered and commissioned two (2) zero defect cranes in 2009 and have submitted three (3) tenders for the fabrication of three (3) new cranes, the outcome of which is expected to be known in the second half of 2009.

With regards to workover project lifting solutions for workover campaigns in East Malaysia, demand for our rented cranes and manpower services are on an ad-hoc basis and are expected to continue until year 2011.

11. FINANCIAL INFORMATION (Cont'd)**(c) Dependence on the major customers and threat of competition**

As disclosed in the segmental analysis of revenue by core activities, our Group has over the past three (3) years derived more than 65% of our revenue from long term service contracts with PETRONAS Carigali, ExxonMobil and Talisman. Although these service contracts provide us with revenue and earnings visibility, these contracts contain provisions which allow the customers to unilaterally terminate the contract if there is any non-performance or lack of performance of the service contracts on our part. Any loss of these contracts as a result of early termination or non-renewal may have an adverse impact on our financial performance.

In addition to the above, our Group may also face competition from other local and foreign offshore crane service providers and manufacturers which may threaten our market share or erode our profitability margins.

However the dependence on the service contracts and the threat of competition are mitigated by amongst others, the following factors:-

- (i) our Group is one of the few companies in Malaysia that manufactures and provides overhaul and maintenance for offshore pedestal cranes. The threat from new entrants to the industry is relatively low due to the niche market in which our Group operates in and the high barriers to entry;
- (ii) our Group's relationship with our major customers have been established and nurtured over a period exceeding ten (10) years. This long-term business relationship implies a satisfactory and beneficial customer-supplier relationship and forms the basis of continuous business in the future; and
- (iii) our Group has made significant progress in diversifying and expanding our income source through our crane rental business and provision of services in relation to workover projects. In addition, we have also earmarked RM8.5 million from our IPO proceeds for our expansion through acquisitions, joint ventures and strategic alliances which will complement our current and future businesses.

Please refer to **Section 4.1.3** and **Section 4.1.4** of this Prospectus for further details on the mitigating factors related to the dependence on major customers and competition as well as **Section 5.8.4** of this Prospectus on our Group's competitive strengths.

(d) Impact of Foreign Exchange / Interest Rates / Commodity Prices on Operating Profits

Our revenues are all derived from Malaysian customers and paid for in Ringgit. We have business transactions in foreign currencies in the normal course of our business, which includes the purchase of supplies and materials for our fabrication and manufacturing activities. Nevertheless, these foreign purchases (which are denominated in USD and Australian Dollars) represent approximately 55% of our total purchases for the FYE 31 December 2008. In addition, our Group's revenues from our manufacturing and fabrication activities only accounted for approximately 14% of our Group's total revenue for the FYE 31 December 2008.

Notwithstanding the above, our Group believes that the fluctuation in commodity prices and foreign exchange will not materially affect the profit margins of our Group in view that the supply/manufacture of our cranes are based on purchase orders rather than long-term supply contracts. Raw material supplies are only procured upon receipt of purchase orders from customers. As such, the impact of the price movement of our raw materials, if any, would be minimal, since the cost of the steel would form part of the quotation to the customer.

11. FINANCIAL INFORMATION (Cont'd)

In September 2007, we issued MTNs of RM25.0 million out of a total approved nominal amount of RM50.0 million. The purpose of the MTN Programme is to repay the existing bank borrowings, to finance the construction of a new fabrication and maintenance facility and for working capital. As the MTN constitutes approximately 70% of our Group's total bank borrowings and bears a fixed coupon rate, we are not materially exposed to the impact of fluctuating interest rates.

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE 31 December 2008.

(e) Tax Consideration

The tax provision has been adequately provided for in all the financial years under review. The tax submission of our Group has been made up to the year of assessment 2008 and to date there has been no material matters in dispute with the Inland Revenue Board of Malaysia. As at 31 December 2008, the settlement of HOSSB's tax liabilities with the IRB is up-to-date.

The effective tax rates for year of assessment 2006 of 30.89% and year of assessment 2007 of 28.04% were higher than the statutory tax rate for 2006 and 2007 of 28.00% and 27.00% respectively. The higher effective tax rates for the two (2) financial years were due to certain expenses disallowed for tax purposes. The major expenses disallowed for tax purposes were entertainment, depreciation of property, plant and equipment, certain professional fees, penalty and a portion of interest which is subject to interest restriction.

The effective tax rate for year of assessment 2008 of 32.83% was also higher than the statutory tax rate of 26.00% for the year. This was mainly due to certain expenses being disallowed for tax purposes. In addition, HOSSB was also unable to set off its losses and capital allowances arising from the pioneer activities against its profits from the non-pioneer business pursuant to the Promotion Investments Act 1986.

HOSSB was granted pioneer status for a period of ten (10) years by the MITI under the Promotion of Investments Act, 1986 for its activity on "Manufacturing of Offshore Pedestal Cranes". Under this pioneer status incentive, income derived from the pioneer activity is exempted from income tax for a period of five (5) years from 18 September 2005 to 17 September 2010. Our Group is required to apply for an extension of the incentive period for another five (5) years upon the expiry of its initial five (5) years pioneer period subject to the fulfilment of terms and conditions in the Pioneer Certificate.

(f) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past three (3) FYE up to 31 December 2008.

(g) Government / Economic / Fiscal / Monetary Policies

Risks relating to government, economic, fiscal or monetary policies or factors which may materially affect our operations are set out in **Section 4** of this Prospectus.

There is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE up to 31 December 2008.

11. FINANCIAL INFORMATION (Cont'd)

11.4.2 Liquidity and capital resources

Our Group's principal sources of liquidity are internally generated funds and external source of funds such as bank borrowings and MTNs. As at 31 December 2008, our Group has cash and cash equivalents of approximately RM14.59 million. In addition, the total maximum limit of credit facilities (excluding the MTNs) obtained by our Group amounts to approximately RM24.60 million as at 31 December 2008, of which approximately RM13.42 million has been drawdown as at the same date.

The details of the key liquidity ratios as at 31 December 2008 are as follows:-

	As at 31 December 2008 RM'000
Net cash generated from operating activities	3,704
Net cash used in investing activities	(10,192)
Net cash generated from financing activities	2,451
Net decrease in cash and cash equivalents	(4,037)
Cash and cash equivalents at beginning of year	18,628
Cash and cash equivalents at end of year	14,591

Our operations are funded by a combination of internal and external sources of funds. Internal sources of funds comprise mainly of cash generated from our operating activities and cash and bank balances, while external sources of funds comprise mainly of borrowings from banks and other financial institutions and capital contribution from shareholders. The principal uses of these funds are for working capital purposes such as payment of inventories and trade payables, staff cost, financing trade receivable balances and operating expenses, as well as for our capital expenditure and repayment of loans and advances.

Cash flow from operating activities

For the FYE 31 December 2008, our Group generated cash flow from operating activities totalling RM3.704 million. As our Group's revenue is primarily derived from the long term maintenance and service contracts with PETRONAS Carigali, ExxonMobil and Talisman, we expect to benefit from a steady stream of recurring cash flows from maintenance works to be performed throughout the tenure of these service contracts.

We believe that our cash flow from operations will improve further once our new yard in Teluk Kalong industrial area becomes fully operational. The new yard will enable us to increase our capacity to meet any anticipated demand for our maintenance services, and allow us to undertake and tender for more fabrication works in the future.

Cash flow from investing and financing activities

Our Group's net cash used in investing activities of RM10.192 million for the FYE 31 December 2008 was mainly attributed to the investment in property, plant and equipment comprising expenditure on our new yard/building under construction and purchase of new machineries totalling approximately RM9.221 million. For the FYE 31 December 2009, we have incurred and are expected to incur further capital expenditure for the construction of the new yard which will be completed in the second quarter of 2009. As at the LPD we have committed to spend a further RM3.475 million for the construction of the new yard. We will fund the construction of the new yard using proceeds from the MTN.

Moving forward, the proceeds from our public issue will be used to fund our business expansion plans.

11. FINANCIAL INFORMATION (Cont'd)

There are no legal or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends. However, some of our Group's bankers may require us to seek their prior approval for dividend payments. We do not expect such approval to be unnecessarily withheld by our bankers, therefore, we are confident that we can meet our cash obligations.

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

11.4.3 Borrowings

As at 31 December 2008, the total outstanding bank borrowings in the form of term loans, bankers' acceptances, overdraft facilities, hire purchase and MTN amounted to approximately RM35.82 million. The borrowings can be further analysed as follows:-

Outstanding Borrowings	Amount RM'000
Short Term (Due within 12 months)	
Hire Purchase	82
Borrowings	15,501
Long Term (Due after 12 months)	
Hire Purchase	165
Borrowings	20,074
Total interest-bearing borrowings	35,822
Gearing ratio of our Group (after the Acquisition) ⁽¹⁾	1.00
Gearing ratio after the IPO ⁽²⁾	0.75

Notes:-

(1) Based on proforma shareholders' funds as at 31 December 2008 of RM35.745 million upon completion of the Acquisition.

(2) Based on proforma shareholders' funds as at 31 December 2008 of RM47.665 million upon completion of the Public Issue and after the utilisation of proceeds as set out in Section 3.8 of this Prospectus.

In September 2007, we issued the first tranche of RM25.0 million MTN out of the total nominal amount of RM50.0 million MTN. The purpose for the MTN is to repay the existing bank borrowings, to finance the construction of a new fabrication and maintenance facility and for working capital.

The second tranche of up to RM25.0 million nominal value shall be issued within the tenor of the MTNs Programme. The tenor of the MTNs Programme is seven (7) years from the date of the first issuance.

Our Group has no borrowings in foreign currency.

11. FINANCIAL INFORMATION (Cont'd)

In addition, our Group has not defaulted on payments on either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year immediately preceding the date of this Prospectus and the subsequent financial period up to the LPD. Our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans which could materially affect our financial position and results or business operations or the investment by holders of securities in us.

As at the LPD, our Group do not have nor are we using any financial instruments for hedging purposes.

11.4.4 Material Commitment

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

	RM'000
Capital expenditure approved and contracted for in relation to construction of the offshore pedestal crane office and factory	3,475

We will fund the construction of our new office and factory in Teluk Kalong using proceeds from the MTNs.

11.4.5 Material Litigation

As at the LPD, neither we nor our subsidiary company are engaged in any material litigation or arbitration either as plaintiff or defendant that has a material effect on the financial position of our Group. Our Directors are not aware of any proceedings pending or threatened against us or our subsidiary company or of any facts likely to give rise to any proceedings that may materially affect our Group's position and business.

11.4.6 Contingent Liabilities

As at the LPD prior to the issuance of this Prospectus, there is no material contingent liabilities incurred by our Group, which may have a substantial impact on the financial position of our Group.

11.4.7 Trend Information

Based on our segmental analysis of revenue and profitability by core activities, our financial commentary for the three (3) financial years under review and the state of our order book for the FYE 31 December 2009, our Board anticipates the following trends:

- (a) We expect revenue from our integrated crane service contracts to be sustainable given that the service contract with PETRONAS Carigali and ExxonMobil has been secured until year 2011, with two (2) extension options of one (1) year each, while the service contract with Talisman has been secured until year 2010, with two (2) extension options of one (1) year each. As the service rates and scope of work have been fixed via these long term service contracts, revenue growth for this business segment will be largely driven by the level of activity and amount of maintenance work required to keep the cranes operating at optimum capacity.

11. FINANCIAL INFORMATION (Cont'd)

We anticipate the demand for our crane maintenance services to remain stable with a slight upward trend, primarily supported by the planned periodic maintenance ("PPM") programmes, ad-hoc call out services for non-PPM related work (including emergency crane downtime situations), and lastly, as cranes age, we foresee frequent breakdowns/malfunctioning cranes, and hence the cranes will have to be serviced more regularly.

- (b) We have not secured any new crane orders for the FYE 31 December 2009. However, we have delivered and commissioned two (2) zero defect cranes in 2009 and have submitted three (3) tenders for the manufacture and fabrication of three (3) new cranes. The outcome of the tender will only be known in the second half of 2009.

Moving forward, we anticipate that as the oil & gas majors increase spending on deepwater exploration, production and development, there will be a corresponding increase in demand for new cranes. Our Board believes that we are in a good position to tender for more crane fabrication and manufacturing works given our competitive strengths as highlighted in **Section 5.8.4** of this Prospectus and our increased capacity with the new yard becoming fully operational in the second half of 2009.

- (c) We believe that demand for our workover projects lifting solutions in East Malaysia will continue to grow until year 2011. The trend and prospects of workover projects lifting solutions will depend on the viability and the duration of oil recovery campaigns carried out by third parties on old/abandoned oil platforms.
- (d) We believe that our cost for providing maintenance services under the integrated crane service contracts is not expected to increase or fluctuate significantly as there is a pass-through mechanism for the cost of major replacement spare parts and components, while manpower cost is only expected to increase in tandem with the general increase in salaries for crane technicians and crane specialists.
- (e) Steel-based components/parts form the major raw material cost for our Group's manufacturing and fabrication activities. We do not expect fluctuations in steel prices to significantly affect our Group's profitability as raw material supplies are procured upon receipt of purchase orders from customers, and the cost of steel would form part of the price quotation.
- (f) Based on the above, our Board is not aware of any circumstances which would result in a significant decline in our overall gross profit margins, and expects our overall gross profit margin to remain relatively stable in the near future barring any unforeseen circumstances.

Save as disclosed above, including our Management's Discussion and Analysis of Financial Conditions and Results of Operations, **Section 4**, **Section 5.8.4**, **Section 5.9.1**, and **Section 6** of this Prospectus, our Board believes that barring any unforeseen circumstances, there are no other significant known recent trends for revenue and costs, or other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material favourable or unfavourable impact on our financial performance, position and operations of our Group, or that would cause financial information disclosed in this Prospectus to be not indicative of our future operating results or financial conditions.

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

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

	2006	FYE 31 December 2007	2008
Trade receivable turnover period (months) ⁽¹⁾	2.46	2.66	3.00
Trade payable turnover period (months) ⁽²⁾	2.38	2.82	3.69
Inventories turnover period (months) ⁽³⁾	5.46	6.55	7.96

Notes:-

- (1) Trade receivables as at year end over revenue
(2) Trade payables as at year end over cost of sales
(3) Inventories and work-in-progress as at year end over cost of sales

Trade receivables

The normal credit term granted to customers is 30 days to 45 days. However, in practice, the collection period is normally extended to 90 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, inter-alia, the background and credit-worthiness of the customer, payment history of the customer and our relationship with our customer.

Our Group's trade receivable turnover period for the past three (3) FYE 31 December 2008 was 2.46 months, 2.66 months and 3.00 months respectively. Evidently, our Group's trade receivables are adequately managed given that our trade receivables turnover period remained constant over the FYE 31 December 2006 to 2008 and is consistent with our Group's policy for credit control purposes.

As at 31 December 2008, the trade receivables of our Group amounted to approximately RM15.1 million which can be analysed as follows:-

	←-----Within credit period-----→			Exceed credit period over 90 days	Total
	0-30 days	31-60 days	61-90 days		
Trade receivables (RM'000)	7,300	1,943	2,532	3,358	15,133
% of total trade receivables	48.24	12.84	16.73	22.19	100

The overdue trade receivables as at 31 December 2008 amounted to RM3.36 million and have been fully settled to date.

Trade payables

The normal credit term granted by Group's suppliers is 30 days to 90 days. In view of our good relationship with our major suppliers (with whom we had substantial prior dealings), our payment periods are normally extended to a period longer than 90 days.

11. FINANCIAL INFORMATION (Cont'd)

During the past three (3) FYE 31 December 2008, our Group's trade payables turnover period was 2.38 months, 2.82 months and 3.69 months respectively. The increase in our Group's trade payables turnover period throughout the three (3) financial years was attributed to the longer payment period extended to us by our major suppliers.

As at 31 December 2008, the trade payables of our Group amounted to approximately RM10.8 million which can be analysed as follows:-

	←-----Within credit period-----→			Exceed credit period over 90 days	Total
	0-30 days	31-60 days	61-90 days		
Trade payables (RM'000)	2,963	4,236	1,624	2,008	10,831
% of total trade payables	27.36	39.11	14.99	18.54	100

The overdue trade payables as at 31 December 2008 amounted to RM1.92 million and have been fully settled to date. No legal or other action has been taken against us due to our non-payment or late payment in amount owed to our suppliers.

Inventories

Our inventories consist of offshore pedestal crane components/parts, consumables and work-in-progress. Our inventory turnover period for the past three (3) FYE 31 December 2008 was 5.46 months, 6.55 months and 7.96 months respectively. The high inventories turnover period was mainly due to the increase in work in progress for the manufacturing/fabrication and maintenance of offshore pedestal cranes as well as the high stock level of crane components/parts in order to service the customers efficiently.

11.5 DIVIDEND POLICY

The declaration of interim dividends and the recommendation of final dividend are subject to the discretion of our Board, and any final dividend for the year is subject to our shareholders' approval. Our Board views the Group as a leading provider of offshore pedestal crane services, with strong prospects for growth and expansion. We believe that investment in our shares provide potential for long term capital appreciation.

Notwithstanding the above, it is our intention to pay dividends to shareholders in the future depending upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial conditions and any other factors considered relevant by our Board. Actual dividends proposed and declared may vary depending on the financial performance and cash flow of our Group, and may be waived if the payment of the dividends would adversely affect the cash flows and operations of our Group.

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12. ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus)



GEP ASSOCIATES AF1030
CHARTERED ACCOUNTANTS
An Independent member firm of **AGN** International Ltd

Block F2 Dataran Prima
25 Jalan PJU 1/42A
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Telephone
(+603) 7803 3390

Facsimile
(+603) 7803 3502

E-mail
aud2@gep.com.my

Website
www.gep.com.my

02 JUN 2009

The Board of Directors
HANDAL RESOURCES BERHAD
4 Kawasan Lapang Fasa II
Kemaman Supply Base
24007 Kemaman
Terengganu Darul Iman
Malaysia

Dear Sirs,

HANDAL RESOURCES BERHAD (“HRB” OR THE “COMPANY”) ACCOUNTANTS' REPORT

1.0 INTRODUCTION

The report has been prepared by Messrs GEP Associates, an approved company auditor, for inclusion in the Prospectus of HRB dated 29 June 2009 (“Prospectus”) in connection with the listing of and quotation for the entire enlarge issued and paid-up share capital of HRB on the Second Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing”).

2.0 GENERAL INFORMATION

2.1 BACKGROUND INFORMATION

HRB was incorporated under the Companies Act, 1965 on 8 May 2008 as a private limited company under the name of Handal Resources Sdn. Bhd. It was subsequently converted to a public limited company on 15 May 2008 and assumed its present name.

The principal activity of HRB is that of an investment holding company.

2.2 LISTING SCHEME

In conjunction with, and as an integral part of the listing of and quotation for the entire issued and paid-up share capital of HRB on the Second Board of Bursa Securities, the details of the Listing Scheme are as follows:-

(i) Share Transfer

On 6 June 2008, Dato' Mohsin Abdul Halim, Zahari bin Hamzah, Mallek Rizal bin Mohsin and Joel Emanuel Heaney entered into a multi-party share transfer agreement to re-organise their respective shareholdings in Handal Offshore Services Sdn. Bhd. (“HOSSB”), and to transfer part of Zahari bin Hamzah and Mallek Rizal bin Mohsin's interest in HOSSB to Dato' Mohsin Abdul Halim and Joel Emanuel Heaney, a long time serving and key management of HOSSB. The share transfer was completed on 5 May 2009.

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****(ii) Acquisition**

On 6 June 2008, HRB entered into a conditional share sale agreement with the vendors of HOSSB for the acquisition of the entire equity interest in HOSSB, comprising 4,000,000 ordinary shares of RM1.00 each, for a purchase consideration of RM35,749,998, which was fully satisfied by the issuance of 71,499,996 ordinary shares of RM0.50 each in HRB ("HRB Share(s)") to the respective vendors of HOSSB at an issue price of RM0.50 per HRB Share ("Acquisition"). The Acquisition was completed on 6 May 2009.

(iii) Offer for Sale

Upon completion of the Acquisition and in conjunction with the Listing, 6,000,000 HRB Shares ("Offer Shares"), representing 6.67% of the enlarged issued and paid-up share capital of HRB will be offered to identified public investors at an offer price of RM0.72 per share subject to the terms and conditions of the Prospectus.

(iv) Public Issue

In conjunction with the listing, HRB will undertake a public issue of 18,500,000 new HRB Shares ("Issue Shares"), representing 20.56% of the enlarged issued and paid-up share capital of HRB, at an issue price of RM0.72 per share to be allocated in the following manner:-

- (a) 6,000,000 HRB Shares, representing 6.67% of the enlarged issued and paid-up share capital of HRB made available for application by the Malaysian public, of which 30% is to be set aside for bumiputera investors;
- (b) 4,000,000 HRB Shares, representing 4.44% of the enlarged issued and paid-up share capital of HRB reserved for eligible directors, employees and business associates/persons who have contributed to the success of HRB Group; and
- (c) 8,500,000 HRB Shares, representing 9.44% of the enlarged issued and paid-up share capital of HRB, by way of private placement to identified investors.

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

(v) Listing

The admission and the listing of and quotation for its entire enlarged issued and paid-up share capital of RM45,000,000 comprising of 90,000,000 ordinary shares of RM0.50 each on the Second Board of Bursa Securities will be sought.

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****2.3 SHARE CAPITAL**

The movements in the authorised share capital since incorporation are as follows :

	RM
At date of incorporation on 8 May 2008 200,000 ordinary shares of RM0.50 each	100,000
Created on 2 May 2009 99,800,000 ordinary shares of RM0.50 each	<u>49,900,000</u>
	<u>50,000,000</u>

In accordance with the listing exercise, the movement in HRB's issued and paid-up share capital is expected to be as follows :

	No. of Shares	Par Value RM	RM
Paid-up share capital upon incorporation	4	0.50	2
Issued as consideration for the acquisition of HOSSB on 6 May 2009	71,499,996	0.50	35,749,998
To be issued pursuant to the public issue	<u>18,500,000</u>	0.50	<u>9,250,000</u>
Enlarged issued and paid-up share capital after public issue	<u>90,000,000</u>	0.50	<u>45,000,000</u>

2.4 SUBSIDIARY COMPANY

HRB has one subsidiary company, namely HOSSB, which is a private limited company incorporated in Malaysia under the Companies Act, 1965 on 21 August 2001. The principal activities of HOSSB are that of overhaul and maintenance, manufacturing or fabrication of new offshore pedestal cranes, offshore crane rental business, workover projects lifting solutions and other services such as supply of manpower and parts.

The present authorised and issued paid-up share capital of HOSSB as at the date of this report are RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and RM4,000,000 comprising 4,000,000 ordinary shares of RM1.00 each respectively.

HRB and its subsidiary company, HOSSB are collectively referred to as the Group.

2.5 DIVIDENDS

Save as disclosed below, no other dividends have been paid or declared by the Group for the financial years under review :

- (a) A final dividend of 27.778% per share less 28% income tax amounting to RM500,000 was declared and paid on 14 June 2006 in respect of the financial year ended 31 December 2005 by HOSSB.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

- (b) An interim dividend of 27.8% per share less 28% income tax amounting to RM500,400 was declared and paid on 23 August 2006 in respect of the financial year ended 31 December 2006 by HOSSB.
- (c) A final dividend of 20.548% per share less 27% income tax amounting to RM600,000 was declared and paid on 16 April 2007 in respect of the financial year ended 31 December 2006 by HOSSB.
- (d) A final dividend of 21.25% per share less 25% income tax amounting to RM637,500 was declared and paid on 4 May 2009 in respect of the financial year ended 31 December 2008 by HOSSB.

2.6 FINANCIAL STATEMENTS AND AUDITORS

We have been appointed as the auditors of HRB since the date of incorporation. The audited financial statements of HRB for the period 8 May 2008 (date of incorporation) to 31 December 2008 were audited by us and were not subject to any qualification and emphasis of matter.

We have been appointed as the auditors of HOSSB with effect from the financial year ended 31 December 2003 and have reported on the financial statements without qualification and emphasis of matter.

The first set of financial statements of HOSSB for the period from 21 August 2001 to 31 December 2002 were audited by Azmi Ismail & Co. The financial statements were reported on without qualification.

3.0 BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

This report is prepared based on the audited financial statements of HRB and its subsidiary company, which has been prepared in accordance with the provision of Companies Act, 1965 and the applicable approved Financial Reporting Standards ("FRS") in Malaysia and presented on a basis consistent with the accounting policies adopted by HRB Group.

HRB Group has adopted all of the new and revised Financial Reporting Standards and Interpretations issued by the MASB that are relevant to their operations.

4.0 AUDITED FINANCIAL STATEMENTS

HRB Group exists upon the completion of the Acquisition as mentioned in Paragraph 2.2(ii), hence there are no audited consolidated financial statements of HRB for the financial year ended 31 December 2006 to the financial year ended 31 December 2008. The Acquisition was completed on 6 May 2009. HRB has also not commenced any business during the financial period under review. For the purpose of this report, the audited financial statements of HOSSB for the financial year ended 31 December 2006 to the financial year ended 31 December 2008 are presented.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**5.0 SUMMARISED FINANCIAL STATEMENTS OF HRB**

The following financial information of HRB was extracted from the audited financial statements of HRB for the financial period from 8 May 2008 (date of incorporation) to 31 December 2008.

5.1 Income Statement of HRB

	8 months ended 31 December 2008 RM'000
Revenue	-
Other expenses	(5)
Net loss for the period	(5)

5.2 Balance Sheet of HRB

	As at 31 December 2008 RM'000
ASSETS	
Current Assets	
Prepayments	630
Cash on hand	*
	630
TOTAL ASSETS	630
EQUITY AND LIABILITY	
Equity attributable to shareholders of the company	
Share capital	*
Reserves	(5)
Total equity	(5)
Current liability	
Other payable and accruals	635
Total liability	635
TOTAL EQUITY AND LIABILITY	630

Notes :

* This represents RM2.00

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**5.3 Statement of Changes in Equity of HRB**

	Share Capital RM'000	Accumulated Loss RM'000	Total RM'000
At 8 May 2008 (date of incorporation)	*	-	*
Net loss for the period	-	(5)	(5)
Balance at 31 December 2008	*	(5)	(5)

Notes :

* This represents RM2.00

5.4 Cash Flow Statement of HRB8 months
ended
31 December
2008
RM'000**CASH FLOWS FROM OPERATING ACTIVITIES**

Net loss for the period before working capital changes	(5)
Increase in prepayments	(630)
Increase in other payable and accruals	635
Net cash generated from operating activities	-

CASH FLOW FROM FINANCING ACTIVITY

Proceeds from issuance of shares	*
NET INCREASE IN CASH AND CASH EQUIVALENTS	*
CASH AND CASH EQUIVALENTS AT END OF PERIOD	*

Note :

* This represents RM2.00

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**6.0 SUMMARISED FINANCIAL STATEMENTS OF HOSSB**

The following financial information of HOSSB was extracted from the audited financial statements of HOSSB for the financial year ended 31 December 2006 to the financial year ended 31 December 2008.

6.1 Income Statements of HOSSB

	Note	← Year Ended 31 December →		
		2006 RM'000	2007 RM'000	2008 RM'000
Revenue	7.2	39,215	55,595	60,577
Cost of sales		(24,334)	(29,828)	(35,260)
Gross profit ("GP")		14,881	25,767	25,317
Other income		466	967	1,463
Administrative expenses		(4,981)	(9,642)	(7,544)
Other expenses		(2,742)	(3,865)	(3,578)
Profit from operations		7,624	13,227	15,658
Finance costs	7.3	(612)	(1,120)	(1,885)
Profit before taxation ("PBT")	7.4	7,012	12,107	13,773
Income tax expense	7.5	(2,166)	(3,395)	(4,521)
Profit after taxation ("PAT")		4,846	8,712	9,252
Number of shares in issue of RM1 each		4,000	4,000	4,000
Number of shares in issue of RM1 each (weighted average)		2,918	4,000	4,000
Earnings before interest, tax, depreciation and amortisation ("EBITDA")		8,814	14,238	16,382
Gross earnings per share ("EPS") (sen)		240.30	302.68	344.33
Net EPS (sen)		166.08	217.80	231.30
GP margin (%)*		37.95	46.35	41.79
PBT margin (%)**		17.88	21.78	22.74
PAT margin (%)^		12.36	15.67	15.27
Effective tax rate (%)		30.89	28.04	32.83

Notes:

* GP over revenue

** PBT over revenue

^ PAT over revenue

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**

Notes :

REVENUE

The increased in revenue by RM5.57 million to RM39.22 million as compared to RM33.65 million in financial year ended ("FYE") 31 December 2005 was mainly contributed by revenue from integrated crane services contracts. In May 2006, HOSSB was awarded new integrated crane services contracts from Petronas Carigali Sdn. Bhd. and ExxonMobil Exploration and Production Malaysia Inc., which have higher contract rates as compared to the previous contracts. These contracts were implemented in August 2006 and thus contribute to the 16.55% increase in revenue.

Revenue for FYE 2007 increased by RM16.38 million or 41.76% to RM55.60 million due mainly to the following:

- (a) a full year's revenue contribution of the new contracts which were secured in FYE 2006;
- (b) increase in overhaul and maintenance services work from existing contracts; and
- (c) workover development jobs off Sabah and Sarawak Coast.

Revenue for FYE 2008 increased by RM4.98 million or 8.96% to RM60.58 million due mainly to HOSSB being awarded a new integrated crane services contract from Talisman Malaysia Limited, increase in overhaul and maintenance services work from existing contracts and increase in workover projects.

However, revenue from manufacturing and fabrication of new offshore cranes decreased by 29.06% due to fewer orders secured in FYE 2008.

PROFIT

The gross profit margin and pre-tax profit margin for FYE 2006 increased by 8.19% and 8.78% respectively as compared to FYE 2005. This was due mainly to HOSSB being awarded new integrated crane services contracts from Petronas Carigali Sdn. Bhd. and ExxonMobil Exploration and Production Malaysia Inc., which have higher contract rates as compared to the previous contracts.

The gross profit margin for FYE 2007 increased by 8.40%. The increase in the gross profit margin was due to the revision of new rates for integrated crane services contracts in FYE 2006 which has contributed to a full year results in FYE 2007 and also due to higher margin for the manufacturing and fabrication of new offshore pedestal cranes.

Although gross profit margin increased by 8.40% in FYE 2007 as compared to FYE 2006, pre-tax profit margin only increase by 3.90%. This was due mainly to increase in administrative and other expenses in particular the increase in directors' and employees' emoluments in view of the overall improvement in HOSSB's performance during FYE 2007 and the expenses incurred for the issuance of Medium Term Notes.

The gross profit margin for FYE 2008 decreased by 4.56%. The decrease in the gross profit margin was due mainly to the general increase in raw materials/parts and manpower costs and also due to lower margin for the manufacturing and fabrication of new offshore pedestal cranes.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**TAXATION**

The effective tax rates for year of assessment ("YA") 2006 and YA 2007 were higher than the statutory tax rate due to certain expenses disallowed for tax purpose. The major expenses disallowed for tax purposes were entertainment, depreciation of property, plant and equipment, certain professional fees, penalty and a portion of interest which is subject to interest restriction.

The effective tax rate for YA 2008 was also higher than the statutory tax rate. This was due to certain expenses disallowed for tax purposes and also adjusted loss and capital allowances from pioneer business were prohibited from setting off against profits in the non-pioneer business under the Promotion Investments Act 1986.

6.2 Balance Sheets of HOSSB

		← As at 31 December →		
	Note	2006 RM'000	2007 RM'000	2008 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	7.6	4,268	5,860	13,677
Prepaid land lease payments	7.7	2,650	2,606	2,562
		6,918	8,466	16,239
Current assets				
Inventories		3,271	6,226	5,747
Work-in-progress		7,792	10,044	17,641
Trade receivables	7.8	8,049	12,308	15,133
Other receivables, deposits and prepayments		645	703	1,171
Short term and fixed deposits with licensed banks	7.9	5,562	21,384	24,202
Cash on hand and at banks		379	7,348	1,684
		25,698	58,013	65,578
TOTAL ASSETS		32,616	66,479	81,817
EQUITY AND LIABILITIES				
Equity attributable to shareholders of the company				
Share capital	7.10	4,000	4,000	4,000
Reserves	7.11	9,944	18,056	27,308
Total Equity		13,944	22,056	31,308

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

	Note	← As at 31 December →		
		2006 RM'000	2007 RM'000	2008 RM'000
Non-current liabilities				
Hire purchase creditors	7.12	114	138	165
Borrowings	7.13	1,135	25,287	20,074
Deferred taxation	7.14	375	410	465
		<u>1,624</u>	<u>25,835</u>	<u>20,704</u>
Current liabilities				
Trade payables	7.15	4,832	7,011	10,831
Other payables and accruals		430	1,895	2,228
Hire purchase creditors	7.12	40	60	82
Borrowings	7.13	10,618	8,143	15,501
Current tax payable		1,128	1,479	1,163
		<u>17,048</u>	<u>18,588</u>	<u>29,805</u>
Total liabilities		<u>18,672</u>	<u>44,423</u>	<u>50,509</u>
TOTAL EQUITY AND LIABILITIES		<u>32,616</u>	<u>66,479</u>	<u>81,817</u>
Number of shares in issue of RM1 each ('000)		4,000	4,000	4,000
Net assets ("NA") (RM'000)		13,944	22,056	31,308
NA per share (RM)		3.49	5.51	7.83
Trade receivables turnover period (months)		2.46	2.66	3.00
Trade payables turnover period (months)		2.38	2.82	3.69
Inventories turnover period (months)		5.46	6.55	7.96
Gearing ratio (times)		<u>0.85</u>	<u>1.52</u>	<u>1.14</u>

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**6.3 Statement Of Changes In Equity of HOSSB**

	Share Capital RM'000	Revalua- tion Reserve RM'000	Retained Earnings RM'000	Total RM'000
Balance at 1 January 2006	2,400	-	6,068	8,468
Revaluation surplus of leasehold land	-	1,530	-	1,530
Net profit after taxation	-	-	4,846	4,846
Dividend paid	-	-	(1,000)	(1,000)
Issued of shares	1,600	(1,500)	-	100
Balance at 31 December 2006	4,000	30	9,914	13,944
Net profit after taxation	-	-	8,712	8,712
Dividend paid	-	-	(600)	(600)
Balance at 31 December 2007	4,000	30	18,026	22,056
Net profit after taxation	-	-	9,252	9,252
Balance at 31 December 2008	4,000	30	27,278	31,308

6.4 Cash Flow Statements of HOSSB

	← Year ended 31 December →		
Note	2006 RM'000	2007 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	7,012	12,107	13,773
Adjustments for :			
Depreciation of property, plant and equipment	1,332	1,277	1,514
Interest expense	612	1,120	1,885
Allowance for doubtful debts	17	96	-
Amortisation of prepaid land lease payments	9	44	44
Interest income	(151)	(310)	(834)
Unrealised gain on foreign exchange	-	(216)	(71)
Operating profit before working capital changes	8,831	14,118	16,311

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

	Note	← Year ended 31 December →		
		2006 RM'000	2007 RM'000	2008 RM'000
(Increase)/Decrease in inventories		(2,717)	(2,955)	479
Increase in work-in-progress		(2,485)	(2,252)	(7,597)
Increase in trade receivables		(1,938)	(4,361)	(2,846)
Increase in other receivables, deposits and prepayments		(391)	(58)	(468)
Increase in trade payables		199	2,401	3,912
Increase in other payables and accruals		75	1,465	333
Cash generated from operations		1,574	8,358	10,124
Interest paid		(227)	(716)	(1,638)
Tax paid		(731)	(3,009)	(4,782)
Net cash generated from operating activities		616	4,633	3,704
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term and fixed deposits interest received		151	310	834
Purchase of property, plant and equipment	7.16	(472)	(2,770)	(9,221)
Placement of fixed deposit		(630)	(630)	(1,805)
Prepayment for land lease		(1,129)	-	-
Net cash used in investing activities		(2,080)	(3,090)	(10,192)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of medium term notes		-	25,000	-
Payment of hire purchase interest		(5)	(8)	(9)
Repayment of hire purchase creditors		(31)	(56)	(61)
Payment of term loans interest		(57)	(107)	(24)
Repayment of term loans		(98)	(1,048)	(214)
Dividend paid		(1,000)	(600)	-
Net (decrease)/increase in bills payable		(823)	(1,276)	2,759
Proceeds from issuance of shares		100	-	-
Net cash (used in)/generated from financing activities		(1,914)	21,905	2,451
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,378)	23,448	(4,037)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(1,442)	(4,820)	18,628
CASH AND CASH EQUIVALENTS AT END OF YEAR	7.17	(4,820)	18,628	14,591

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****7.0 NOTES TO THE FINANCIAL STATEMENTS****7.1 SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Preparation**

The financial statements of HRB and HOSSB have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standard Board ("MASB") approved accounting standards in Malaysia.

In FYE 2006, the financial statements of HOSSB were prepared in compliance with applicable MASB approved accounting standards in Malaysia for Private Entities and the provisions of the Companies Act, 1965.

In FYE 2007 and FYE 2008, HOSSB has adopted all the new and revised FRS issued by the MASB which are relevant to its operations.

The adoption of these new and revised FRS does not have any material financial effects on the financial statements of HOSSB.

At the date of authorisation of issue of these financial statements for the financial year ended 31 December 2008, the following new FRSs and interpretations were issued but not yet effective and have not been applied by the Company :

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 4 : Insurance contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10: Interim Financial Reporting and Impairment	1 January 2010

The above new FRSs and IC interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139.

(b) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

12. ACCOUNTANTS' REPORT (Cont'd)

HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

Subsequent to recognition, property, plant and equipment except for capital work-in-progress and building under construction are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of property, plant and equipment is computed on the straight-line method to write off the cost of each asset to its residual value at the following rates based on the estimated useful lives of the various property, plant and equipment :

	Rate per annum (%)
Crane and machineries	20
Motor vehicles	20
Computer and peripherals	20
Workshop equipment	10
Furniture and fittings	10
Office equipment	10
Renovation	10

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in Income Statement.

(c) Impairment of Assets

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

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

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the Income Statement in the year in which the reversals are recognised, unless it reversed an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the Income Statement, a reversal of the impairment loss is also recognised in the Income Statement.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(e) Work-In-Progress

Work-in-progress is valued at cost. Cost represents materials, labours and other direct costs incurred on incompleted service and maintenance works up to the financial year end.

(f) Trade and Other Receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. Specific allowance is made for any debt which is considered to be doubtful of collection based on a review of all outstanding amounts as at the balance sheet date.

(g) Trade and Other Payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(h) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(i) Property, Plant and Equipment Acquired under Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the Income Statement over the period of the respective agreements.

(j) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(k) Equity Instruments

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in the statement of changes in equity in the period in which they are declared.

(l) Revenue Recognition

Revenue from services rendered is recognised when the services are performed.

Revenue from fabrication of crane is recognised by reference to the stage of completion in accordance to the contract.

Rental income from cranes is recognised on an accrual basis.

Interest income from short term and fixed deposits is recognised on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity.

(m) Employee Benefits**(i) Short Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**(ii) Defined Contribution Plans**

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the Income Statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(n) Foreign Currency Transactions and Balances

The financial statements of the Company are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

Transactions in foreign currencies are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in Income Statement for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in Income Statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(o) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Income Tax

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.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the Income Statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(q) Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(r) Cash Equivalents

The Company adopts the indirect method in the preparation of the cash flow statement.

Cash equivalents are short-term, highly-liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

7.2 REVENUE

	2006 RM'000	2007 RM'000	2008 RM'000
Integrated crane services contracts	26,629	37,265	41,996
Manufacturing and fabrication of new offshore pedestal cranes	12,586	11,750	8,335
Workover projects lifting solutions	-	6,580	10,246
	39,215	55,595	60,577

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**7.3 FINANCE COSTS**

	2006 RM'000	2007 RM'000	2008 RM'000
Bankers' acceptance interest and charges	323	289	214
Bank overdraft interest	223	353	208
Term loans interest	57	107	24
LC charges	4	-	-
Hire purchase interest	5	8	9
Interest on medium term notes	-	363	1,430
	612	1,120	1,885

7.4 PROFIT BEFORE TAXATION

	2006 RM'000	2007 RM'000	2008 RM'000
Profit before taxation is arrived at after charging :			
Depreciation of property, plant and equipment	1,332	1,277	1,514
Directors' remuneration :			
- Emolument	740	3,874	1,938
- Fee	324	324	324
- Benefit-in-kind	89	338	129
Rental of land	236	331	380
Rental of premises	116	136	146
Allowance for doubtful debts	17	96	-
Audit fee	17	22	25
Amortisation of prepaid land lease payments	9	44	44
Rental of motor vehicles	8	1	7
Rental of equipment	-	2	-
Staff costs	3,639	4,872	4,996
And crediting :			
Gain on foreign exchange	315	657	627
Short term and fixed deposits interest	151	310	834

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**7.5 INCOME TAX EXPENSE**

	Note	2006 RM'000	2007 RM'000	2008 RM'000
Tax expense for the year		2,187	3,362	4,466
Deferred tax expense relating to origination and reversal of temporary differences	7.14	(21)	35	55
		2,166	3,397	4,521
Overprovision in prior years		-	(2)	-
		2,166	3,395	4,521

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense of the Company is as follows:

	2006 RM'000	2007 RM'000	2008 RM'000
Profit before taxation	7,012	12,107	13,773
Taxation at Malaysia statutory rate @ 28%/27%/26%	1,963	3,269	3,581
Effect of different tax rate	(40)	-	-
Expenses not deductible for tax purpose	243	210	238
Overprovision in prior years	-	(2)	-
Adjustment of opening deferred tax liabilities	-	23	48
Utilisation of deferred tax benefits not recognised in previous financial year	-	(105)	-
Non recognition of deferred tax benefit for pioneer activity	-	-	654
	2,166	3,395	4,521

HOSSB was granted pioneer status for a period of ten (10) years by the Ministry of International Trade and Industry under the Promotion of Investments Act, 1986. Under this pioneer status incentive, income derived from the pioneer activity is exempted from income tax for a period of five (5) years from 18 September 2005 to 17 September 2010. HOSSB is required to apply for the extension of the incentive period for another five (5) years upon the expiry of its initial five (5) years pioneer period subject to the fulfilment of terms and conditions in the Pioneer Certificate.

Domestic tax rate is calculated at the Malaysian statutory tax rate of 26% (2007 : 27% and 2006 : 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% from current year's rate of 26% effective year of assessment 2009. The computation of deferred tax as at 31 December 2008 has reflected these changes.

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****7.6 PROPERTY, PLANT AND EQUIPMENT**

At 31 December 2006	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Crane and machineries	6,897	3,101	3,796
Motor vehicles	149	149	-
Motor vehicles under hire purchase	207	38	169
Computer and peripherals	224	97	127
Workshop equipment	56	24	32
Furniture and fittings	70	22	48
Office equipment	92	23	69
Renovation	42	15	27
	<u>7,737</u>	<u>3,469</u>	<u>4,268</u>
At 31 December 2007	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Crane and machineries	7,348	4,233	3,115
Motor vehicles	149	149	-
Motor vehicles under hire purchase	363	108	255
Computer and peripherals	279	137	142
Workshop equipment	65	30	35
Furniture and fittings	91	30	61
Office equipment	107	33	74
Renovation	82	23	59
Capital work-in-progress	2,119	-	2,119
	<u>10,603</u>	<u>4,743</u>	<u>5,860</u>
At 31 December 2008	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
Crane and machineries	8,566	5,567	2,999
Motor vehicles	149	149	-
Motor vehicles under hire purchase	508	185	323
Computer and peripherals	340	190	150
Workshop equipment	156	45	111
Furniture and fittings	97	39	58
Office equipment	122	45	77
Renovation	99	37	62
Capital work-in-progress	4,567	-	4,567
Building under construction	5,330	-	5,330
	<u>19,934</u>	<u>6,257</u>	<u>13,677</u>

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**7.7 PREPAID LAND LEASE PAYMENTS**

	2006 RM'000	2007 RM'000	2008 RM'000
At beginning of year	-	2,650	2,606
Additional during the year			
- Cost	1,129	-	-
- Revaluation surplus	1,530	-	-
	2,659	2,650	2,606
Amortisation for the year	(9)	(44)	(44)
	2,650	2,606	2,562
Analysed as :			
Long term leasehold land	2,650	2,606	2,562

The long term leasehold land has been pledged as securities for borrowings granted to HOSSB.

The fair values of the long term leasehold land were measured in prior year by an independent professional valuer based on open market value on an existing use basis.

7.8 TRADE RECEIVABLES

	2006 RM'000	2007 RM'000	2008 RM'000
Trade receivables	8,066	12,404	15,133
Less : Allowance for doubtful debts			
At beginning of year	-	17	96
Addition during the year	17	96	-
Written off during the year	-	(17)	(96)
At end of year	17	96	-
	8,049	12,308	15,133

The currency exposure profile of trade receivables is as follows :

- Ringgit Malaysia	7,403	12,264	13,827
- United States Dollar	646	44	1,273
- Australia Dollar	-	-	33
	8,049	12,308	15,133

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

Details of the ageing analysis of trade receivables based on the accounting records as at 31 December 2008 are as follows :

	← Within credit period →			Exceed credit period Over 90 days	Total
	0-30 days	31-60 days	61-90 days		
Trade receivables (RM'000)	7,300	1,943	2,532	3,358	15,133
% of total trade receivables	48.24%	12.84%	16.73%	22.19%	100%

HOSSB's normal credit term ranges from 30 days to 45 days. However, in practice, the collection period is normally extended to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The overdue trade receivables as at 31 December 2008 amounted to RM3,358,477 and have been fully settled to date.

7.9 SHORT TERM AND FIXED DEPOSITS WITH LICENSED BANKS

Included in the short term and fixed deposits with the licensed banks of HOSSB is an amount of RM16,205,338 and RM15,192,000 in the financial year ended 2008 and 2007 respectively have been assigned in favour of the Trustees of the RM25 million Medium Term Notes facilities as mentioned in Note 7.13.

And also included in the short term and fixed deposits of HOSSB is an amount of RM7,996,967, RM6,192,179 and RM5,562,624 in the financial year ended 2008, 2007 and 2006 respectively being deposits pledged to licensed banks as continuing security for banking facilities granted to the Company.

The short term and fixed deposits of HOSSB have maturity periods ranging from 7 days to 12 months in 2008 (2007 : 2 days to 12 months and 2006 : 12 months). The effective interest rates of the deposits range from 2.75% to 3.70% in 2008 (2007 : 3.40% to 3.70% and 2006 : 3.50% to 4.00%) per annum.

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****7.10 SHARE CAPITAL**

	2006 RM'000	2007 RM'000	2008 RM'000
Authorised :			
Ordinary shares of RM1 each	5,000	5,000	5,000
Issued and fully paid-up :			
At beginning of year	2,400	4,000	4,000
Issued during the year - Cash	100	-	-
- Bonus issue	1,500	-	-
At end of year	4,000	4,000	4,000

7.11 RESERVES

	2006 RM'000	2007 RM'000	2008 RM'000
Non-distributable :			
Revaluation reserve	30	30	30
Distributable :			
Retained earnings	9,914	18,026	27,278
Total reserves	9,944	18,056	27,308
Revaluation reserve			
At beginning of year	-	30	30
Arising from revaluation of leasehold land	1,530	-	-
Bonus issue of 1,500,000 ordinary shares	(1,500)	-	-
At end of year	30	30	30

7.12 HIRE PURCHASE CREDITORS

	2006 RM'000	2007 RM'000	2008 RM'000
Total hire purchase instalments due :			
Within one year	45	68	94
Between two to five years	131	157	191
Unexpired term charges	176 (22)	225 (27)	285 (38)
Outstanding principal amount due	154	198	247
Within one year	(40)	(60)	(82)
Between two to five years	114	138	165

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**

Hire purchase liabilities are subject to interest rate ranging from 2.51% to 3.80% in 2008 (2007 : 2.57% to 3.70% and 2006 : 2.80% to 3.70%) per annum.

7.13 BORROWINGS

	Note	2006 RM'000	2007 RM'000	2008 RM'000
Bank overdraft	7.17	5,199	3,912	3,298
Bills payable		5,002	4,014	6,987
Term loan		1,552	504	290
Medium term notes		-	25,000	25,000
		11,753	33,430	35,575
Amount repayable within one year		(10,618)	(8,143)	(15,501)
Amount repayable between two to five years		1,135	25,287	20,074

Bank Overdraft and Bills Payable

The bank overdraft and bills payable are secured by the following :

- (i) Pledge of fixed deposits on lien;
- (ii) Assignment of certain contracts secured by HOSSB;
- (iii) Negative pledge; and
- (iv) Jointly and severally guaranteed by certain directors of HOSSB.

The bank overdraft bears interest charged at 5.00% in 2008 (2007 : 8.25% and 2006 : 8.25%) per annum and is held on call by the licensed bank.

Bills payable have maturity periods ranging from 97 days to 176 days in 2008 (2007 : 142 days to 170 days and 2006 : 144 days to 172 days) and bear interest ranging from 4.78% to 6.04% in 2008 (2007 : 5.10% to 6.10% and 2006 : 4.75% to 5.51%) per annum.

Term Loan

The term loan is secured over certain cranes and machineries, and also jointly and severally guaranteed by certain directors of HOSSB.

This loan is repayable over a period of three years and bears interest charged at 6.00% per annum.

Medium Term Notes ("MTNs")

In the financial year 2007, HOSSB had issued the first tranche of the MTNs amounted to RM25 million. The purpose for the MTNs is to repay the existing bank borrowings, to finance the construction of a new fabrication and maintenance facility and for working capital.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

The MTNs are repayable as follows:	2008 RM'000
Financial years ending 31 December,	
2009	5,000
2010	5,000
2011	5,000
2012	10,000
	<u>25,000</u>

The MTNs is constituted by a trust deed dated 31 July 2007 made between HOSSB and the Trustee for the holders of the MTNs.

The main features of the RM50 million MTNs are as follows:

- (i) The MTNs of RM50 million comprising two (2) tranches of RM25 million each ("Tranche").

Tranche 1		
Series	Tenor (years)	Amount RM'000
1	2	5,000
2	3	5,000
3	4	5,000
4	5	10,000
		<u>25,000</u>

Tranche 2 of up to RM25 million nominal value, may or may not be issued and when issued, shall be within the tenor of the MTNs Programme. The tenor of the MTNs Programme is Seven (7) years from the date of first issuance.

- (ii) All MTNs issued under the Tranche 1 shall be issued at par.

The MTNs issued under Tranche 2 shall be issued at par, premium or at discount to face value depending on the yield to maturity agreed with the private placement investor(s) at the time of issuance of the MTNs.

- (iii) The MTNs issued under Tranche 1 bear a fixed coupon rates ranging from 6.50% to 7.45% per annum, payable semi-annually in arrears from the date of issue of the MTNs with the last coupon payment to be made on the respective maturity dates.

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**

The MTNs are secured against the following:

- (i) An assignment of all proceeds arising therefrom under present and future contracts of HOSSB;
- (ii) A first ranking legal charge over the leasehold land of HOSSB held under No. PN 7451, Lot No. 6088, Mukim Teluk Kalong, District of Kemaman, Terengganu Darul Iman in favour of OSK Trustees Berhad ("Security Trustee"). as mentioned in Note 7.7;
- (iii) A first ranking charge over the Designated Accounts (Disbursement, Revenue, Sinking Fund and Debt Service Reserve Accounts operated by the Security Trustee) including all monies standing to credit of HOSSB; and
- (iv) An assignment of all the rights and interest arising from the insurance, performance bonds, liquidated damages (where applicable) during the construction period of HOSSB's new fabrication yard.

7.14 DEFERRED TAXATION

	Note	2006 RM'000	2007 RM'000	2008 RM'000
At beginning of year		396	375	410
Recognised in income statement	7.5	(21)	35	55
At end of year		375	410	465

The component of deferred tax liability is as follows :

	2006 RM'000	2007 RM'000	2008 RM'000
Accelerated Capital Allowances	375	354	447
Others	-	56	18
At end of year	375	410	465

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**7.15 TRADE PAYABLES**

	2006 RM'000	2007 RM'000	2008 RM'000
The currency exposure profile of trade payables is as follows :			
- Ringgit Malaysia	2,514	3,363	4,020
- United States Dollar	2,318	3,627	6,721
- Singapore Dollar	-	21	-
- Australia Dollar	-	-	90
	4,832	7,011	10,831

Details of the ageing analysis of trade payables based on the accounting records as at 31 December 2008 are as follows :

	← Within credit period →			Exceed credit period Over 90 days	Total
	0-30 days	31-60 days	61-90 days		
Trade payables (RM'000)	2,963	4,236	1,624	2,008	10,831
% of total trade payables	27.36%	39.11%	14.99%	18.54%	100%

The normal credit terms granted to HOSSB ranges from 30 days to 90 days.

7.16 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, HOSSB acquired certain property, plant and equipment by the following mode of payments :

	2006 RM'000	2007 RM'000	2008 RM'000
Aggregate cost	2,306	2,870	9,331
Financed by - hire purchase	(184)	(100)	(110)
- term loan	(1,650)	-	-
Cash consideration	472	2,770	9,221

12. ACCOUNTANTS' REPORT (Cont'd)**HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT****7.17 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprises the following balance sheet amounts :

	Note	2006 RM'000	2007 RM'000	2008 RM'000
Short term and fixed deposits with licensed banks		5,562	21,384	24,202
Cash on hand and at banks		379	7,348	1,684
Bank overdraft	7.13	(5,199)	(3,912)	(3,298)
		742	24,820	22,588
Less : Fixed deposits pledged to licensed banks	7.9	(5,562)	(6,192)	(7,997)
		(4,820)	18,628	14,591

7.18 DIVIDENDS

- (a) A final dividend of 27.778% per share less 28% income tax amounting to RM500,000 was declared and paid on 14 June 2006 in respect of the financial year ended 31 December 2005 by HOSSB.
- (b) An interim dividend of 27.8% per share less 28% income tax amounting to RM500,400 was declared and paid on 23 August 2006 in respect of the financial year ended 31 December 2006 by HOSSB.
- (c) A final dividend of 20.548% per share less 27% income tax amounting to RM600,000 was declared and paid on 16 April 2007 in respect of the financial year ended 31 December 2006 by HOSSB.
- (d) A final dividend of 21.25% per share less 25% income tax amounting to RM637,500 was declared and paid on 4 May 2009 in respect of the financial year ended 31 December 2008 by HOSSB.

7.19 SIGNIFICANT RELATED PARTY TRANSACTIONS

	2006 RM'000	2007 RM'000	2008 RM'000
Manpower and material supply from related parties	2,851	5,716	6,405
Construction work rendered by related parties	-	-	4,716
Services rendered to related parties	-	-	154

Related parties refer to companies in which certain directors have substantial financial interests.

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT**7.20 FINANCIAL INSTRUMENTS****Financial Risk Management Objectives and Policies**

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

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

Credit Risk

The management has in place a credit policy to monitor and minimise the exposure of default. Receivables are monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk except for allowance for doubtful debts amounting to RM95,849 in 2007 and RM17,321 in 2006 has been made for certain trade receivables. The maximum exposure to credit risk for the Company was represented by the carrying amount of each financial asset.

Interest Rate Risk

The Company is exposed to interest rate risk mainly from differences in timing between the maturities or repricing of its interest bearing assets and liabilities.

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of the assets and their corresponding liability funding. These mismatches are managed as part of the overall interest rate risk management process of the Company.

The maturity profile and effective interest rate of the Company's financial assets and liabilities exposed to interest rate risk are as follows :

2008	Effective interest rate %	Total RM'000	Within one year RM'000	Between two to five years RM'000	After five years RM'000
Financial assets					
Short term and fixed deposits with licensed banks	2.75 to 3.70	24,202	24,202	-	-
Financial liabilities					
Medium term notes	6.50 to 7.45	25,000	5,000	20,000	-
Bills payable	4.78 to 6.04	6,987	6,987	-	-
Bank overdraft	5.00	3,298	3,298	-	-
Term loan	6.00	290	216	74	-
Hire purchase creditors	2.51 to 3.80	247	82	165	-
		35,822	15,583	20,239	-

12. ACCOUNTANTS' REPORT (Cont'd)HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

2007	Effective interest rate %	Total RM'000	Within one year RM'000	Between two to five years RM'000	After five years RM'000
Financial assets					
Short term and fixed deposits with licensed banks	3.40 to 3.70	21,384	21,384	-	-
Financial liabilities					
Medium term notes	6.50 to 7.45	25,000	-	25,000	-
Bills payable	5.10 to 6.10	4,014	4,014	-	-
Bank overdraft	8.25	3,912	3,912	-	-
Term loan	6.00	504	217	287	-
Hire purchase creditors	2.57 to 3.70	198	60	138	-
		33,628	8,203	25,425	-
2006					
Financial assets					
Short term and fixed deposits with licensed banks	3.50 to 4.00	5,562	5,562	-	-
Financial liabilities					
Bills payable	4.75 to 5.51	5,002	5,002	-	-
Bank overdraft	8.25	5,199	5,199	-	-
Term loan	6.00	1,552	417	1,135	-
Hire purchase creditors	2.80 to 3.70	154	40	114	-
		11,907	10,658	1,249	-

Foreign Currency Risk

The Company incur foreign currency risk on certain transactions that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are United States Dollar, Singapore Dollar and Australia Dollar.

The Company does not generally hedge its exposure to fluctuations in foreign exchange rate.

Liquidity Risk

The Company monitors their cash flows actively and ensure that credit facilities are in place to meet their obligations as and when they fall due.

Fair Value**Recognised Financial Instruments**

The carrying amounts of the financial assets and financial liabilities of Company at the balance sheet date approximated their fair values.

12. ACCOUNTANTS' REPORT (Cont'd)

HANDAL RESOURCES BERHAD
ACCOUNTANTS' REPORT

7.21 CAPITAL COMMITMENT

	2006 RM'000	2007 RM'000	2008 RM'000
Contracted but not provided for :			
Construction of office and factory yard	-	-	7,858

7.22 RESTATEMENT TO THE AUDITED FINANCIAL STATEMENTS

No restatement has been made to the audited financial statements of HRB and HOSSB in the preparation of this report.

7.23 SUBSEQUENT EVENTS

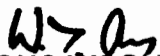
There were no significant subsequent events between the date of the last financial statements used in the preparation of this report and the date of this report which will affect materially the contents of this report except as disclosed in the report.

7.24 AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2008.

Yours faithfully,


GEP ASSOCIATES
AF 1030
Chartered Accountants


GONG WOOL TEIK
741/04/10 (J)
Chartered Accountant

13 DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)

HANDAL

HANDAL RESOURCES BERHAD (816839-X)

16 JUN 2009

Registered Office:
25-6, Jalan PJU 1/42A
Dataran Prima
47301 Petaling Jaya
Selangor Darul Ehsan

CORPORATE OFFICE
No. 16C, Jalan 51A/225,
46100 Petaling Jaya,
Selangor, Malaysia
Tel : 609-7875 0150 / 0139
Fax: 609-7876 6394
E-mail: admin@handalcrane.com.my

SITE OFFICE
04 KSB Open Space Phase 2,
Kemaman Supply Base,
24000 Kemaman,
Terengganu, Malaysia
Tel : 609-863 2842
Fax: 609-863 2843
E-mail: admin@handalcrane.com.my

The Shareholders of Handal Resources Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Handal Resources Berhad ("HRB" or "Company"), I wish to report that after due enquiry in relation to the interval between 31 December 2008, being the date to which the last audited financial statements of the Company and its subsidiary ("Group") had been made up, and up to the date of this letter, being a date not earlier than fourteen days before the issuance of this Prospectus, that:-

- (i) the business of our Group has, in the opinion of the Board of Directors of HRB, been satisfactorily maintained;
- (ii) in the opinion of the Board of Directors of HRB, no circumstances have arisen since the last audited financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by our Group;
- (v) there have been, since the last audited financial statements of our Group, no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Board of Directors of HRB are aware of; and
- (vi) save as disclosed in this Prospectus, there have been no material changes to the published reserves or any unusual factors affecting the profits of our Group since the last audited financial statements of our Group.

Yours faithfully

For and on behalf of the Board of Directors of
HANDAL RESOURCES BERHAD



MALLEK RIZAL BIN MOHSIN
Managing Director and Chief Executive Officer

14 ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) No shares will be allotted on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one class of shares, namely ordinary shares of RM0.50 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under option or agreed conditionally or unconditionally to be put under option.
- (iv) Save for the pink form allocation as set out in **Section 3.7** of this Prospectus, no person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group.
- (v) There is no scheme involving our employees in the capital of our Group, except for the pink form allocation pursuant to the Public Issue.
- (vi) Save as disclosed in this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities.

14.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Group's Articles of Association which comply with the Listing Requirements of Bursa Securities and Rules of Bursa Depository:-

(i) Transfer of Shares

The provisions in the Articles of Association ("Articles") in respect of the arrangements for transfer of the securities and restrictions on their free transferability are as follows:

Article 20

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act, and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 22

Bursa Depository may, in its absolute discretion, reject a transfer request made by a Depositor where the reason for the said transfer does not comply with the Central Depositories Act and the Rules.

14. ADDITIONAL INFORMATION (Cont'd)

(ii) Remuneration of our Directors

The provisions in the Articles dealing with the remuneration of the Directors of our Group are as follows:

Article 70 (1)

The remuneration of the Directors shall from time to time be determined by the Company in a general meeting. The quantum of such remuneration shall be stated in the notice convening the meeting. That remuneration shall be deemed to accrue from day to day. Fees payable to non-executive Directors shall be by a fixed sum, and not by way of a commission on or a percentage of profits or turnover.

Article 70 (2)

Salaries payable to executive Directors shall not include a commission on or percentage of turnover.

Article 70 (3)

The fees payable to executive Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

Article 70 (4)

Any fee paid to an alternate Director shall be agreed between him and his appointer and shall be deducted from his appointer's remuneration.

(iii) Voting and borrowing powers of our Directors

The provisions in the Articles dealing with the voting and borrowing powers of the Directors of the Company including voting powers in relation to proposals, arrangements or contracts in which they are interested are as follows:

Article 74 (1)

The directors may from time to time at their discretion raise or borrow any sum or sums of money for the purposes of the Company (but subject always to the provisions of the Act).

Article 74 (1a)

The directors may secure the repayment of such monies in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, notes, perpetual or redeemable debentures or debenture stock or any mortgage charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Article 74 (1b)

Any bonds, notes, debentures, debenture stock or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

14. ADDITIONAL INFORMATION (Cont'd)

Article 74 (1c)

The directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Article 81

Every director who is interested directly or indirectly in any contract or arrangement or proposed contract or arrangement with the company shall declare his interest to the Board of Directors as soon as he becomes aware of such contract or arrangement and such director shall not participate in deliberations concerning such contracts or arrangement nor shall he cast his vote in respect of any matter arising therefrom.

Article 83

The quorum necessary for the transaction of the business of the Directors shall be two (2). Where only two directors are present, or only two directors who are not disqualified pursuant to Article 81, the Chairman shall not have a casting vote.

(iv) Changes in capital or variation of class rights

The provisions in the Articles as to changes in the share capital and variation of class rights, which are as stringent as those provided in the Act, are as follows:

Article 39

The company may from time to time by ordinary resolution increase the share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe.

Article 40

The company may by ordinary resolution:-

- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or
- (b) Sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provision of the Act, and
- (c) Cancel any shares not taken or agreed to be taken by any person.

Article 41

The Company may by special resolution reduce its share capital and any capital redemption reserve fund in any manner authorised and subject to any conditions prescribed by the Act.

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14. ADDITIONAL INFORMATION (Cont'd)Article 42

Subject to the provisions of Section 65 of the Act, all or any of the rights, privileges or conditions for the time being attached or belonging to any class of shares for the time being forming part of the share capital of the Company may from time to time be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of not less than three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the members of that class. To any such separate meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be members of the class holding or representing by proxy one-third (1/3) of the share capital paid or credited as paid on the issued shares of the class, and every holder of shares of the class in question shall be entitled on a poll to one vote for every such share held by him. The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholder's rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

14.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- (i) The names, addresses and occupations of our Directors are set out in **Section 1** of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fixed it as a requirement in the general meeting.
- (iii) Save as disclosed in **Section 7.2.4** of this Prospectus, there has been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) The details of our Directors' and substantial shareholders' direct and indirect interests in the Shares before and after the IPO are set forth in **Section 7.1.1** and **Section 7.2.1** of this Prospectus.
- (v) Save as disclosed in **Section 10.1** of this Prospectus, none of our Directors and substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vi) Save for the risk factors highlighted in **Section 4** of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.
- (vii) Save for our promoters and substantial shareholders as disclosed in **Section 7.1** of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

14. ADDITIONAL INFORMATION (Cont'd)

14.4 GENERAL

- (i) Save as disclosed in **Section 9** of this Prospectus, neither we nor our subsidiary have acquired or proposed to acquire any property and save as disclosed in **Sections 3.9** and **3.10** of this Prospectus, no preliminary expenses are to be repaid by us in contemplation of the Public Issue.
- (ii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in **Section 5** of this Prospectus.
- (iii) The time of the opening of the Public Issue is set out in **Section 15** of this Prospectus.
- (iv) The amount payable in full on application is RM0.72 per IPO Share.
- (v) The name and address of the auditors are set out in **Section 1** of this Prospectus.
- (vi) We have not established any place of business outside Malaysia.
- (vii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in **Section 15** of this Prospectus.

14.5 EXPENSES

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the Second Board of Bursa Securities amounting to approximately RM1.40 million as set out in **Section 3.9** of this Prospectus.
- (iii) No amount or benefit has been paid or given within the two (2) years preceding the date of this Prospectus, nor is it intended to be so paid or given, to any of our Promoters.
- (iv) Brokerage fee is payable by our Group in respect of the Issue Shares at the rate of 1.0% of the Issue Shares respectively.

14.6 MATERIAL LITIGATION

As at the LPD, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

14.7 MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary have entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus.

- (i) On 31 July 2007, HOSSB entered into a Trust Deed with OSK Trustees Berhad as Trustee/Security Trustee for the purposes of the issuance of up to RM50.00 million MTNs;

14. ADDITIONAL INFORMATION (Cont'd)

- (ii) On 31 July 2007, HOSSB entered into a Facility Agreement with OSK Investment Bank Berhad as Facility Agent, Lead Arranger and Primary Subscriber, for the purposes of the issuance of RM50 million MTNs;
- (iii) On 27 May 2008, HOSSB entered into a agreement with Impian Bumiria Sdn Bhd for the construction of offshore pedestal crane office and factory on Lot PT 7358, Kawasan Perindustrian Teluk Kalung, Mukim Teluk Kalung, Daerah Kemaman, Terengganu Darul Iman for a contract sum of RM11.75 million;
- (iv) On 6 June 2008, our Company entered into a conditional share sale agreement with the vendors of HOSSB as amended by a letter dated 12 May 2009, for the acquisition of the entire equity interest in HOSSB for a purchase consideration of RM35,749,998, which was fully satisfied by the issuance of 71,499,996 Shares to the respective vendors of HOSSB at an issue price of RM0.50 per Share;
- (v) Underwriting Agreement dated 29 May 2009 between our Company, the Offerors and the Underwriters for underwriting 10,000,000 IPO Shares under the IPO, for an underwriting commission at the rate set out in **Section 3.10.2** of this Prospectus; and
- (vi) Placement Agreement dated 29 May 2009 between our Company and the Placement Agent for the placement of 8,500,000 IPO Shares under the Public Issue, for a placement fee at the rate set out in **Section 3.10.3** of this Prospectus.

14.8 MATERIAL COMMITMENT AND CONTINGENT LIABILITIES

As at the LPD, and save as disclosed in **Section 11.4.4** of this Prospectus, our Directors are not aware of any material capital commitment contracted or known to be contracted by us which, upon becoming enforceable, may have a material impact on our financial position.

Further, our Directors are not aware of any contingent liabilities incurred by us that, upon becoming enforceable, may have a material impact on our financial position, save as disclosed under **Section 11.4.6** of this Prospectus.

14.9 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:-

- (i) Public take-over offers by third parties in respect of our Group's shares; and
- (ii) Public take-over offers by our Group in respect of other companies' shares.

14.10 CONSENTS

- (i) The written consents of the Adviser, Underwriter and Placement Agent, Solicitors, Principal Bankers, Share Registrar, Issuing House and Company Secretaries to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their name, the Accountants' Report, and the proforma consolidated financial information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

14. ADDITIONAL INFORMATION (Cont'd)

14.11 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our head office during office hours for a period of twelve (12) months from the date of this Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in **Section 12** and **Section 13** of this Prospectus, respectively;
- (iii) The Reporting Accountants' letters relating to the proforma consolidated financial information of our Group as at 31 December 2008 referred to in **Section 11.2** of this Prospectus;
- (iv) The letters of consent referred to in **Section 14.10** of this Prospectus;
- (v) The audited financial statements of HRB for the last one (1) FYE 31 December 2008 and the audited financial statements of HOSSB for the last three (3) FYE 31 December 2008; and
- (vi) The material contracts referred to in **Section 14.7** of this Prospectus and the contracts/agreements disclosed in **Section 5.8.6** and **Section 5.8.14** of this Prospectus.

14.12 RESPONSIBILITY STATEMENTS

- (i) OSK, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to the Public Issue and Offer for Sale.
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

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15 PROCEDURE FOR APPLICATION AND ACCEPTANCE

15.1 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 29 June 2009 and will remain open until 5.00 p.m. on 14 July 2009 or for such further period or periods as our Directors and OSK in their absolute discretion may mutually decide.

In the event the closing date for the Applications is extended, you will be notified of the change in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

15.2 METHODS OF APPLICATIONS

Applications for the Issue Shares may be made using any of the following ways:-

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

15.3 PROCEDURES FOR APPLICATIONS

The Applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed and issued together with this Prospectus and form an integral part of this Prospectus:-

15.3.1 Applications by the Malaysian Public

Applications for the 6,000,000 Issue Shares made available for the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 30% is to be set aside strictly for Bumiputera investors. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

15.3.2 Applications by Eligible Directors, Employees and Persons who have Contributed to the Success of our Group

Applications for the 4,000,000 Issue Shares made available for eligible Directors, employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application.

15.3.3 Application by places under the Private Placement

Selected investors being allocated the IPO Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

15.4 APPLICATIONS USING APPLICATION FORMS

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus:-

- (a) **White** Application Forms for application by the Malaysian Public;
- (b) **Pink** Application Forms for applications by our eligible Directors, employees and persons who have contributed to the success of our Group; and

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from OSK, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full on application is RM0.72 per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD ("NRIC") NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a)
 - (i) THE APPLICANT'S NRIC;
 - (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("JPN KP 09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS / HER AUTHORITY CARD.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

IN THE CASE OF A CORPORATE OR INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or Application monies will be made by us and / or MIH.

15.4.1 Terms and Conditions

Applications by way of White and Pink Application Forms shall be made on, and subject to, the following terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).

Applicant who is an individual must have a CDS account and a correspondence address in Malaysia (Pink Application Forms only).

- (b) Applicant that is a corporation / institution incorporated in Malaysia, must have a CDS account and be subject to the following:-

- if the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
- there is a majority of Malaysian citizens on the board of Directors / trustee.

Applicant that is a corporation / institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Forms only).

- (c) Applicant that is a superannuation, provident or pension fund must be established or operating in Malaysia and must have a CDS account.

- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in **Section 15.4.1(b)** and **(c)** above or the trustees thereof.

- (e) Applications for the Issue Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein, or which are illegible will not be accepted.

- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-

- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCIAL INSTITUTIONS IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- ATM STATEMENT OBTAINED ONLY FROM
 - AFFIN BANK BERHAD;
 - ALLIANCE BANK MALAYSIA BERHAD;
 - AMBANK (M) BERHAD;
 - CIMB BANK BERHAD;
 - EON BANK BERHAD;
 - HONG LEONG BANK BERHAD;
 - MALAYAN BANKING BERHAD;
 - PUBLIC BANK BERHAD; OR
 - RHB BANK BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF **"MIH SHARE ISSUE ACCOUNT NO. 467"** AND CROSSED **"A/C PAYEE ONLY"** (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS / CASHIER'S ORDERS / CHEQUE ISSUED BY PARTICIPATING LICENSED FINANCIAL INSTITUTIONS / MONEY ORDERS OR POSTAL ORDER / ATM STATEMENT / GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO THE ISSUING HOUSE / COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCIAL INSTITUTIONS OR GGO FROM BANK SIMPANAN MALAYSIA BERHAD.
- (i) Our Board reserves the right to require any successful Applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) MIH, acting on the authority of our Board reserves the right not to accept any Application or accept any Application in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establish a liquid and adequate market for the shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the Applicant within ten (10) market days from the date of the final ballot of the Applications lists by registered post or ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara ("JPN KP 09")" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The Applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (n) MIH, acting on the authority of our Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post or ordinary post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-
- Malaysian Issuing House Sdn Bhd (258345-X)
 27th Floor, Menara Multi-Purpose
 Capital Square
 No. 8, Jalan Munshi Abdullah
 50100 Kuala Lumpur
 P.O. Box 13269
 50804 Kuala Lumpur
- or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 14 July 2009, or such other later date or dates as our Directors and OSK in their absolute discretion may mutually decide.
- (p) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.
- (q) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION**15.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) Applicant must have an account with a Participating Financial Institution (as detailed in **Section 15.5.2(o)** of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in **Section 15.5.2** of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-
- Personal Identification Number ("PIN");
 - MIH Share Issue Account No. 467;
 - CDS Account number;
 - number of Shares applied for and / or the Ringgit Malaysia amount to be debited from the account; and
 - confirmation of several mandatory statements.

15.5.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATMs" in **Section 15.5.1** of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The Applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the Applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the Applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Issue Shares, on 14 July 2009 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the Applicant making only one (1) Application. An Applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the Applicant making only one (1) Application.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The Applicant is required to confirm the following statement (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
 - I have attained 18 years of age as of the Closing Date of the Share Application;
 - I am a Malaysian citizen residing in Malaysia;
 - I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
 - this is the only Application that I am submitting; and
 - I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the Applicant completes all the Steps required by the Participating Financial Institution. By doing so, the Applicant shall be treated as signifying his confirmation of each of the said statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIH or any relevant regulatory body.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The Applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of the Issue Shares or not to allot or allocate any Issue Shares to the Applicant, the Applicant agrees to accept any such decision as final. If the Applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIH on the authority of the Directors of our Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of Applicants will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to Applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the Applicants not later than ten (10) market days from the day of the final ballot of the Application list. Should Applicants encounter any problems in their Applications, they may refer to the Participating Financial Institution.

- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
 - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The Applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if:-
- Our Company or MIH does not receive the Applicant's Electronic Share Application; or

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- data relating to the Applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,

the Applicant shall be deemed not to have made an Electronic Share Application and the Applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the Applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The Applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the Applicant agrees that:-
 - in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or any cause beyond their control;
 - notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the Applicant to subscribe for and purchase the Issue Shares for which the Applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;
 - the Applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and / or other documents required for the issue or transfer of the Issue Shares allotted or allocated to the Applicant; and
 - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (m) Our Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) MIH, acting on the authority of our Board reserves the right to reject applications that do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-
- AFFIN BANK BERHAD; OR
 - AMBANK (M) BERHAD; OR
 - BANK MUAMALAT MALAYSIA BERHAD; OR
 - CIMB BANK BERHAD; OR
 - EON BANK BERHAD; OR
 - HSBC BANK MALAYSIA BERHAD; OR
 - MALAYAN BANKING BERHAD; OR
 - OCBC BANK (MALAYSIA) BERHAD; OR
 - RHB BANK BERHAD; OR
 - STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).
- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

15.6 APPLICATIONS USING INTERNET SHARE APPLICATION**15.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN / password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
- the applicant has attained eighteen (18) years of age as at the date of the application for the Issue Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;
 - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
 - the applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
 - the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
 - the applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Authorised Financial Institution;
 - the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - the applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- the applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

15.6.2 Terms and Conditions for Internet Share Application

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- RHB Bank Berhad at www.rhbbank.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out herein:-

(a) An applicant making an Internet Share Application shall:-

- be an individual with a CDS account;
- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("User ID") and Personal Identification Numbers ("PIN") / password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN / password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-

- the applicant has attained eighteen (18) years of age as at the date of the application for the Issue Shares;
- the applicant is a Malaysian citizen residing in Malaysia;
- the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
- the applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
- the applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
- the applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- the applicant authorises the Internet Participating Financial Institution to disclose transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Issue Shares applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in **Section 15.6.2(c)** of this Prospectus.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Issue Shares or not to allot any Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- acceptance by the applicant of the number of Issue Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
 - the applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple of suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share or revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by the Issuing House by way of cheques issued by the Issuing House. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the Application list.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 14 July 2009 or such other date(s) as our Directors and the OSK may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, the Issuing House and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, the Issuing House and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-

- in consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
- the applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the applicant for deposit into the applicant's CDS account;
- neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in **Section 4** of this Prospectus or to any cause beyond their control;
- the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by the Issuing House, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
- the acceptance of the offer made by the applicant to subscribe for the Issue Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
- the applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

- in making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Underwriter, the Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application; and
 - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or RM5.00 for payment via Malayan Banking Berhad;
 - CIMB Bank (www.cimbclicks.com.my) - RM 2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
 - Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00; and
 - RHB Bank Berhad (www.rhbbank.com.my) – RM2.50.

15.7 APPLICATIONS AND ACCEPTANCES

MIH, acting on the authority of our Board reserves the right not to accept any Application which does not strictly comply with the instructions, or to accept any Application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Issue Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements, to establish a liquid and adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

In the event of an under-subscription by the eligible Directors, employees and persons who have contributed to the success of our Group, such shares will be made available for Application by the Malaysian Public.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Directors and employees of MIH and their immediate families are strictly prohibited from applying for our Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY REGISTERED POST OR ORDINARY POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST OR ORDINARY POST AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

15.8 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991 and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful Applicants.

Only an Applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he / she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH / us. Where an Applicant does not presently have a CDS account, he / she should open a CDS account at an ADA prior to making an Application for our Shares.

In the case of an Application by way of Electronic Share Application, only an Applicant who has a CDS Account can make an Electronic Share Application. The Applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an Applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful Applicant fails to state his / her CDS account number, MIH, acting on our authority, will reject the Application. MIH, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

15.9 NOTICE OF ALLOTMENT

Our Shares allotted to all successful or partially successful Applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

All Applicants must inform Bursa Depository of his / her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the Applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIH website at www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 15.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 2693 2075 (10 lines), within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)**15.10 List of ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

Name	Address and Telephone Number	Broker Code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No : 03-21667922	076-001
ALLIANCE INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Plaza Crystaville Jalan 23/70A Desa Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62033366	076-010
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	1st & 2nd Floor Podium Block, AMDB Building No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No : 03-40433533	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	3rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor & Level 1 THB Satu, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891800	052-009

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name			Address and Telephone Number	Broker Code
HLG SECURITIES SDN BHD			Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS BERHAD	INVESTMENT	BANK	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS BERHAD	INVESTMENT	BANK	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
HWANGDBS BERHAD	INVESTMENT	BANK	Suite 7-03, 7th Floor Suite 12-02 & Part of Suite 12-01 12th Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27112775	068-014
INTER-PACIFIC SECURITIES SDN BHD			West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD			Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD			Stesyen Minyak PROJET Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entreprenuer Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD			7th-9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT SECURITIES SDN BHD	&	CAMPBELL	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD			8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22871799	073-015
M & A SECURITIES SDN BHD	Level G-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD <i>(formerly known as Aseambankers Malaysia Berhad)</i>	Level 8, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	Lot 6-05, Level 6 Tower Block, Menara Milenium 8, Jalan Damanlela, Bukit Damansara 50490 Kuala Lumpur Tel No : 03-20942828	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21788888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26928899	061-001
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62, 62-1 & 64 Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor, No. M3-A-7 & M3-A-8 1st Floor, No. M3-B-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 4, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92802282	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AFFIN INVESTMENT BANK BERHAD	No. 1, Jalan 52/16 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79553281	028-004

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	Ground Floor No. 1503B, Jalan Besar 43300 Seri Kembangan Selangor Darul Ehsan Tel No : 03-89457922	076-013
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79562169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A, 30, 30M & 30A Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	No. 44G, 42G & 42B, Jalan SS 21/35 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77223081	064-010
SBB SECURITIES SDN BHD	1st, 2nd & 3rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77297345	090-002
SJ SECURITIES SDN BHD	Level 3, Holiday Villa No. 9, Jalan SS 12/1, Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No : 03-56340202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
MELAKA		
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, P. O. Box 248 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
RHB INVESTMENT BANK BERHAD	Lot 9 & 10, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
PERAK DARUL RIDZUAN		
ALLIANCE INVESTMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6910910	076-008
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006
HWANGDBS INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8060888	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	B-G-04 (Ground Floor), Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 72, Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
SBB SECURITIES SDN BHD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	090-001
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
PULAU PINANG		
A.A. ANTHONY SECURITIES SDN BHD	1st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2911833	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor 1620 & 1621, Jalan Permatang Batu Taman Industri Permatang Batu 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1st, 2nd & 3rd Floor Wisma UMNO, Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No : 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834, Ground & 1st Floor 835, 1st Floor Jalan Besar, Sungai Bakap 14200 Sungai Jawi SPS, Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	No. 15-G-5, 15-G-6, 15-1-5, 15-1-6, 15-2-5 & 15-2-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
PERLIS INDRA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KEDAH DARUL AMAN		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 35, Jalan Suria 1 Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	214-A, 214-B, 215-A & 215-B Medan Putra Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-G & 1 D-G Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347 Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6636658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	No. 46 & 48 Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 40, Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 1 & 1-01 Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-2781813	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5133289	052-007
OSK INVESTMENT BANK BERHAD	B32 & B34 Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
KELANTAN DARUL NAIM		
ALLIANCE INVESTMENT BANK BERHAD	Lot 6 & 7, Section 25 Jalan Sultan Yahya Petra Bandar Kota Bharu 15200 Kota Bharu Kelantan Darul Naim Tel No : 09-7432588	076-007
OSK INVESTMENT BANK BERHAD	No. 3953-H, Ground & 1st Floor PT225, 1st Floor, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8502730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
SARAWAK		
ALLIANCE INVESTMENT BANK BERHAD	No. 32, 1st Floor Jalan Bako 96000 Sibu Sarawak Tel No : 084-347922	076-012
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-004
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	192, Bintulu Parkcity Commerce Square Lot 3478, Bintulu Town District 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No : 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002

15. PROCEDURE FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006
SABAH		
ALLIANCE INVESTMENT BANK BERHAD	Suite 1-9-E1, 9th Floor, CPS Tower No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-253922	076-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Room Nos. 106-109, Mezzanine Floor Room Nos. 207-212, 2nd Floor Gaya Centre, Jalan Tun Fuad Stephens 88400 Kota Kinabalu Sabah Tel No : 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah Mile 4, North Road 91000 Sandakan Sabah Tel No : 089-222275	056-057