PESTECH's Project and/or Product Reach

www.pestech.com.my

WE EMPOWER INDUSTRIES WITH POWER SYSTEM TECHNOLOGY TO FUEL SOCIAL AND ECONOMIC GROWTH

PESTECH INTERNATIONAL
Effective.Efficient.Excellent

PROSPECTUS PESTECH INTERNATIONAL BERHAD

PROSPECTUS

This Prospectus is dated 10 May 2012

PESTECH INTERNATIONAL
Effective.Efficient.Excellent

PESTECH INTERNATIONAL BERHAD

(Company No. : 948035-U)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH THE LISTING OF PESTECH INTERNATIONAL BERHAD ("PESTECH") ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:-

(I) PUBLIC ISSUE OF 12,880,000 NEW ORDINARY SHARES OF RM0.50 EACH ("SHARES") IN THE FOLLOWING MANNER:-

- **6,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;**
- **5,367,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF PESTECH, ITS SUBSIDIARY COMPANIES AND JOINTLY-CONTROLLED ENTITY;**
- **1,513,000 NEW SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS;**

AND

(II) OFFER FOR SALE OF 8,588,000 EXISTING SHARES IN THE FOLLOWING MANNER:-

- **6,456,400 EXISTING SHARES BY WAY OF PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY;**
- **2,131,600 EXISTING SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS**

AT AN ISSUE/OFFER PRICE OF RM1.00 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sole Underwriter and Placement Agent

BANK ISLAM

Bank Islam Malaysia Berhad
(Company No. 98127-X)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.

RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

BANK ISLAM MALAYSIA BERHAD ("BANK ISLAM"), BEING THE PRINCIPAL ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT, 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 CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE IPO AND A COPY OF THIS PROSPECTUS TOGETHER WITH THE APPLICATION FORMS HAVE BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED AND ANY SHARE(S) TO BE ISSUED PURSUANT TO THE SHARE GRANT PLAN. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

OUR SECURITIES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL ("SAC") OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR AT THE POINT OF SUBMISSION. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORMS, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT www.bursamalaysia.com. THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITE OF AFFIN BANK BERHAD AT www.affinOnline.com, THE WEBSITE OF RHB BANK BERHAD AT www.rhb.com.my, THE WEBSITE OF MALAYAN BANKING BERHAD AT www.maybank2u.com.my, THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT www.eipocimb.com, THE WEBSITE OF CIMB BANK BERHAD AT www.cimbclicks.com.my AND THE WEBSITE OF PUBLIC BANK BERHAD AT www.pbebank.com.

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. (INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LISTED IN SECTION 16 OF THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES ("THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

(I) WE AND OUR ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;

(II) WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS, DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND

(III) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

(I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND

(II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE AN ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS. NEITHER WE NOR THE ADVISER NOR ANY OTHER ADVISER IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application period for the IPO	10 May 2012
Closing of the application period for the IPO	18 May 2012
Balloting of the applications for the Issue Shares	22 May 2012
Allotment of Issue Shares/ Transfer of Offer Shares to successful applicants	28 May 2012
Listing date	30 May 2012

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors and the Offerors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of Issue Shares/ transfer of Offer Shares and Listing accordingly.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

AAP	:	Brand name for our alarm annunciation panel product
ABB Malaysia	:	ABB Malaysia Sdn Bhd (Company No. 210262-T)
Act	:	Companies Act, 1965
Acquisition of PSB	:	Acquisition by PESTECH of the entire issued and paid-up share capital of PSB, comprising 3,333,000 ordinary shares of RM1.00 each in PSB for a purchase consideration of RM36,499,998 satisfied by the issuance of 72,999,996 PESTECH Shares. The acquisition of PSB was completed on 17 August 2011
Acquisition of PSSB	:	Acquisition by PESTECH of the entire issued and paid-up share capital of PSSB, comprising two (2) ordinary shares of RM1.00 each in PSSB for a cash consideration of RM2.00. The acquisition of PSSB was completed on 2 April 2012
Acquisition of Xcell	:	Acquisition by PESTECH of the entire issued and paid-up share capital of Xcell, comprising 300,000 ordinary shares of RM1.00 each in Xcell for a cash consideration of RM5.00. The acquisition of Xcell was completed on 17 August 2011
ADA	:	Authorised Depository Agent
Application	:	The application for the IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form(s)	:	The printed application form(s) for the application of the IPO Shares
ASEAN	:	Association of Southeast Asia Nations
ASTA	:	Association of Short-Circuit Authorities
ATM	:	Automated Teller Machine
Bank Islam	:	Bank Islam Malaysia Berhad (Company No. 98127-X)
BCD	:	Brand name for our BCD input display product. Also means binary code decimal, as defined in Glossary of Technical Terms below.
BEAB	:	British Electrotechnical Approvals Board
BND	:	Brunei Dollar
Board	:	The Board of Directors of PESTECH
Brunei	:	The State of Brunei Darussalam
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
Cambodia	:	The Kingdom of Cambodia
CDS	:	Central Depository System

DEFINITIONS (Cont'd)

CDS Account(s)	:	Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
Central Depositories Act	:	Securities Industry (Central Depositories) Act, 1991
CEO	:	Chief Executive Officer
CMSA	:	Capital Markets and Services Act 2007
COPS	:	Brand name for our control and protection panels product
D&D	:	Design & Development
D-Switch	:	Brand name for our HV isolator product
DOSH	:	Department of Occupational Safety and Health
Dayen	:	Moya Asia Limited (formerly known as Moya Dayen Limited) (formerly known as Dayen Environmental Ltd) (Company No. 198602051G)
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA
E&D	:	Engineering and Development
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
Electronic Share Application	:	An application for the Issue Shares through Participating Financial Institutions' ATM
EPS	:	Earnings per share
Executive Director	:	A natural person who holds a directorship in an executive capacity in any company within our Group and is on the payroll of that Company
Fornix	:	Fornix Sdn Bhd (Company No. 705247-A), a wholly-owned subsidiary company of PSB
FPE	:	Financial period ended / ending
FRS	:	Financial Reporting Standards
FYE	:	Financial year(s) ended / ending
Ghana	:	Republic of Ghana
GHS	:	Ghana cedi
GM	:	General Manager

Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Application, as listed in Section 16 of this Prospectus
Internet Share Application	:	Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
IPO	:	Initial public offering of the Issue Shares and Offer Shares in conjunction with the listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities
IPO Price	:	The Issue Price and Offer Price of RM1.00 for each IPO Share
IPO Share(s)	:	The Issue Shares and Offer Shares, collectively
ISO	:	International Organization for Standardization
Issue Price	:	The issue price of RM1.00 for each Issue Share
Issue Share(s)	:	12,880,000 new PESTECH Shares, representing approximately 15.0% of our enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
Issuing House or MIH	:	Malaysian Issuing House Sdn Bhd (Company No. 258345-X)
JV	:	Joint venture
KHR	:	Cambodian Riel
Listing	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM42,940,000, comprising 85,880,000 PESTECH Shares on the Main Market of Bursa Securities
Listing Scheme	:	The Public Issue, Offer for Sale and Listing, collectively
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	16 April 2012, being the latest practicable date prior to the printing of this Prospectus
Matrade	:	Malaysia External Trade Development Corporation
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
MIDA	:	Malaysian Industry Development Authority
MITI	:	Ministry of International Trade and Industry
MOF	:	Ministry of Finance
NA	:	Net assets
NCA	:	Net carrying amount

DEFINITIONS (Cont'd)

Offer for Sale	:	Offer for sale by the Offerors of 8,588,000 Offer Shares at the Offer Price comprising:- (i) 6,456,400 Offer Shares by way of placement to Bumiputera investors approved by the MITI; and (ii) 2,131,600 Offer Shares by way of placement to identified investors
Offer Price	:	The offer price of RM1.00 for each Offer Share
Offer Share(s)	:	8,588,000 existing PESTECH Shares, representing 10.0% of our enlarged issued and paid-up share capital, which are to be offered for sale pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
Offerors	:	Lim Ah Hock and Paul Lim, collectively
Official List	:	Official list of the Main Market of Bursa Securities
OHSAS	:	Occupational Health & Safety Assessment Series
P&P	:	Project & Production
Participating Financial Institution(s)	:	Participating financial institution(s) for Electronic Share Application, as listed in Section 16 of this Prospectus
PAT	:	Profit after tax
Paul Lim	:	Ir Lim Pay Chuan, our CEO
PBSB	:	PESTECH (Brunei) Sdn Bhd (Company No. RC/00008311), a 90% owned subsidiary company of PSB
PBT	:	Profit before tax
PE Multiple	:	Price earnings multiple
Pembinaan Tajri	:	Pembinaan Tajri Sdn Bhd (Company No. 112292-D)
PESTECH or Company	:	PESTECH International Berhad (Company No. 948035-U)
PESTECH Group or Group	:	PESTECH, PSB Group and Xcell, collectively
PESTECH Share(s) or Share(s)	:	Ordinary shares of RM0.50 each in PESTECH
Placement Agent	:	Bank Islam, being the agent to place out 1,513,000 Issue Shares to be issued pursuant to the Public Issue and 8,588,000 Offer Shares to be offered pursuant to the Offer for Sale
PPE	:	Property, plant and equipment
PPL	:	PNG Power Limited (Company No. 1-44680), a power authority responsible for the generation, transmission, distribution and retailing of electricity throughout PNG

PNG	:	Independent State of Papua New Guinea
PROCOM	:	Brand name for our RTU product
Product(s)	:	Power system components and equipment
Project(s)	:	Provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution
Promoters	:	Lim Ah Hock, Paul Lim and Lim Pay Chin, collectively
Prescribed Security	:	Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules
PSB	:	PESTECH Sdn Bhd (Company No. 220578-T), a wholly-owned subsidiary company of PESTECH
PSB Group	:	PSB and its subsidiary companies, namely Fornix, TPJV, PBSB PSSB and PTL and its jointly-controlled entity, namely TPSB
PSSB	:	PESTECH (Sarawak) Sdn Bhd (Company No. 977694-K), a wholly-owned subsidiary company of PSB
PTL	:	PESTECH Transmission Limited (Company No. CA-99,553), a wholly-owned subsidiary company of PSB
Public Issue	:	Public issue of 12,880,000 new PESTECH Shares at the Issue Price comprising:- (a) 6,000,000 new PESTECH Shares available for application by the Malaysian Public; (b) 5,367,000 new PESTECH Shares available for application by our eligible Directors, employees and persons who have contributed to the success of our Group; and (c) 1,513,000 new PESTECH Shares by way of placement to identified investors
QSHE	:	Quality, Safety, Health and Environment
R&T	:	Reliability & Testing
RETCOMS	:	Brand name for our tele-communication and tele-protection product
RES	:	Brand name for our NER product
RFL	:	RFL Electronics Inc.
RM	:	Ringgit Malaysia
ROC	:	Registrar of Companies
Rs.	:	Rupees of Sri Lanka
Rules	:	Rules of Bursa Depository

DEFINITIONS (Cont'd)

SAC	:	Shariah Advisory Council of the SC
SAFCA	:	Safety Compliance Audit
SC	:	Securities Commission
SGP	:	Share grant plan involving up to 15% of the issued and paid-up share capital of PESTECH at any time during the existence of the share grant plan, to be granted and/or issued to the eligible Directors and executives of our Group
Siemens Malaysia	:	Siemens Malaysia Sdn Bhd (Company No. 93008-X)
SLCC	:	Sung Lee & Chu Construction Co Sdn Bhd (Company No. AGO/RC/2081)
SME	:	Small and Medium Enterprises
SME Corp	:	SME Corporation Malaysia
Sri Lanka	:	The Democratic Socialist Republic of Sri Lanka
TPJV	:	Tajri-PESTECH JV Ltd (Company No. 0276E/2010), a wholly-owned subsidiary company of PSB in Cambodia
TPSB	:	Tajri-PESTECH JV Sdn Bhd (Company No. 553143-U), a jointly-controlled entity of PSB
UK	:	The United Kingdom of Great Britain and Northern Ireland
Sole Underwriter	:	Bank Islam
US	:	The United States of America
USD	:	US Dollar
WACS	:	Brand name for our SIMS product
Xcell	:	Xcell ATS (M) Sdn Bhd (Company No. 503755-H), a wholly-owned subsidiary company of PESTECH

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

GLOSSARY OF TECHNICAL TERMS

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:-

BCD	:	Binary code decimal, is a digital encoding method for decimal numbers in which each digit is represented by its own binary sequence. In BCD, a numeral is usually represented by four bits which, in general, represent the decimal range 0 through 9
BOM	:	Bill of material, is a list of the raw materials, sub-assemblies, intermediate assemblies, sub-components, components, parts and the quantities of each needed to manufacture an end product
Balance of Plant	:	All auxiliary equipment in the power plant apart from generators, such as transformers, switchgears and cabling
CAD	:	Computer-aided design, the use of computer technology in the design process
CRP	:	Control relay panel, scalable and cost efficient solutions for protection, control and monitoring can be easily adapted to different applications and philosophies, types and configurations of primary equipment in new, retrofit and rehabilitation projects
EHV	:	Extra high voltage i.e. voltage above 230 kV
FAT	:	Factory acceptance test, a test performed in the presence of the customer to ensure compliance to their standards before hand over
FTR	:	Factory test report, a report prepared to update and record the status of the factory test performed
HV	:	High voltage, i.e. voltage between 11kV and 230kV
kV	:	Kilovolts, a measure of the potential energy in thousands of a unit charge at a given point in a circuit relative to a reference point (ground)
MVA	:	Mega Volt Ampere, a measurement of real power in million units, i.e. electrical power consumed by all electrical equipment. The portion of power flow that, averaged over a complete cycle of the alternating current (AC) waveform, results in net transfer of energy in one direction is known as real power (also referred to as active power)
MVAr	:	Mega Volt Ampere Reactive, a measurement of reactive power in million units, i.e. that portion of power flow due to stored energy that returns to the source in each cycle
NER	:	Neutral earthing resistor, used in power utilities to protect power transformer, power generators and other associated equipment against fault currents, which is caused by 50/60Hz faults (short circuit) and transient phenomena (lightning switching operations)
PMU	:	Main intake transmission substation (Pencawang Masuk Utama), a substation in the transmission of electricity which increases or reduces voltage using a transformer.
RTU	:	Remote terminal unit, a microprocessor-controlled electronic device that interfaces objects in the physical world to a distributed control system or SCADA system by transmitting telemetry data to the system and/or altering the state of connected objects based on control messages received from the system

GLOSSARY OF TECHNICAL TERMS (Cont'd)

SCADA : Supervisory control and data acquisition, generally refers to industrial control systems: computer systems that monitor and control industrial, infrastructure, or facility-based processes

SCS : Substation control system, control systems for the monitoring and control of power distribution networks to satisfy the needs of industrial users

SIMS : Substation interrogation and monitoring system, a complete integration solution, facilitates full control or remote access to various intelligent electronic device (IED) database by creating a gateway to each IED through respective manufacturer's own proprietary software

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERPRETATION

All references to "our Company" and "PESTECH" in this Prospectus are to PESTECH International Berhad, references to "our Group", "PESTECH Group", "we", "us", "our" and "ourselves" are to our Company, our subsidiary companies and jointly controlled entity taken as a whole, save where the context otherwise requires.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENT

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual result, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our management's current view with respect to future events and are not a guarantee of future performance. Forward looking statements can be identified by the use of forward looking terminology such as words "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:-

(i) demand of our products and services;

(ii) our business strategies;

(iii) our plans and objectives for future operations;

(iv) our financial position; and

(v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including without limitation:-

(a) changes in economic, political and regulatory conditions in countries we operate in; and

(b) government policies, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are limited to, those discussed in Section 4 and Section 11 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

TABLE OF CONTENTS (Cont'd)

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Occupation	Nationality
Lim Ah Hock *(Executive Chairman)*	No. 7, Jalan Permas 3/22 Bandar Baru Permas Jaya 81750 Masai, Johor Bahru Johor Darul Takzim Malaysia	Director	Malaysian
Lim Pay Chuan *(Executive Director / CEO)*	No. 346, Jalan Yong Pak Kian Ujong Pasir 75050 Melaka Malaysia	Director / Engineer	Malaysian
Detlef Raddatz *(Non-Independent Non-Executive Director)*	No. 9, Summit View 6112, Mount Richon Western Australia Australia	Director / Engineer	Australian
Tan Puay Seng *(Independent Non-Executive Director)*	No. 69, Jalan Kota Laksamana 1/2 75200 Melaka Malaysia	Chartered Accountant	Malaysian
Ibrahim Bin Talib *(Independent Non-Executive Director)*	No. 30, Jalan USJ 5/4B 47610 Subang Jaya Selangor Darul Ehsan Malaysia	Director / Engineer	Malaysian

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

1. CORPORATE DIRECTORY (Cont'd)

AUDIT COMMITTEE

Name	**Designation**	**Directorship**
Ibrahim Bin Talib	Chairman	Independent Non-Executive Director
Tan Puay Seng	Member	Independent Non-Executive Director
Detlef Raddatz	Member	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	**Designation**	**Directorship**
Detlef Raddatz	Chairman	Non-Independent Non-Executive Director
Tan Puay Seng	Member	Independent Non-Executive Director
Paul Lim	Member	Executive Director / CEO

NOMINATION COMMITTEE

Name	**Designation**	**Directorship**
Tan Puay Seng	Chairman	Independent Non-Executive Director
Detlef Raddatz	Member	Non-Independent Non-Executive Director
Ibrahim Bin Talib	Member	Independent Non-Executive Director

COMPANY SECRETARIES : Teh Bee Choo (MIA 7562)
No. 63, Jalan D
Taman Batu 52000
Kuala Lumpur

Chua Siew Chuan (MAICSA 0777689)
No. 6, Jalan SS14/8E
Subang Jaya
47500 Petaling Jaya
Selangor Darul Ehsan

Pan Seng Wee (MAICSA 7034299)
No. 11, Jalan Setia Impian U13/4N
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan

REGISTERED OFFICE : Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Telephone No. : (03) 2084 9000

HEAD OFFICE : No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan
Telephone No. : (03) 7845 2186
Website : www.pestech.com.my
Information on our website does not constitute part of this Prospectus

1. CORPORATE DIRECTORY (Cont'd)

EXTERNAL AUDITORS AND REPORTING ACCOUNTANTS	:	SJ Grant Thornton (AF: 0737) Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Telephone No. : (03) 2692 4022
SOLICITORS FOR THE LISTING	:	Wong Beh & Toh Level 19, West Block Wisma Selangor Dredging 142-C Jalan Ampang 50450 Kuala Lumpur Telephone No. : (03) 2713 6050
PRINCIPAL ADVISER, SOLE UNDERWRITER AND PLACEMENT AGENT	:	Bank Islam Malaysia Berhad (Company No. 98127-X) 11th Floor, Wisma Bank Islam Jalan Dungun Bukit Damansara 50490 Kuala Lumpur Telephone No. : (03) 2688 2688
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd (Company No. 36869-T) Level 7, Menara Milenium Jalan Damanlela Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur Telephone No. : (03) 2084 9000
PRINCIPAL BANKERS	:	Citibank Malaysia Berhad (Company No. 297089-M) Menara Citibank No. 165, Jalan Ampang 50450 Kuala Lumpur Telephone No. : (03) 2838 2513 Malayan Banking Berhad (Company No. 3813-K) G02, East Wing Wisma Consplant No. 2, Jalan SS 16/4 47500 Subang Jaya Selangor Darul Ehsan Telephone No. : (03) 5631 2210 Standard Chartered (Malaysia) Berhad (Company No. 115793-P) Level 13A, Annexe Building Menara Standard Chartered 30, Jalan Sultan Ismail 50250 Kuala Lumpur Telephone No. : (03) 2721 5335
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd (Company No. 258345-X) Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Telephone No. : (03) 7841 8000

1. CORPORATE DIRECTORY (Cont'd)

INDEPENDENT MARKET RESEARCHER	:	Frost and Sullivan Malaysia Sdn Bhd (Company No. 522293-W) Suite E-08-15, Block E Plaza Mont' Kiara 2 Jalan Kiara Mont Kiara 50480 Kuala Lumpur Telephone No. : (03) 6204 5800
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the Shariah Advisory Council of the SC

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should carefully read and understand this section together with the whole Prospectus before you decide whether to invest in us.

2.1 BACKGROUND AND PRINCIPAL ACTIVITIES

Further information on our Group's background and business activities are set out in Section 5 of this Prospectus.

Our Company was incorporated in Malaysia under the Act on 10 June 2011 as a private limited company with the name PESTECH International Sdn Bhd. We subsequently converted to a public limited liability company on 9 September 2011 and assumed our present name to facilitate our listing on the Main Market of Bursa Securities.

We are a home grown integrated electric power technology company in Malaysia. We are principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets. We also manufacture proprietary power system components and equipment. PSB is our core operating subsidiary company.

Our Group began with the formation of PSB in 1991. Our founder and Executive Chairman, Lim Ah Hock, possesses background in mechanical engineering and more than 25 years of management experience. Although he is a mechanical engineer by training, Lim Ah Hock had a profound interest in electrical engineering, and ventured into the trading of electrical equipment and supplies. He envisioned that worldwide energy demand will only continue to rise, as a result of increases in population and economic development, with particularly acute needs in the emerging and developing countries. While there were practical challenges in penetrating the upstream segments of electricity generation in most countries including Malaysia, he clearly saw opportunities in the system design, engineering and infrastructure segment of power transmission and distribution. Seizing on this vision, we aligned our focus and commenced operations in 1993 in the trading of electrical and electronic products.

As we slowly gained industry experience and established our presence in the market, Lim Ah Hock saw the potential and opportunity to penetrate the electric power transmission and distribution works segment of the industry. In 2000, Lim Ah Hock invited Paul Lim, an electrical engineer with relevant working experience and competence in the power transmission and distribution business with electric utilities, to join PESTECH and he was brought in as a GM to aid us to further grow and develop our business. With his technical experience and expertise, coupled with his drive and passion for the industry, his efforts to guide us to become a main player in the local scene led him to be promoted to CEO in 2008. Under our CEO's leadership, along with our other key management, we have grown progressively from a small player primarily involved in trading, to an established home-grown integrated electric power technology company in the engineering, design, manufacturing, installation and commissioning of electrical power transmission and distribution facility for electric utilities with operations both domestic and abroad.

Over the years, we build our experience and technical expertise in the field of electrical engineering. We concentrated our efforts and successfully equipped our Group with the technical expertise and know-how to provide a comprehensive engineering, design and technical solution for the build-up of electricity supply transmission and distribution assets for utilities and industries. This technical expertise and know-how have enabled us to export our services internationally especially to the developing countries, which is generally dominated by foreign multi-national companies.

Our Group's regional expansion

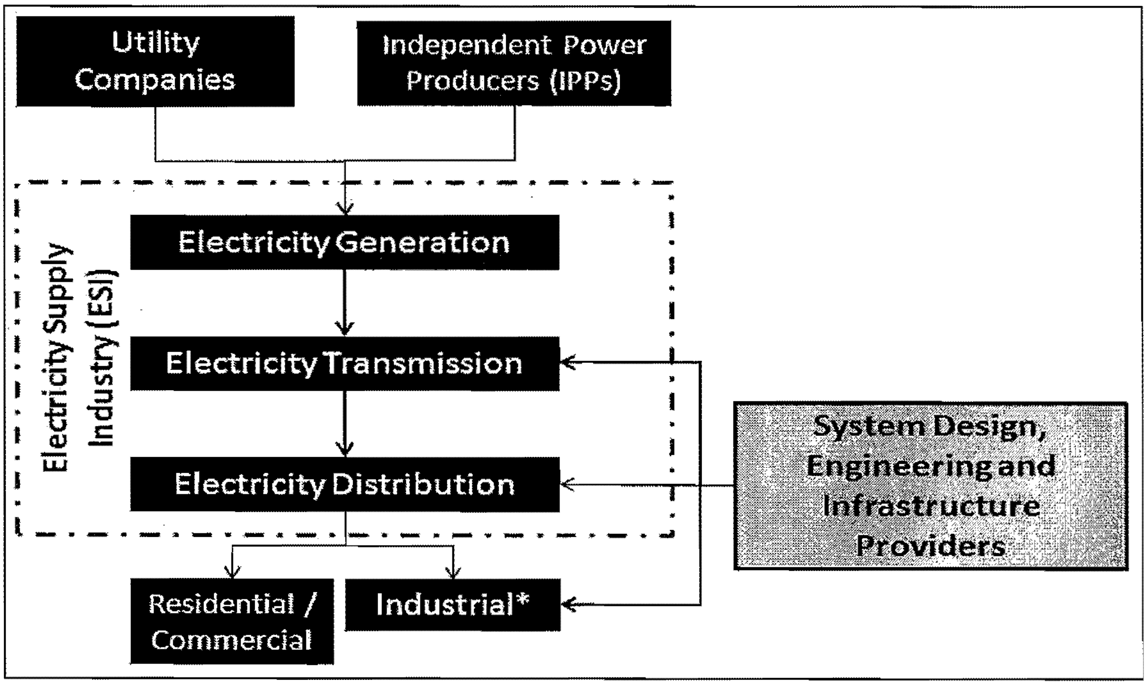
As we have established our presence as an important player here in Malaysia, we began expanding in the international markets using Malaysia as the platform, particularly in the emerging and developing economies, to tap into the growth potential of these countries. In 2007, we began to venture overseas into the region focusing in Brunei, Sri Lanka and PNG. Our Group's journey towards foreign expansion was challenging but our capabilities and expertise in project execution enabled us to overcome the initial stages of overseas market penetration and successfully compete with other foreign multi-national corporations. Please refer to Section 5.1.1 of this Prospectus for the details on our Group's regional expansion.

Having successfully executed the Projects in the overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more overseas projects for our Group moving forward. Over the years, we have grown significantly and gained vast technical expertise and know-how to compete in the international markets, having made our footprint in Brunei, Ghana, PNG and currently in Sri Lanka and Cambodia. In addition to the abovementioned countries, we aim to further expand our presence to other developing countries where there is a demand for development, improvement and build up of electricity transmission and distribution assets.

Arising from the successful implementation of our regional expansion plan, revenue contribution from the foreign markets has increased significantly. For the FYE 31 December 2009, 2010 and 2011, the foreign markets contributed 44.8%, 51.4% and 76.5% of our Group's turnover respectively. Since we actively began penetrating the system design, engineering and infrastructure segment of the power transmission and distribution industry in 2000, we have established a strong track record built on providing high quality service with an emphasis on excellence. To-date, we pride ourselves for being able to compete in the international markets and deliver our Projects and services for the maintenance of delivered substations.

Our Group is well-positioned in the industry

The segmentation of the industry is as set out in the diagram below:-



* *Industrial customers include large companies such as mining operators, steel mills, cement plants and refineries*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan dated April 2012

2. INFORMATION SUMMARY (Cont'd)

Utility companies typically engage third party engineering companies to design and develop transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the national grid. Large industrial users also engage these third party engineering companies to erect electricity substations within their operating premises. These third party engineering companies are also required to commission the structure prior to handing it over to the utility companies. This industry is known as the power system design, engineering and infrastructure industry, and we are involved in the HV and EHV segments of this industry which has high barriers to entry.

We believe that we are strategically positioned in the power transmission and distribution business with the capability to provide comprehensive power system engineering and technical solutions, along with products for substation control, communication and protection. We are also geographically positioned in the fast growing ASEAN region surrounded by many developing nations such as Vietnam, Cambodia, Laos and Indonesia, enabling us to capitalise on our business practices and cultural similarities. In addition, we are able to leverage on the ASEAN Free Trade Area (AFTA), which enables us to competitively price our products and services for export to ASEAN region.

We conduct in-house engineering and development of our own Products and engineering solutions, enabling us to expand our Product base, enhance our competitive strengths as a value-added service provider and reduce cost. We own several registered brands such as PESTECH, COPS, PROCOM and RETCOMS for application in electric power substation control, monitoring and protection apparatus. The application of our Products has no geographical barriers and can be used in many countries. We continuously enhance our existing Products features and performance capabilities, as well as design and develop new Products.

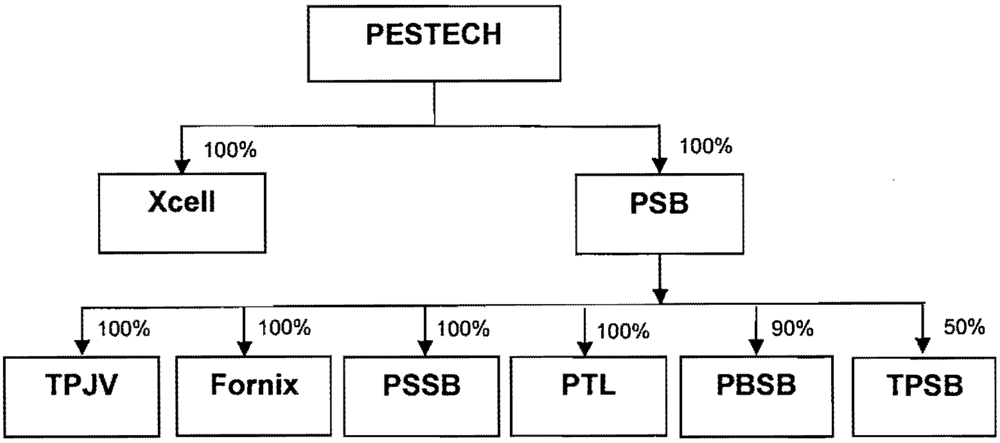
Our Group's quality achievements

Over the years, we have accumulated several certifications and awards in recognition of our emphasis on delivering high quality products and services in a safe, secure and reliable environment. We were one of the recipients of the Enterprise 50 Award by SME Corp and Deloitte Consulting (M) Sdn Bhd in 2009, 2010 and 2011 ranking among the top 15. Our CEO, Paul Lim received the Outstanding Entrepreneurship Award by Enterprise Asia in 2010. Our commitment towards compliance of our safety policies has also led us to be awarded a 'Certificate for Five Star Achievement in SAFCA for Project PMU Manjalara GIS' in 2010 by the Asset Development Department of TNB. Recently, our Company obtained the best vendor award in conjunction with Vendor Day by Northern Region, Transmission Asset Development of TNB. In January 2012, our Group was awarded TNB 2012 Excellence Award for the contractor category by TNB in conjunction with the Night of Award for Vendor, Contractors and Suppliers of TNB 2012. In addition, our Group was awarded the Brand Laureate Awards 2011 under the Corporate Branding category for SMEs best brand (Engineering – Power Systems).

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

Our existing corporate Group structure is as follows:-



Further information on our Group's background and principal activities is disclosed under Section 5.1.1 of this Prospectus.

2.2 COMPETITIVE STRENGTHS

The competitive strengths of our Group include the following:-

(i) Experienced and dedicated management personnel

Our Group is led by qualified senior management team with long standing experience in the system design, engineering and infrastructure segment of the power transmission and distribution industry.

(ii) Strong technical expertise

The power system engineering industry is a highly technical and specialised field, requiring specific knowledge and skills in electrical and mechanical engineering. We have developed the specific technical expertise and know-how required to execute our business activities.

(iii) Comprehensive range of services, including in-house engineering and development

We offer a comprehensive range of services across the scope of electrical power transmission and distribution, which includes substation, transmission line and underground cable works. In addition, we also design and manufacture our own communication, protection and control products for use in our Projects as well as to be sold as finished products.

(iv) High standards of Quality, Occupational Health and Safety Management System

We implement high quality standards in our day-to-day operations, where the importance of traceability, consistency and reliability are emphasised throughout the organisation. We adopted Quality Management System (QMS) in accordance with ISO 9001:2000 since 2001 and obtained certification in 2002. Subsequently, we extended our scope to ISO 9001:2008 and adopted Occupational Health and Safety Management System (OHS MS) in accordance with OHSAS 18001:2007 in 2010.

(v) Established track record and reputation

Since we actively began penetrating the system design, engineering and infrastructure segment of the power transmission and distribution industry, we have established a strong track record built on providing high quality service with an emphasis on excellence. We have a line of established clientele, some of whom are repeat customers and some of whom we have obtained through referrals from other customers and suppliers.

(vi) Established product branding

We actively strive to establish our brand name in the market to be associated with quality and excellence. We have begun to trademark our brand names since 2004 with the Intellectual Property Corporation of Malaysia. Our brands are also certified under the Malaysian Brand Certification Scheme by SME Corp and SIRIM QAS International Sdn Bhd, allowing us to use the National Mark of "Malaysian Brand", which is an acknowledgement of the quality, excellence and distinction of products and services by Malaysian companies.

(vii) Technology partnerships

We have established technology partnerships and distributorships with certain suppliers, who are established multinational corporations. Through our partnership agreements, we purchase licensed software directly from certain suppliers to develop our own value-added products and engineering solutions.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.

2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP

Our Company's promoters are Lim Ah Hock, Paul Lim and Lim Pay Chin. Lim Ah Hock and Paul Lim are also the existing substantial shareholders of our Company.

The Directors of our Company are as follows:-

Name	Designation
Lim Ah Hock	Executive Chairman
Paul Lim	Executive Director / CEO
Detlef Raddatz	Non-Independent Non-Executive Director
Tan Puay Seng	Independent Non-Executive Director
Ibrahim Bin Talib	Independent Non-Executive Director

Further details on our Promoters, substantial shareholders and Directors are disclosed in Section 7 of this Prospectus.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

	No. of Shares	Share Capital (RM)
Authorised share capital	100,000,000	50,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	73,000,000	36,500,000
New shares to be issued pursuant to the Public Issue	12,880,000	6,440,000
Enlarged share capital upon Listing	85,880,000	42,940,000
Offer for Sale	8,588,000	4,294,000
IPO Price		1.00
		RM
- **Proforma consolidated NA per Share** *(based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM2.500 million)*		0.57
- **Market capitalisation** *(based on the IPO Price and enlarged issued and paid-up share capital after the IPO)*		85,880,000

Further information on our IPO is disclosed under Section 3 of this Prospectus.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.5 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM12.880 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	%	Time frame for utilisation
Repayment of bank borrowings	6,000	46.6	Within 12 months from the date of Listing
Product development and market / business expansion	1,800	14.0	Within 36 months from the date of Listing
Working capital	2,580	20.0	Within 12 months from the date of Listing
Estimated listing expenses	2,500	19.4	Within three (3) months from the date of Listing
Total	**12,880**	100.0	

Further details on the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise gross proceeds of approximately RM8.588 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses including registration and transfer fees, placement fee and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to an estimate of approximately RM0.300 million on a pro-rated basis.

The proforma impact of the utilisation of proceeds on our Proforma Consolidated Statements of Financial Position as at 31 December 2011 is reflected in Section 2.7 and Section 11.2 of this Prospectus.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.6 HISTORICAL PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF OUR GROUP

The following historical proforma consolidated statements of comprehensive income for the past five (5) FYE 31 December 2007 to 2011 are provided for illustrative purposes and have been extracted from the audited financial statements of PESTECH, our subsidiary companies and jointly-controlled entity (not applicable for PSSB and PTL which were incorporated in 2012) assuming that our Group has been in existence throughout the financial years under review. The proforma consolidated statements of comprehensive income should be read with our management's discussion and analysis of financial conditions, results of operations and prospects set out in Section 11.4 of this Prospectus and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information together with the basis of assumption as set out in the accompanying notes in Section 11.2 of this Prospectus.

There has been no exceptional or extraordinary item on all the audited financial statements of our Group for the financial years under review.

FYE 31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	43,382	51,596	86,548	114,982	130,947
Cost of sales	(35,965)	(43,452)	(74,866)	(90,328)	(104,383)
Gross profit	7,417	8,144	11,682	24,654	26,564
Other income	69	1,431	278	296	1,852
Administrative expenses	(3,357)	(4,746)	(5,648)	(8,438)	(10,414)
Finance costs	(791)	(692)	(1,098)	(1,057)	(1,319)
PBT	3,338	4,137	5,214	15,455	16,683
Taxation	(978)	(874)	(1,632)	(3,963)	(4,682)
PAT	2,360	3,263	3,582	11,492	12,001
Other comprehensive income: Exchange translation difference relating to foreign subsidiaries	-	-	-	(52)	36
Total comprehensive income	2,360	3,263	3,582	11,440	12,037
Assumed no. of Shares in issue[1] ('000)	73,000	73,000	73,000	73,000	73,000
EBITDA (RM'000)	4,463	5,165	6,722	17,228	18,823
Basic EPS[2] (RM)	0.03	0.04	0.05	0.16	0.16
Gross profit margin[3](%)	17.10	15.78	13.50	21.44	20.29
PBT margin[4](%)	7.69	8.02	6.02	13.44	12.74
PAT margin[5](%)	5.44	6.32	4.14	9.99	9.16
Effective tax rate[6](%)	29.30	21.13	31.30	25.64	28.06

2. INFORMATION SUMMARY (Cont'd)

Notes:-

1) *The assumed number of Shares in issue after Acquisition of PSB but before Public Issue.*
2) *Basic EPS is calculated based on PAT of our Group divided by the assumed number of Shares in issue.*
3) *Gross profit margin is calculated based on gross profit divided by revenue.*
4) *PBT margin is calculated based on PBT divided by revenue.*
5) *PAT margin is calculated based on PAT divided by revenue.*
6) *Effective tax rate is calculated based on income tax expense divided by PBT.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2. INFORMATION SUMMARY (Cont'd)

2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

The Proforma Consolidated Statements of Financial Position of our Group as at 31 December 2011 as set out below, for which our Directors are solely responsible, have been prepared for illustrative purposes only to show the effects of the Acquisition of PSSB, incorporation of subsidiaries, Public Issue, Offer for Sale and utilisation of proceeds on the Proforma Consolidated Statements of Financial Position of our Group as at 31 December 2011 on the assumptions that these transactions were implemented and completed on 31 December 2011. We advise you to read the Proforma Consolidated Statements of Financial Position together with the basis of assumptions as set out in the accompanying notes included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in Section 11.2 of this Prospectus.

		Proforma I	Proforma II	Proforma III
	Audited as at 31.12.2011 RM	After Acquisition of PSSB and incorporation of subsidiaries RM	After Proforma I, Public Issue and Offer for Sale RM	After Proforma II and utilisation of proceeds RM
ASSETS				
Non-current assets				
Property, plant and equipment	10,143,504	10,143,504	10,143,504	10,143,504
Investment in jointly-controlled entity	-	-	-	-
	10,143,504	10,143,504	10,143,504	10,143,504
Current assets				
Inventories	17,482,824	17,482,824	17,482,824	17,482,824
Trade receivables	21,087,680	21,087,680	21,087,680	21,087,680
Other receivables, deposits and prepayments	2,374,688	2,374,688	2,374,688	1,225,153
Amount due from jointly-controlled entity	11,086	11,086	11,086	11,086
Fixed deposits with licensed banks	11,152,761	11,152,761	11,152,761	11,152,761
Cash and bank balances	15,738,080	15,738,080	28,618,080	21,267,615
	67,847,119	67,847,119	80,727,119	72,227,119
Total assets	77,990,623	77,990,623	90,870,623	82,370,623

2. INFORMATION SUMMARY (Cont'd)

2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

	Audited as at 31.12.2011 RM	Proforma I After Acquisition of PSSB and incorporation of subsidiaries RM	Proforma II After Proforma I, Public Issue and Offer for Sale RM	Proforma III After Proforma II and utilisation of proceeds RM
EQUITY AND LIABILITIES				
Equity				
Share capital	36,500,000	36,500,000	42,940,000	42,940,000
Share premium	-	-	6,440,000	5,727,664
Merger reserve	(33,136,979)	(33,136,979)	(33,136,979)	(33,136,979)
Exchange translation reserve	(15,807)	(15,807)	(15,807)	(15,807)
Retained profits	35,493,880	35,493,880	35,493,880	33,706,216
	38,841,094	38,841,094	51,721,094	49,221,094
Non-controlling interest	(3,378)	(3,378)	(3,378)	(3,378)
Total equity	38,837,716	38,837,716	51,717,716	49,217,716
Non-current liabilities				
Finance lease liabilities	188,327	188,327	188,327	188,327
Borrowings	2,404,866	2,404,866	2,404,866	2,054,866
Deferred tax liabilities	221,000	221,000	221,000	221,000
	2,814,193	2,814,193	2,814,193	2,464,193
Current liabilities				
Trade payables	14,865,582	14,865,582	14,865,582	14,865,582
Other payables	2,315,092	2,315,092	2,315,092	2,315,092
Amount due to contract customers	1,577	1,577	1,577	1,577
Amount due to Directors	2,445,155	2,445,155	2,445,155	2,445,155
Finance lease liabilities	54,632	54,632	54,632	54,632
Borrowings	15,358,048	15,358,048	15,358,048	9,708,048
Provision for taxation	1,298,628	1,298,628	1,298,628	1,298,628
	36,338,714	36,338,714	36,338,714	30,688,714
Total liabilities	39,152,907	39,152,907	39,152,907	33,152,907
Total equity and liabilities	77,990,623	77,990,623	90,870,623	82,370,623

2. INFORMATION SUMMARY (Cont'd)

2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

		Proforma I	Proforma II	Proforma III
	Audited as at 31.12.2011 RM	After Acquisition of PSSB and incorporation of subsidiaries RM	After Proforma I, Public Issue and Offer for Sale RM	After Proforma II and utilisation of proceeds RM
NA (RM)	38,837,716	38,837,716	51,717,716	49,217,716
Number of Shares in issue	73,000,000	73,000,000	85,880,000	85,880,000
NA per Share (RM)	0.53	0.53	0.60	0.57

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

2.8 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks and investment considerations (which may not be exhaustive) that we are currently facing or that may develop in the future:-

2.8.1 Risks relating to the business and operations of our Group

(i) Dependency on the demand for electricity supply

We are dependent on the demand for electricity supply to fuel the demand for new substations and related products. Any absence of further expansion or upgrades resulting from a decrease in demand for electricity supply in the future will have a direct impact on our business operations and the prospects of our Group.

(ii) Foreign exchange risks

We are exposed to foreign exchange risk. Our Group began venturing into overseas markets in 2007 and our overseas sales transactions are mainly conducted in the currencies of USD or EURO. In addition, we also source key components such as transformers, relays, cables and circuit breakers from overseas suppliers, which are mostly denominated in USD, EURO or Japanese Yen.

(iii) Dependency and inability to retain key management personnel

We believe that our success has been, and will continue to be, significantly dependent on the efforts, abilities and capabilities of our key management and technical team especially our Executive Chairman, Lim Ah Hock; and Executive Director / CEO, Paul Lim who are both the major shareholders of our Company. In addition, our key management and technical team are well equipped with the necessary skills and experience in power system engineering technology and manufacturing of related products. As such, loss of our key management and technical team without suitable and timely replacement may have an adverse impact on our ability to effectively carry out our business activities.

(iv) Operational risks and insurance coverage

As we are involved in the electricity supply industry, our business activities are susceptible to operational risks. Risks in day-to-day operations include risk of accidents, disruption in supply of key components, disruption in supply of utilities, as well as fire, flood, and/or other natural disasters that may cause disruption or delay in implementing our Projects and also damage to our Products and manufacturing and administrative facilities thereby possibly disrupting our business operations. In addition, as our Projects involve use of heavy equipment and machineries, we may encounter accidents or dangerous incidents at the project sites.

(v) Dependency on third party suppliers to source equipment, components and parts for use in our Projects and Products

We are dependent on third party manufacturers such as Siemens Malaysia, ABB Malaysia, Toshiba Asia Pacific Pte Ltd, Tenaga Switchgear Sdn Bhd and Tira Thai Co. Ltd to supply components such as relays, current transformers and voltage transformers for use in our Products, as well as equipment such as switchgear and transformers for our Projects.

(vi) Third party technical utilisation risk

In the course of developing a substation, we would need to use third party equipment or products which we do not have control over their technical input and development. If such equipment or products are faulty, we would need to request for technical assistance from the original manufacturer to help mitigate the problems. Nonetheless, in the event of a technical fault due to third party technical utilisation which we are unable to resolve with the assistance of the supplier, additional costs may be incurred and project completion delay may happen which could adversely affect the particular project in hand.

(vii) Project risks

Our Group's revenue is heavily derived from Projects which are entered into on a contractual basis, subject to performance of certain terms and conditions. If our Projects were delayed as a result of factors that we are contractually responsible for, especially on those that are within our control, we are liable to pay liquidated and ascertained damages on termination or delay. As such, any delays may affect our ability to complete our Projects and achieve our business plans accordingly. The difficulties faced in executing projects may also result in incurring higher cost. These types of developments may, in turn, have an adverse effect on our business, financial condition and results of operations.

(viii) Our performance is project-driven

Our performance is project-driven. Our ability to replenish contracts in the future is dependent on, *inter-alia,* government policies and general economic conditions, the need to build infrastructure for the electrical supply industry in certain countries or industries; and changes in general business and credit conditions both locally and abroad. As such, our financial results can be adversely affected in the event that we fail to secure enough order book for our Projects.

(ix) Changes in economic, political and regulatory conditions in countries we operate in

We are susceptible to changes in economic, political and regulatory conditions in Malaysia, as well as other countries in which we operate. Thus, adverse situations in countries which we are currently operating in and any other countries which we could operate in the future, may potentially cause significant interruptions to our business activities, affecting our financial performance and profitability.

(x) Reliance on a single customer

Based on the past three (3) FYE 31 December 2009, 2010 and 2011, TNB had contributed 35.8%, 36.0% and 16.0% to our revenue respectively. In view that the local market is expected to remain as a significant contributor to our Group's revenues, we will continue to bid for local contracts and consequently, TNB, being the largest electricity utility company in Malaysia, will continue to be a significant contributor to our revenue.

2.8.2 Risks relating to investing in our Shares

(i) No prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained.

(ii) Share price volatility and volume of our Shares

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

(iii) Ownership and control by our existing shareholders

Our Promoters will collectively hold in aggregate approximately 71.2% of our enlarged issued and paid-up share capital upon listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

(iv) Failure or delay in our Listing

The occurrence of any one or more of the events, which is not exhaustive, as set out in Section 4.2.4 of this Prospectus may cause a delay in or cancellation of our Listing.

(v) Forward looking statements

This Prospectus contains certain forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group and others are forward-looking in nature which is subject to uncertainties and contingencies. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results.

Further information on our risk factors is disclosed under Section 4 of this Prospectus.

2.9 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration amongst others the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

(i) The availability of adequate reserves and cash flows;
(ii) Our operating cash flow requirements and financing commitments;
(iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
(iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There is no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

3. PARTICULARS OF IPO

3.1 INTRODUCTION

This Prospectus is dated 10 May 2012.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

We have received the SC's approval for our IPO vide its letter dated 20 January 2012. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO and/or the listing of PESTECH on the Main Market of Bursa Securities. Investors are advised to make their own individual assessment on the merits and risks of the IPO.

On 4 November 2011, we have voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC of the SC as part of the process of determining our Shariah status at IPO. On 17 November 2011, the SAC has classified our Shares as Shariah-compliant based on the audited financial statements of PSB, Fornix, Xcell, TPJV and TPSB for the FYE / FPE 31 December 2010. The classification will remain valid from the date of issue of this Prospectus until the next Shariah compliance review is conducted by the SAC. The new status will be released in the updated list of the Shariah-compliant securities on the last Friday of the month of May and November of each year.

We have obtained Bursa Securities' approval vide its letter dated 13 April 2012 for admission of our Company to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our Company's entire issued and paid-up share capital, including the IPO Shares which is the subject of this Prospectus and any Share(s) to be issued pursuant to the SGP, on the Main Market of Bursa Securities. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptances of Application for the IPO Shares will be conditional upon the permission being granted by Bursa Securities to deal in and for quotation and listing of our entire issued and paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any Application accepted from the IPO will be returned in full without interest within 14 days if the aforesaid permission for quotation is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which the listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon admission to the Main Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In such an event, we will return all the monies paid in respect of all Applications without interest.

If you are submitting your Application by way of an Application Form or Electronic Share Application or Internet Share Application, you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an Application for our IPO Shares. Please refer to **Section 16** of this Prospectus for further details on the procedures for Application for the IPO Shares.

3. PARTICULARS OF IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

The distribution of this Prospectus and the making of this IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with Bank Islam as the Principal Adviser, Sole Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and/or offer to subscribe for our IPO Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of our Company or Shares.

If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3. PARTICULARS OF IPO (Cont'd)

3.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/ Opening of the application period for the IPO	10 May 2012
Closing of the application period for the IPO	18 May 2012
Balloting of the applications for the Issue Shares	22 May 2012
Allotment of Issue Shares/ Transfer of Offer Shares to successful applicants	28 May 2012
Listing date	30 May 2012

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or such further period or periods as our Directors and the Offerors, together with the Sole Underwriter, in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of Issue Shares/ transfer of Offer Shares and Listing accordingly.

3.3 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

(i) To obtain the listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities, which is expected to enhance our business, profile and future prospects;

(ii) To provide our Group with access to the capital market and allow us to raise funds for future expansion and growth;

(iii) To enhance the stature of our Group in the marketing of our products and services, and to retain, and attract new and skilled employees;

(iv) To provide an opportunity for Malaysian investors to participate in our equity and continuing growth in the electricity supply industry, specifically in system design, engineering and build up for transmission and distribution assets;

(v) To assist our Group in expanding our customer base in Malaysia and abroad; and

(vi) To generate additional funds to meet our general working capital requirements for present and future operations of our Group.

3. PARTICULARS OF IPO (Cont'd)

3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE IPO SHARES

	No. of Shares	Share Capital (RM)
Authorised share capital	100,000,000	50,000,000
Issued and fully paid-up share capital as at the date of this Prospectus	73,000,000	36,500,000
New Shares to be issued pursuant to the Public Issue	12,880,000	6,440,000
Enlarged share capital upon Listing	85,880,000	42,940,000
Offer for Sale	8,588,000	4,294,000
IPO Price		1.00
		RM
- **Proforma consolidated NA per Share** *(based on our enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM2.500 million)*		0.57
- **Market capitalisation** *(based on the IPO Price and our enlarged issued and paid-up share capital after the IPO)*		85,880,000

The IPO Price is payable in full upon application.

We only have one (1) class of shares, being ordinary shares of RM0.50 each, all of which rank equally with each other. The Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the allotment date of our Shares.

The Offer Shares rank equally in all respects with our other existing issued Shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer.

Subject to special rights attaching to any share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person, by proxy or by attorney, and, on a show of hands, every person present who is a shareholder, or a representative, proxy or attorney of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person, by proxy, by attorney or by duly authorised representative shall have one (1) vote for each of our Shares held. A proxy may but need not be our member.

3.5 DETAILS OF THE IPO

3.5.1 Public Issue

The Public Issue of 12,880,000 new PESTECH Shares, representing approximately 15.00% of our enlarged issued and paid-up share capital, at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(i) Malaysian Public

6,000,000 new PESTECH Shares, representing approximately 6.99% of our enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by our Directors.

(ii) Eligible Directors, employees and persons who have contributed to the success of our Group

5,367,000 new PESTECH Shares, representing approximately 6.25% of our enlarged issued and paid-up share capital, reserved for our eligible Directors, employees and persons who have contributed to the success of our Group. Further details of our pink form share allocation are set out in Section 3.8 of this Prospectus.

(iii) Private placement to identified investors

1,513,000 new PESTECH Shares, representing approximately 1.76% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3.5.2 Offer for Sale

The Offer for Sale of 8,588,000 Offer Shares, representing 10.00% of our enlarged issued and paid-up share capital, at the Offer Price, payable in full on application upon such terms and conditions as set out in this Prospectus, will be allocated and allotted in the following manner:-

(i) 6,456,400 Offer Shares, representing approximately 7.52% of our enlarged issued and paid-up share capital, by way of placement to Bumiputera investors approved by the MITI; and

(ii) 2,131,600 Offer Shares, representing approximately 2.48% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

The breakdown of the Offer Shares offered by the respective Offerors and their respective material relationship with our Company for the past three (3) years are as follows:-

								<----After the IPO---->	
Shareholders	**Material Relationship with our Company**	**Address**	**No. of PESTECH Shares as at the LPD**	**%**	**No. of Offer Shares**	**% of issued and paid-up share capital**	**% of enlarged issued and paid-up share capital**	**No. of PESTECH Shares**	**%**
Lim Ah Hock	Executive Chairman / promoter / substantial shareholder / key management	No. 7, Jalan Permas 3/22 Bandar Baru Permas Jaya 81750 Masai, Johor Bahru Johor Darul Takzim Malaysia	41,924,800	57.43	5,224,000	7.16	6.08	36,700,800	42.73
Paul Lim	Executive Director / CEO / promoter / substantial shareholder / key management	No. 346, Jalan Yong Pak Kian Ujong Pasir 75050 Melaka Malaysia	26,997,700	36.98	3,364,000	4.61	3.92	23,633,700	27.52
			68,922,500	**94.41**	**8,588,000**	**11.77**	**10.00**	**60,334,500**	**70.25**

3.5.3 Underwriting Arrangement and Reallocation

All the 11,367,000 Issue Shares available for application by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus have been underwritten. Irrevocable written undertakings to subscribe for the 1,513,000 Issue Shares under Section 3.5.1(iii) have been obtained from the identified investors and as such, will not be underwritten.

Any Issue Shares which are not taken up by our eligible Directors, employees and persons who have contributed to the success of our Group under Section 3.5.1(ii) of this Prospectus will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group. Subsequently, any of the unsubscribed Issue Shares re-offered which are not taken up will be offered for application by the Malaysian Public. Likewise, any Issue Shares which are not subscribed under Section 3.5.1(i) of this Prospectus will be offered to our eligible Directors, employees and persons who have contributed to the success of our Group.

In addition, any of the Issue Shares not subscribed under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus will be made available to identified investors via private placement. Thereafter, any remaining re-offered Issue Shares under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus that are not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

The Offer Shares under Section 3.5.2(i) of this Prospectus will not be underwritten as irrevocable written undertakings have been obtained from the respective Bumiputera investors approved by the MITI to subscribe for the Offer Shares. The Offer Shares reserved for placement to identified investors under Section 3.5.2(ii) of this Prospectus will not be underwritten as irrevocable written undertakings have been obtained from the respective identified investors.

Any of the Offer Shares not subscribed for by the MITI approved Bumiputera investors under Section 3.5.2(i) of this Prospectus shall be made available for application by the Bumiputera public as part of the IPO balloting process. Thereafter, any Offer Shares that were reallocated to the Bumiputera public (as part of the IPO balloting process) and not taken up by the Bumiputera public, shall be made available for application by the Malaysian Public and/or private placement to identified investors.

Please refer to Section 3.10.2, Section 3.10.3 and Section 3.10.4 of this Prospectus for further details on the underwriting and placement arrangements respectively.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of IPO Shares.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3.6 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and Bank Islam, as the Principal Adviser, Sole Underwriter and Placement Agent, had determined and agreed upon the IPO Price, after taking into consideration the following factors:-

(i) Financial and Operating History

We have been actively involved in the system design, engineering and infrastructure segment of the power transmission and distribution industry since 2000. Based on the Proforma Consolidated Statements of Comprehensive Income of our Group for the FYE 31 December 2011, we recorded a PAT of RM12.001 million representing a basic EPS of RM0.164 (based on the existing issued and paid-up share capital of RM36,500,000 comprising 73,000,000 Shares) and RM0.140 (based on the enlarged issued and paid-up share capital of RM42,940,000 comprising 85,880,000 Shares upon Listing) resulting in net PE Multiple of 6.10 times and 7.14 times respectively. Our detailed operating and financial history is outlined in Section 5 and Section 11 of this Prospectus respectively.

(ii) Future Plans and Strategies

Going forward, our Group will continue to expand our business in markets such as Malaysia, Cambodia, Sri Lanka, PNG, Ghana, Brunei and Tanzania by increasing our business activities in these countries, and penetrating into other developing markets where there is a demand for the development, improvement and build up of electricity transmission and distribution assets. We also envisage venturing into related industries as well as expanding our range of products for the electricity supply industry. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

(iii) Competitive Strengths and Prospects of our Group and Industry

The competitive strengths and the prospects of our Group and the industry are outlined in Section 5.1.2, Section 5.8.2 and Section 6 of this Prospectus respectively.

(iv) Proforma Consolidated NA

The proforma consolidated NA per Share as at 31 December 2011 of RM0.57 based on the enlarged issued and paid-up share capital of 85,880,000 Shares in our Company upon Listing and after utilisation of proceeds.

(v) Prevailing market conditions

The prevailing market conditions which include, among others, current market trends and investors' sentiments.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 4 of this Prospectus before deciding to invest in our Shares.

3.7 DILUTION

Our proforma NA per Share as at 31 December 2011 before adjusting for the net proceeds from the Public Issue and based on the existing issued and paid-up share capital as at 31 December 2011 of RM36,500,000 comprising 73,000,000 Shares is RM0.53.

Pursuant to the Public Issue in respect of 12,880,000 Issue Shares at the Issue Price, our proforma NA per Share after adjusting for the net proceeds from the Public Issue and based on the enlarged issued and paid-up share capital upon listing of 85,880,000 Shares, would be RM0.60. This represents an increase in NA per Share of RM0.07 to our existing shareholders and a dilution in NA per Share of RM0.40 to our new investors. The following table illustrates such dilution on a per Share basis:-

	RM
Issue Price / Offer Price	1.00
Proforma NA per Share as at 31 December 2011	0.53
Increase in NA per Share attributable to existing shareholders	0.07
NA per Share after the Public Issue (before utilisation of proceeds)	0.60
Dilution in NA per Share to new investor	0.40

Save as disclosed below, there is no acquisition of any existing equity securities in our Company by the substantial shareholders, directors or key management, or persons connected with them during the past three (3) years, or which they have the right to acquire:-

Name	Total number of Shares received	Total Consideration RM	Effective cash cost per share RM
Lim Ah Hock*^	41,924,800#	20,962,400	0.50
Paul Lim*^	26,997,700#	13,498,850	0.50
Ibrahim Bin Talib*	2,131,600	1,065,800	0.50
Lim Pay Chin	157,900	78,950	0.50
Lee Kong Tee^	105,300	52,650	0.50
Lim Hon Seng^	105,300	52,650	0.50
Han Fatt Juan^	105,300	52,650	0.50
Chang Mei Lun^	52,700	26,350	0.50
Chong Kuen Wai^	52,700	26,350	0.50
Teh Bee Choo^	52,700	26,350	0.50
Public Investors			
- Public Issue	12,880,000	12,880,000	1.00
- Offer for Sale	8,588,000	8,588,000	1.00

Notes:-

* *A Director of our Group.*
^ *A key management of our Group.*
# *Includes two (2) Shares each that were transferred from our Company's previous shareholders.*

3.8 ALLOCATION OF THE ISSUE SHARES TO OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP

The eligible Directors, employees and persons who have contributed to the success of our Group have been allocated a total of 5,367,000 new PESTECH Shares.

The total number of persons eligible for the allocation is 155 comprising the following:-

Eligibility	No. of persons	Aggregate number of Issue Shares allocated*
Director – Tan Puay Seng	1	100,000
Employees[(1)]	149	4,506,200
Persons who have contributed to the success of our Group [(2)]	5	760,800
Total	155	5,367,000

Notes:-

(1) The criteria of allocation for the above mentioned Issue Shares to employees of our Group (as approved by our Board) are based on, inter-alia, the following factors:-

i. The employee must be a full time employee and on the payroll of our Group; and

ii. The number of Issue Shares allocated to the eligible employees is based on their seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant to our Board.

(2) The Issue Shares to be allocated to the persons who have contributed to the success of our Group shall be based on their contribution to our Group and as approved by our Board. The persons who have contributed to the success of our Group include business contacts, suppliers, customers and others.

* *Any Issue Shares which are not taken up by our eligible Directors, employees or persons who have contributed to the success of our Group will be re-offered to our Group's other eligible Directors, employees or persons who have contributed to the success of our Group before being allocated to the public balloting portion.*

3.9 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM12.880 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	%	Time frame for utilisation
Repayment of bank borrowings[(i)]	6,000	46.6	Within 12 months from the date of Listing
Product development and market / business expansion[(ii)]	1,800	14.0	Within 36 months from the date of Listing
Working capital*[(iii)]	2,580	20.0	Within 12 months from the date of Listing
Estimated listing expenses*[(iv)]	2,500	19.4	Within three (3) months from the date of Listing
Total	12,880	100.0	

Pending the eventual utilisation of the proceeds raised from the Public Issue, the funds will be placed in short-term deposits with licensed financial institutions.

3. PARTICULARS OF IPO (Cont'd)

Notes:-

* *If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.*

(i) Repayment of bank borrowings

We intend to utilise approximately RM6.000 million of the total gross proceeds from the Public Issue for the repayment of bank borrowings. As at the LPD, our Group's total bank borrowings were approximately RM16.800 million. Further details of our bank borrowings intended to be repaid are as follows:-

Financial institution	***Type of facility***	***Interest rate / Terms of repayment***	***Purpose***	***Amount outstanding as at the LPD# (RM'000)***
Citibank Malaysia Berhad (Facility dated 20 August 2009 and 3 December 2010)	*i. Letter of credit ("LC"); ii. Trust receipts ("TR"); iii. Banker Acceptance ("BA"); iv. Trade time Loan ("TLX"); v. Overdraft ("OD"); vi. Term loan ("TL"); and vii. Onshore Foreign Currency Loan ("OSFCL"). Save for TL which is a non-current borrowing, the other facilities are current borrowings.*	*• LC - 0.1% per month subject to a minimum of RM50/ to be repaid within a maximum of 150 days; • TR - 1.0% per annum above base lending rate ("BLR") or cost of funds, whichever is higher/ to be repaid within a maximum of 150 days; • BA - 1.25% per annum above cost of creation over matching error/ to be repaid within a maximum of 150 days; • TLX – 1.0% per annum above BLR to be repaid within a maximum of 150 days if under the 20 August 2009 facility and 1.25% per annum over creation cost of matching tenor if under the 3 December 2010 facility; • OD – 1.0% per annum above BLR/ repayable on demand; • TL – 1.0% per annum above BLR/ to be repaid in full by 60 equal monthly instalments; and • OSFCL – 1.25% per annum over creation cost of matching tenor/ to be repaid within a maximum of 150 days.*	*The OD and TL is for general working capital purposes whereas the LC, TR, BA and TLX is to facilitate local purchase and importation of goods while the OSFCL is to finance imports only.*	*6,659*

3. PARTICULARS OF IPO (Cont'd)

Note:-

\# *Amount outstanding fluctuates from time to time. In the event that the amount outstanding is less than RM6.000 million, the excess will be utilised for working capital purposes.*

(ii) ***Product development and market/ business expansion***

We intend to allocate approximately RM1.800 million of the total gross proceeds from the Public Issue for product development and market/ business expansion as set out below:-

Product development

Our Group proposes to allocate approximately RM1.400 million of the proceeds from the Public Issue for the use of our Group's future product development plan and recruitment of new development personnel. We are constantly looking into the development of new products to sustain our business activities and support our continued growth. This includes, inter-alia, development expenditure, quality and testing expenses and salary expenses of development personnel.

Market/ business expansion

To-date, our Group has penetrated countries such as Cambodia, PNG, Sri Lanka, Ghana and Brunei, and intends to allocate approximately RM0.400 million of the proceeds from the Public Issue for our market or business expansion in our existing market or potential markets in the future. This includes, inter-alia, sales, marketing and administrative expenditure, advertising and promotional activities undertaken via trade events and exhibitions, capital expenditure and acquisition of plant and equipment.

(iii) ***Working capital***

RM2.580 million of the total gross proceeds from the Public Issue will be utilised for our Group's day to day operations to support our existing business operations which includes procurement of raw materials and supplies, payment to creditors, payment of salaries and operating expenses and defrayment of other expenses which will improve our Group's liquidity and enable the smooth conduct of our operations.

(iv) ***Estimated listing expenses***

Our listing expenses are estimated to be RM2.500 million, details of which are as follows:-

	RM'000
Professional fees	*1,600*
Fees to authorities	*110*
Estimated underwriting, placement and brokerage fees	*415*
Printing and advertising	*200*
Contingencies	*175*
Total	*2,500*

There is no minimum subscription to be raised from the IPO.

The Offer for Sale may raise gross proceeds of approximately RM8.588 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses including registration and transfer fees, placement fee and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to an estimate of approximately RM0.300 million on a pro-rated basis.

The financial impact of the utilisation of proceeds on our Proforma Consolidated Statements of Financial Position as at 31 December 2011 is reflected in Section 11.2 of this Prospectus.

3.10 BROKERAGE, UNDERWRITING AND PLACEMENT FEE

3.10.1 Brokerage

We will bear the brokerage fees to be incurred on the issue of the 6,000,000 Issue Shares pursuant to the IPO under Section 3.5.1(i) of this Prospectus at the rate of one percent (1.0%) of the Issue Price in respect of successful applications which bear the stamp of Bank Islam, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

3.10.2 Underwriting Commission

Our Sole Underwriter has agreed to underwrite 11,367,000 Issue Shares as set out in Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of two point five percent (2.5%) of the total value of the Shares underwritten at the Issue Price.

3.10.3 Placement fee

Our Placement Agent has agreed to place out 1,513,000 Issue Shares and 8,588,000 Offer Shares as set out in Section 3.5.1(iii) and Section 3.5.2 of this Prospectus on best effort basis. We will pay our Placement Agent a placement agent fee and placement management fee at the rate of one point five percent (1.5%) and one percent (1.0%) respectively of the IPO Price for each Issue Share successfully placed. The placement fee to be incurred on the placement of the Offer Shares will be fully borne by the respective Offerors.

3.10.4 Salient Terms of the Underwriting Agreement

The salient terms of the underwriting agreement dated 24 April 2012 entered into between our Company and Sole Underwriter which may allow the Sole Underwriter to withdraw from its obligations under the underwriting agreement after the IPO as extracted from the underwriting agreement, are set out below.

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the underwriting agreement.

i. Conditions Precedent

Unless waived by the Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriter under this Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-

(a) the approvals referred to in Recital C remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;

(b) the Underwriter being reasonably satisfied that the Listing will be granted two (2) Market Days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from the Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;

(c) all other necessary approvals and consents required in relation to the Public Issue, the Offer for Sale, the Issue Shares and the Offer Shares

including but not limited to governmental approvals having been obtained and are in full force and effect;

(d) *the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;*

(e) *the issue and subscription of the Issue Shares in accordance with the provisions of this Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);*

(f) *the Prospectus having been lodged with the ROC and registered with the SC together with all the required documents in accordance with the CMSA, the Companies Act and the relevant laws and regulations;*

(g) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect;*

(h) *there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Underwriter, is or will be material in the context of the Public Issue and Offer for Sale and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained;*

(i) *the Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving the Listing, the prospectus and this Agreement, the issue and offer of the Issue Shares and authorizing a person or persons to sign this Agreement on behalf of the Company; and*

(j) *the Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 15 hereof.*

In the event any of the conditions set forth in Clause 5.1 are not satisfied on or before the Closing Date, the Underwriter shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

(a) *the Company shall make payment of the Underwriting Commission to the Underwriter; and*

(b) *each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

and thereafter, this Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other, save and except in respect of any antecedent breaches. The Underwriter reserve the right to waive or modify any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriter's rights under this Agreement.

ii. Termination

Notwithstanding anything herein contained, the Underwriter may by notice in writing to the Company given at any time before the Closing Date or the Extended Closing Date, as the case may be, terminate, cancel and withdraw its commitment to underwrite the Underwritten Shares if:-

(a) the approval of the SC for the Listing and/or the approval of Bursa Securities for the admission of the Company to the official list of the Main Market of Bursa Securities or for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Underwriter;

(b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 and 4, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or

(c) there is a material failure on the part of the Company to perform any of its obligations herein contained; or

(d) there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the reasonable opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or

(e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or

(f) the imposition of any moratorium, suspension or material restriction on trading in securities generally on Main Market of Bursa Securities due to exceptional financial circumstances or otherwise; or

(g) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:

(i) on or after the date of this Agreement; and

(ii) prior to the close of the offering of the Public Issue,

lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

3. PARTICULARS OF IPO (Cont'd)

(h) *there shall have occurred, or happened any of the following circumstances: -*

(i) *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

(ii) *any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);*

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue and/or Offer for Sale which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

In the event that this Agreement is terminated pursuant to Clause 12.1, the Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of this Agreement and entering into a new underwriting agreement accordingly, but neither the Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

Upon any such notice(s) being given pursuant to Clause 12.1, the Underwriter shall be released and discharged from their obligations hereunder whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

(a) *the Company shall make payment of the Underwriting Commission to the Underwriter; and*

(b) *each party shall return all other monies (in the case of the Underwriter, after deducting the Underwriting Commission due and owing to the Underwriter hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);*

and thereafter, this Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

3.11 FINANCIAL IMPACTS FROM THE IPO

The financial impacts from the utilisation of proceeds of the Public Issue are envisaged to be as follows:-

3.11.1 Interest savings

The repayment of our bank borrowings of RM6.000 million from the proceeds from the Public Issue would help us to have interest savings of approximately RM0.360 million per annum. In addition, this would also lower our Group's overall gearing ratio and reduce our financial obligation. Please refer to Section 3.9 of this Prospectus for further details.

3.11.2 Increase on products development and business expansion

Our Group intends to allocate RM1.800 million of the proceeds from the Public Issue for our products development and business expansion in our existing and potential markets in the future. This would help to increase our Group's revenue and earning potentials, in both the local and overseas markets via business expansion as well as future development of our Group's Products. We anticipate that this would enhance our current Products via the increase in our E&D and also to develop more of our in-house Products for the power supply industry. The allocation of proceeds from the Public Issue augurs well with our Company's future plans and strategies which are disclosed in Section 5.8.1 of this Prospectus. In the event that the allocation of the proceeds from the Public Issue is insufficient for our products development and business expansion purpose, we will utilise our internally generated funds as well as source external funding.

3.11.3 Enhance working capital

We intend to utilise RM2.580 million of the proceeds from the Public Issue for our Group's working capital requirements, which includes procurement of components and supplies, payment to creditors, payment of salaries and operating expenses and defrayment of other expenses, which will strengthen our Group's cash flow position and working capital.

3.11.4 Enhance capital structure

The electrical supply industry (power transmission and distribution) is a capital intensive industry. The increase in shareholders' funds and repayment of bank borrowings subsequent to our IPO will enable us to lower our gearing ratio. Hence, this will provide us with the flexibility to optimise our capital structure and seek additional financing under the secondary market. In addition, being a public listed company may also provide us with a competitive edge in securing future overseas projects and relatively more favourable terms for alternative financing.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

4. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP.

4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

4.1.1 Dependency on the demand for electricity supply

We are dependent on the demand for electricity supply to fuel the demand for new substations and related products. Our customers are mainly utility and industrial companies or infrastructure contractors who subcontract part of their work to us. Increase in demand for electricity will subsequently increase the demand for new substations to cater for the increase in load. In Malaysia particularly, we are dependent on the economic and population growth to drive new infrastructure projects, and the absence of such projects will adversely affect our business operations.

Many governments generally strive to improve the quality and sustainability of life for the population by providing better access to healthcare, public transport, water and electricity. In doing so, governments generally take a direct role in the planning and expansion of public utilities such as electricity to improve quality of life for its people. Investments in the electricity supply industry are greatly driven by government intervention in this context, as expansion efforts are ultimately funded by public funds. A reliable and secure electricity supply infrastructure is also key to economic investments. Industry demand for electricity will drive the demand for additional transmission and distribution capacity.

Notwithstanding the above, any absence of further expansion or upgrades resulting from a decrease in demand for electricity supply in the future will have a direct impact on our business operations and the prospects of our Group.

Nonetheless, in most countries, especially the developing countries, there will normally be an underlying electricity demand in tandem with the economic and population growth. Thus, it has become our Group's focus to set foot in these countries to tap on these opportunities.

4.1.2 Foreign exchange risks

We are exposed to foreign exchange risk. Since we began venturing into overseas markets in 2007, we have thus far conducted business in foreign countries such as Brunei, PNG, Sri Lanka, Ghana, Tanzania and Cambodia. For the FYE 31 December 2009, 2010 and 2011, approximately 44.8%, 51.4% and 76.5% respectively of our revenue were derived from overseas markets. Our overseas sales transactions are mainly conducted in the currencies of USD or EURO. In addition, we also source key components such as transformers, relays, cables and circuit breakers from overseas suppliers, which are mostly denominated in USD, EURO or Japanese Yen. For the FYE 31 December 2007 to 2011, approximately 43.8%, 27.8%, 65.4%, 35.1% and 73.3% of our total purchases were transacted in foreign denominated currencies.

Starting from 2011, we do, from time to time, enter into currency forward hedging against any fluctuation in the foreign exchange and we also leverage on the natural hedge through the matching of our sales and purchases which are mostly denominated in EURO and USD. As our Group in general is simultaneously exposed to various types of currency, adverse movement in one currency would normally not impose adverse impact on the overall financial condition or operating results of our Group as the risk has been spread out.

However, there is no assurance that such natural hedging would mitigate the risk that arises from foreign currency fluctuations which may have material adverse impact on our financial condition or operating results.

Our Directors constantly monitors our Group's foreign currency exposure and reviews our Group's hedging needs. In the FYE 31 December 2009 and 2010, our Group incurred realised foreign exchange loss of RM1.41 million and RM1.31 million respectively, whilst our Group recorded realised foreign exchange gain of RM0.662 million in the FYE 31 December 2011. Save for the FYE 31 December 2009 and 2010, our Group has not experienced any material adverse effect on our financial condition or operating results arising from foreign currency fluctuations. Going forward, our exposure to foreign exchange risk is expected to increase in line with our future plans to expand our presence in overseas markets as disclosed in Section 5.8.1 of this Prospectus.

4.1.3 Dependency and inability to retain key management personnel

We believe that our success has been, and will continue to be, significantly dependent on the efforts, abilities and capabilities of our key management and technical team especially our Executive Chairman, Lim Ah Hock; and Executive Director / CEO, Paul Lim who are both the major shareholders of our Company. In addition, we rely on Paul Lim who has been instrumental in the development, growth and success of our Group and under his leadership, our Group has grown to become a major integrated electric power technology company in Malaysia. Further, our key management and technical team are well equipped with the necessary skills and experience in power system engineering technology and manufacturing of related products. As such, loss of our key management and technical team without suitable and timely replacement may have an adverse impact on our ability to effectively carry out our business activities.

We strive to minimise this risk by ensuring that we have the ability to attract and retain our existing Directors and key management through the implementation of human resource strategies and developing a human resource plan that includes suitable compensation packages, career development and human resource training and development for our key management. In addition, our Group is continuously improving our internal documentation recording systems, process procedures, and technical database registration to establish base competency of our Company to reduce dependency on individuals. Furthermore, our Group would also undertake a SGP to reward and retain such key management.

Upon completion of the Listing, our Executive Chairman, Lim Ah Hock; and Executive Director / CEO, Paul Lim will hold approximately 42.73% and 27.52% equity interest in PESTECH respectively. This will ensure that Lim Ah Hock and Paul Lim will continue to have vested interest in the success of our Group.

Although we seek to limit our dependence on our Directors or key management, there can be no assurance that the above measures will be successful in retaining our Directors or key management or in ensuring a smooth transition or management succession plan should such key persons no longer be able to serve our Group.

4.1.4 Operational risks and insurance coverage

As we are involved in the electricity supply industry, our business activities are susceptible to operational risks. Risks in day-to-day operations include risk of accidents, disruption in supply of key components, disruption in supply of utilities, as well as fire, flood, and/or other natural disasters that may cause disruption or delay in implementing our Projects and also damage to our Products and manufacturing and administrative facilities thereby possibly disrupting our business operations. In addition, as our Projects involve use of heavy equipment and machineries, we may encounter accidents or dangerous incidents at the project sites.

We seek to limit the above risks through, inter-alia, the following risk measures:-

(i) We have taken up property insurance covering our factory premises, fixed assets and inventories. As at the LPD, our Group's insurance coverage for our assets is RM14.420 million which covers the total NCA of our factory premises, fixed assets and raw materials inventories as at 31 December 2011;

(ii) We have taken/will take up insurance for each Project for up to the value of the Project;

(iii) Our premises are equipped with basic regulatory fire-fighting equipment such as fire hose reel system and fire extinguisher stored at strategic locations which can be easily accessible in the event of fire. Employees are trained on the use of these equipment, proper fire-fighting techniques and procedures and evacuation drills;

(iv) We ensure that our manufacturing facilities and warehouse comply with all safety requirements stipulated in various licences issued by the relevant authorities. In-house training and briefing on safety requirements and proper use of equipment are also conducted to ensure that our employees are adequately trained to minimise the risks of industrial accidents; and

(v) We have taken up a professional indemnity insurance of RM10.0 million to cover professional risks in our Projects.

Notwithstanding the above measures, there is no assurance that our insurance coverage is sufficient to cover potential losses in the event of fire, theft or accidents and in such event, we may be liable to cover the insufficiencies, which may adversely affect our business activities, projects implementation and financial performance.

However, our business operations have not been affected by any such events thus far including other risks such as natural disaster, general strikes, riots and any other risks which cannot reasonably be insured against.

4.1.5 Dependency on third party suppliers to source equipment, components and parts for use in our Projects and Products

We are dependent on third party manufacturers such as Siemens Malaysia, ABB Malaysia Toshiba Asia Pacific Pte Ltd ("**Toshiba**"), Tenaga Switchgear Sdn Bhd and Tira Thai Co. Ltd to supply components such as relays, current transformers and voltage transformers for use in our Products, as well as equipment such as switchgear and transformers for our Projects. For the FYE 31 December 2007 to 2011, our purchases from the aforementioned third party manufacturers amounted to approximately RM10.506 million, RM6.774 million, RM8.251 million, RM15.401 million and RM13.888 million representing 31.0%, 17.9%, 12.8%, 19.7% and 15.0% respectively of our total purchases in the respective years.

In addition, we also engage third party fabricators to fabricate metal parts for use in our Products. Although there are many such third party manufacturers and fabricators in the industry, our operations may possibly be affected if we are unable to guarantee the supply and performance of the components and equipment. As at the LPD, our Group has not experienced any difficulties in purchasing equipment, components and parts from third party suppliers for use in our Projects or Products.

4.1.6 Third party technical utilisation risk

In the course of developing a substation, we would need to use third party equipment or products which we do not have control over their technical input and development. If such equipment or products are faulty, we would need to request for technical assistance from the original manufacturer to help mitigate the problems. Although, normally the manufacturer would have a team of experts ready to assist in these circumstances, we would not be able to ascertain that such assistance can be always delivered in a timely and efficient manner.

We take comfort that these third party equipment or products suppliers, such as ABB Malaysia, Siemens Malaysia and Toshiba are of established brandnames with long standing track record on the reliability of their equipment or products. Nonetheless, in the event of a technical fault due to third party technical utilisation which we are unable to resolve with the assistance of the supplier, additional costs may be incurred and project completion delay may happen which could adversely affect the particular project in hand.

4.1.7 Project risks

As stated in Section 4.1.8 of this Prospectus, our Group's revenue is heavily derived from Projects which are entered into on a contractual basis, subject to performance of certain terms and conditions. If our Projects were delayed as a result of factors that we are contractually responsible for, especially on those that are within our control, we are liable to pay liquidated and ascertained damages on termination or delay. As such, any delays may affect our ability to complete our Projects and achieve our business plans accordingly. The difficulties faced in executing projects may also result in incurring higher cost. These types of developments may, in turn, have an adverse effect on our business, financial condition and results of operations.

Notwithstanding the above, for those situations which are out of our control, such as adverse weather conditions, such delays would usually be compensated by our customer via an extension of time to complete the project. In addition, under the terms of most of the contracts with our customers, our customers may request changes to the contract specifications that result from changes in field design or other unanticipated events affecting the project. Our contracts generally provide that such additional direct costs resulting from these types of changes in specifications are borne by our customer.

Apart from the above, our Projects could be subject to cancellation, deferral or rescheduling which could affect our Group's anticipated profitability. Furthermore, any termination of material projects will have an adverse impact on our future revenue, taking into consideration the typical size of Projects. However, cancellation or termination of Projects would not have any material impact on our revenue pertaining to the portion of work that has already been rendered. Payments for work rendered prior to such cancellation or termination would still be paid by our customers. As at the LPD, our Group has not paid or been liable to pay any liquidated and ascertained damages on termination, delay or rescheduling during the financial years under review.

In addition, our performance in a particular year may depend substantially on a single project. For example, in FYE 31 December 2010 and 2011, revenue contribution from the Project in Cambodia amounted to 27.4% and 57.7% of our total revenue respectively. Whilst we do not expect this trend to recur, there is no assurance that such dependency will not happen in the future. In the event of such recurrence, it may have an adverse impact on our performance due to any unforeseen cancellation, deferral or rescheduling of Projects.

4.1.8 Our performance is project-driven

For the past five (5) FYE 31 December 2007 to 2011, Projects has been the key contributor to our total revenue. As stated in Section 11.4.1 of this Prospectus, our Group's Projects (before consolidation adjustment) has contributed approximately 49.8%, 75.5%, 87.4%, 84.2% and 98.3% of our total revenue for the FYE 31 December 2007 to 2011. Over the years, domestically, we have been awarded with Projects substantially from TNB. As for foreign markets, we have executed/are executing Projects in Brunei, PNG, Sri Lanka, Cambodia and Ghana for both utilities and industrial companies. These Projects are usually obtained via an open tender basis.

Our performance is project-driven. Our ability to replenish contracts in the future is dependent on, *inter-alia,* government policies and general economic conditions, the need to build infrastructure for the electrical supply industry in certain countries or industries; and changes in general business and credit conditions both locally and abroad. As such, our financial results can be adversely affected in the event that we fail to secure enough order book for our Projects.

Due to risks inherent in undertaking Projects, we take the necessary steps to establish a good relationship with our customers and ensure customer retention and referral by:-

(a) offering value added solutions or services to customers through, amongst others, our ability to accommodate customer's design change requests, our comprehensive in-house test equipment for commissioning of substation and ability to provide after-sales customer services by our in-house team instead of going through the principals;

(b) providing appropriate solutions to customers at hand and ensuring that customers are satisfied with our project quality and services; and

(c) completing our projects without delay.

4.1.9 Changes in economic, political and regulatory conditions in countries we operate in

We are susceptible to changes in economic, political and regulatory conditions in Malaysia, as well as other countries in which we operate. We have, to date, established our presence in Brunei, Sri Lanka and Cambodia, and we have also conducted business in Ghana, PNG and Tanzania. Thus, adverse situations in countries which we are currently operating in and any other countries which we could operate in the future, may potentially cause significant interruptions to our business activities, affecting our financial performance and profitability. These situations include, but are not limited to, current global and local economic climates, inflation, credit conditions, political leadership, Government regulations and policies, risks of war, methods of taxation, nationalisation, expropriation and renegotiation or nullification of existing contracts.

Currently, we are in the midst of executing a Project in Cambodia. Cambodia has, by and large, been facing more political stability compared to the days of the Khmer Rouge rule. However, there have been instances of unrest at the Cambodia-Thailand border since 2008 pertaining to the border dispute with Thailand. This situation has eased since the Pheu Thai Party won the parliamentary election in Thailand in July 2011, and announced efforts to resolve the dispute with Cambodia. Nevertheless, the border dispute could have a direct impact on the political and economic conditions of Cambodia as a whole, and consequently, our business operations may be adversely impacted which may affect our financial performance and profitability.

As at the LPD, our Group has not experienced any adverse occurrences arising from changes in economic, political and regulatory conditions in the countries we operated / are operating in.

4.1.10 Reliance on a single customer

Based on the past three (3) FYE 31 December 2009, 2010 and 2011, TNB had contributed 35.8%, 36.0% and 16.0% to our revenue respectively. In view that the local market is expected to remain as a significant contributor to our Group's revenues, we will continue to bid for local contracts and consequently, TNB, being the largest electricity utility company in Malaysia, will continue to be a significant contributor to our revenue.

Based on the information set out in the Independent Market Research Report by Frost & Sullivan Malaysia Sdn Bhd, the performance of the system design, engineering and infrastructure segment of the power transmission and distribution industry is dependent on investments made by utility companies. In Malaysia, generation, transmission and distribution plans are developed by the Government and announced in the Malaysia Economic Plan. Investments are disbursed to various Government agencies and utility companies, which translates to actual expenditure on projects executed within this industry.

Being the largest and sole electricity utility company in Peninsular Malaysia and Sabah (via Sabah Electricity Sdn Bhd), annual system design, engineering and infrastructure expenditure to be incurred by TNB could be directly linked to Government spending and the economic and political conditions in Malaysia or the world. Accordingly, any adverse economic or political conditions which result in lower Government public spending or the loss of TNB as our customer, may affect the future growth and profitability of our Group.

Nonetheless, we have developed a good relationship with TNB through the long term working relationship (since 2001), timely delivery and reliability of our products and services. In addition, we have started to venture out from Malaysia since 2007 to expand our presence internationally and to be less reliant on local market. Based on the revenue contributions by the local and overseas markets for the past three (3) FYE 31 December 2009 to 2011, the sales from overseas markets have significantly increased whilst the sales contribution from local market was decreasing relatively over the financial years. As set out in Section 5.8.1 of this Prospectus, we aim to expand our presence to other developing countries where there is a demand for the development, improvement and build up of electricity transmission and distribution assets and expect that overseas contribution will continue to represent a major portion of our revenue in the near future.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

4.2 RISKS RELATING TO INVESTING IN OUR SHARES

4.2.1 No prior market for our Shares

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market for our Shares will develop, or, if developed, that such a market can be sustained. The IPO Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the IPO Price.

4.2.2 Share price volatility and volume of our Shares

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of our Group have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

(i) Variations in our results and operations;

(ii) Success or failure in our management team in implementing business and growth strategies;

(iii) Changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(iv) Changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;

(v) Additions or departures of key personnel;

(vi) Fluctuations in stock market prices and volumes; or

(vii) Involvement in litigation.

4.2.3 Ownership and control by our existing shareholders

As disclosed in Section 7.1.1 of this Prospectus, our Promoters will collectively hold in aggregate approximately 71.2% of our enlarged issued and paid-up share capital upon listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

Nevertheless, our Group has appointed two (2) independent directors and set up an Audit Committee to ensure that any future transactions involving related parties are entered into on an arms-length basis and/or on normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders, and to facilitate good corporate governance whilst promoting greater corporate transparency.

4.2.4 Failure or delay in our Listing

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

(i) The MITI-approved investors fail to acquire the Shares allocated to them under the Offer for Sale;

(ii) Our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder; and/or

(iii) We are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up share capital for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.

In such event, investors will not receive any of our IPO Shares and we together with the Offerors will return in full, without interest, all monies paid in respect of any application for our IPO Shares in compliance with sub-section 243(2) of the CMSA.

4.2.5 Forward looking statements

This Prospectus contains certain forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group and others are forward-looking in nature which is subject to uncertainties and contingencies. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies, the environment in which our present and future business strategies have been developed and the environment in which we will operate in the future.

Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us, the Offerors or our Principal Adviser, that our plans and objectives will be achieved.

5. INFORMATION ON OUR GROUP

5.1 INFORMATION ON OUR GROUP

5.1.1 Background and Principal Activities

Our Company was incorporated in Malaysia under the Act on 10 June 2011 as a private limited company with the name PESTECH International Sdn Bhd. We subsequently converted to a public limited liability company on 9 September 2011 and assumed our present name to facilitate our listing on the Main Market of Bursa Securities.

We are a home grown integrated electric power technology company in Malaysia. We are principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets. We also manufacture proprietary power system components and equipment. PSB is our core operating subsidiary company.

Our Group began with the formation of PSB in 1991. Our founder and Executive Chairman, Lim Ah Hock, possesses background in mechanical engineering and more than 25 years of management experience. Although he is a mechanical engineer by training, Lim Ah Hock had a profound interest in electrical engineering, and ventured into the trading of electrical equipment and supplies. He envisioned that worldwide energy demand will only continue to rise, as a result of increases in population and economic development, with particularly acute needs in the emerging and developing countries. While there were practical challenges in penetrating the upstream segments of electricity generation in most countries including Malaysia, he clearly saw opportunities in the system design, engineering and infrastructure segment of power transmission and distribution. Seizing on this vision, we aligned our focus and commenced operations in 1993 in the trading of electrical and electronic products.

As we slowly gained industry experience and established our presence in the market, Lim Ah Hock saw the potential and opportunity to penetrate the electric power transmission and distribution works segment of the industry. In 2000, Lim Ah Hock invited Paul Lim, an electrical engineer with working experience in the power transmission and distribution business with electric utilities, to join PESTECH and he was brought in as a GM to aid us to further grow and develop our business. With his technical experience and expertise, coupled with his drive and passion for the industry, his efforts to guide us to become a main player in the local scene led him to be promoted to CEO in 2008. Under our CEO's leadership, along with our other key management, such as our GM of Sales & Marketing, Lim Hon Seng; GM of P&P, Lee Kong Tee; GM of D&D, Chong Kuen Wai; and GM of Strategic Planning (Business Development), Han Fatt Juan, we have grown progressively from a small player primarily involved in trading, to an established integrated electric power technology company in the engineering, design, manufacturing, installation and commissioning of electrical power transmission and distribution facility for electric utilities with operations both domestic and abroad.

Over the years, we build our experience and technical expertise in the field of electrical engineering. We concentrated our efforts and successfully equipped our Group with the technical expertise and know-how to provide a comprehensive engineering, design and technical solution for the build-up of electricity supply transmission and distribution assets for utilities and industries. This technical expertise and know-how have enabled us to export our services internationally especially to the developing countries, which is generally dominated by foreign multi-national companies.

Our Group's regional expansion

As we have established our presence as a major player here in Malaysia, we began expanding in the international markets using Malaysia as the platform, particularly in the emerging and developing economies, to tap into the growth potential of these countries. In 2007, we began to venture overseas into the region focusing in Brunei, Sri Lanka and PNG. Our Group's journey towards foreign expansion was challenging but our capabilities and expertise in project execution enabled us to overcome the initial stages of overseas market penetration and successfully compete with other foreign multi-national corporations.

In 2008, we achieved a major breakthrough in our regional expansion plan and obtained our first major overseas Project when a JV between our Group and SLCC of Brunei was awarded a contract for the construction of a 66kV outdoor switchyard at Brunei's Lumut Power Station ("LPS"), and 66kV underground cable links from LPS to the proposed Brunei Methanol Company ("BMC") 66kV Substation in Brunei by BMC. In the same year, we established an offshore branch office in Brunei. As we built on our reputation, more opportunities in Brunei knocked on our doors and our Board decided to incorporate PBSB on 17 March 2011.

We achieved a major milestone when we established our presence in PNG in 2008 as well when a JV between us and Dayen was awarded a contract for the design, manufacture, supply, construction, installation and commissioning of two (2) 132kV grid substations in Erap and Hidden Valley for the Erap – Hidden Valley Gold Mine Electrification Project by PPL. PPL is a power authority responsible for the generation, transmission, distribution and retailing of electricity throughout PNG. This gave us an exposure to meet expectations of a foreign engineering consulting firm and created a first contact to show our capability to build inter-connecting substation facility for connection to the electricity grid for the mining industry.

We also established our presence in the Africa market during 2008 as we designed, manufactured, supplied, factory tested, export packed and delivered 33kV feeder protection and metering panels and 33kV transformer protection and metering panels to Ghana via a customer in Malaysia.

In 2009, we entered Sri Lanka market with our first project in the country to design, execute, complete and remedy any defects therein in relation to Beliatta grid substation project Lot A awarded by Ceylon Electricity Board. This substation served as an extension to the electrical transmission system supply to the Beliatta region, fuelling its social and economic growth.

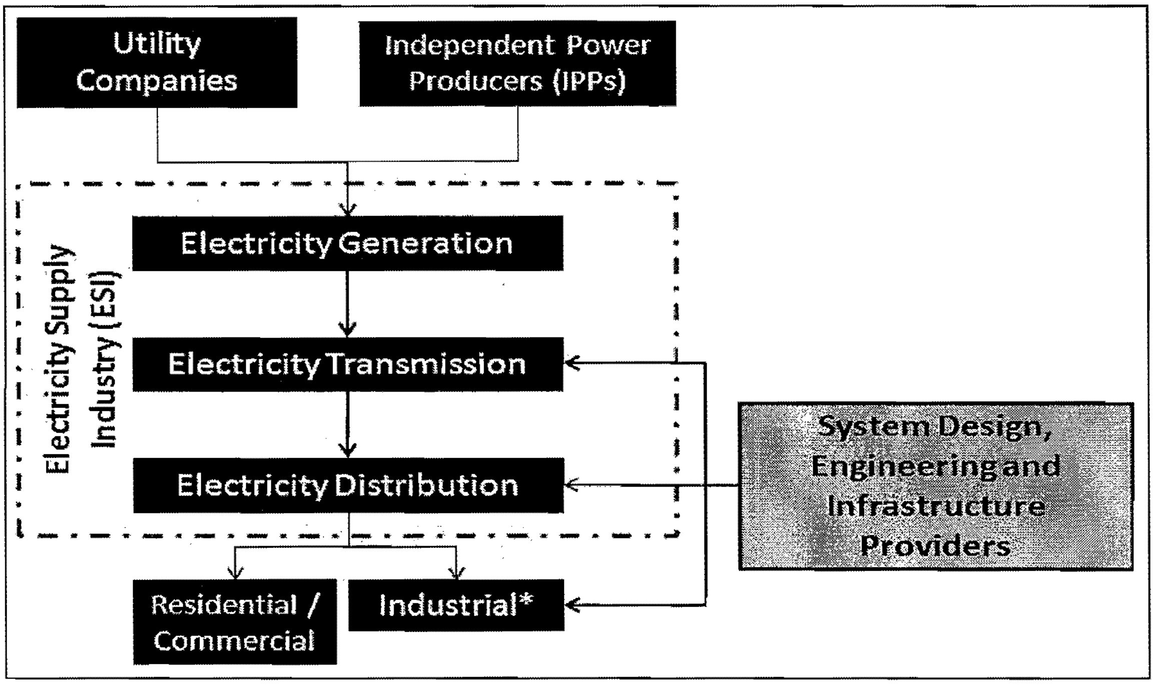
Having successfully executed the Projects in the abovementioned overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more overseas projects for our Group moving forward. In 2010, our JV with Pembinaan Tajri was awarded a contract involving the establishment of substations and a transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia by Cambodia Transmission Limited. Subsequently, we established TPJV in February 2010, our subsidiary company in Cambodia to facilitate our current and future projects in the country. In the same year, we were also awarded a project in Ghana to design, supply, erect, test and commission a 161kV single busbar substation at Ayanfuri, located approximately 20km west of Dunkwa and construction of 161kV transmission line to connect to the grid transmission system for an Australian gold mining company introduced by our customer in PNG. In addition to the above, we have recently on our own procured a Project in Cambodia for the supply of equipment and installation to connect 115kV transmission line between Cambodia Power Grid 230kV to Cambodia Power Transmission Line 115/22kV which is expected to complete by the end of the 3rd quarter of 2012.

5. INFORMATION ON OUR GROUP (Cont'd)

Arising from the successful implementation of our regional expansion plan, the revenue contribution from the foreign markets has increased significantly. For the FYE 31 December 2009, 2010 and 2011, the foreign markets contributed 44.8%, 51.4% and 76.5% of our Group's turnover respectively. Since we actively began penetrating the system design, engineering and infrastructure segment of the power transmission and distribution industry in 2000, we have established a strong track record built on providing high quality service with an emphasis on excellence. To-date, we pride ourselves for being able to compete in the international markets and deliver our Projects and services for the maintenance of delivered substations. In addition to the abovementioned countries, we aim to further expand our presence to other developing countries where there is a demand for development, improvement and build up of electricity transmission and distribution assets. Ultimately, we aspire to become one of the main regional players in the industry.

Our Group is well-positioned in the industry

The segmentation of the industry is as set out in the diagram below:-



* *Industrial customers include large companies such as mining operators, steel mills, cement plants and refineries*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan dated April 2012

Utility companies typically engage third party engineering companies to design and develop transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the national grid. Large industrial users also engage these third party engineering companies to erect electricity substations within their operating premises. These third party engineering companies are also required to commission the structure prior to handing it over to the utility companies. This industry is known as the power system design, engineering and infrastructure industry, and we are involved in the HV and EHV segments of this industry which has high barriers to entry.

We believe that we are strategically positioned with the capability to provide comprehensive power system engineering and technical solutions, along with products for substation control, communication and protection. We are also geographically positioned in the fast growing ASEAN region surrounded by many developing nations such as Vietnam, Cambodia, Laos and Indonesia, enabling us to capitalise on our familiarity with the business practices and similarity in culture. In addition, we are also able to leverage on the ASEAN Free Trade Area (AFTA), which enables us to competitively price our products and services for export to ASEAN region.

We conduct in-house engineering and development of our own Products and engineering solutions, enabling us to expand our Product base, enhance our competitive strengths as a value-added service provider and reduce cost. We own several registered brands such as PESTECH, COPS, PROCOM and RETCOMS for application in electric power substation control, monitoring and protection apparatus. The application of our Products has no geographical barriers and can be used in many countries. We continuously enhance our existing Products features and performance capabilities, as well as design and develop new Products. In addition, we have also established technology partnerships/distributorships with certain suppliers for the distribution of their products, in which we also purchase licensed software and components directly from the manufacturers to develop our own value-added Products and engineering solutions.

Our Group's quality achievements

In view of the importance of traceability, consistency and reliability of our services and products, we adopted Quality Management Systems (QMS) in accordance with ISO 9001:2000 since 2001 and obtained certification in 2002. Subsequently, we extended our scope to ISO 9001:2008 and adopted Occupational Health and Safety Management System (OHS MS) in accordance with OHSAS 18001:2007 in 2010.

Over the years, we have accumulated several certifications and awards in recognition of our emphasis on delivering high quality products and services in a safe, secure and reliable environment. We were one of the recipients of the Enterprise 50 Award by SME Corp and Deloitte Consulting (M) Sdn Bhd in 2009, 2010 and 2011 ranking among the top 15. Our CEO, Paul Lim received the Outstanding Entrepreneurship Award by Enterprise Asia in 2010. Our commitment towards compliance of our safety policies has also led us to be awarded a 'Certificate for Five Star Achievement in SAFCA for Project PMU Manjalara GIS' in 2010 by the Asset Development Department of TNB. Recently, we obtained the best vendor award in conjunction with Vendor Day by Northern Region, Transmission Asset Development of TNB. In January 2012, our Group was awarded TNB 2012 Excellence Award for the contractor category by TNB in conjunction with the Night of Award for Vendor, Contractors and Suppliers of TNB 2012. In addition, our Group was awarded the Brand Laureate Awards 2011 under the Corporate Branding category for SMEs best brand (Engineering – Power Systems).

Please refer to Section 5.7 of this Prospectus for further details of our Group's business.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.1.2 Our competitive strengths

Our competitive strengths are as follows:-

(i) Experienced and dedicated management personnel

Our Group is led by qualified senior management team with longstanding experience in the system design, engineering and infrastructure segment of the power transmission and distribution industry. Our founder and Executive Chairman Lim Ah Hock has background in mechanical engineering and possesses more than 26 years of experience in management. Our CEO / Executive Director Paul Lim, who has been playing an instrumental role in growing our Group, is a registered professional engineer with 17 years of experience in the industry. He is also a certified Project Management Professional (PMP®) with the Project Management Institute, a worldwide professional association for project management. He has successfully grown our Group and built up our respectable track record of securing and executing various contracts for electrical transmission of HV and EHV substations in Malaysia, Brunei, PNG, Cambodia, Ghana and Sri Lanka.

In addition, the senior management personnel of our technical team collectively possesses many years of experience in the industry, whereby our:-

(a) GM of Sales & Marketing, Lim Hon Seng, possesses 29 years of experience in the power systems engineering field;
(b) GM of P&P, Lee Kong Tee, has 16 years of experience as an electrical engineer;
(c) GM of D&D, Chong Kuen Wai, has 11 years of experience in the system design field; and
(d) GM of Strategic Planning (Business Development), Han Fatt Juan, possesses 21 years of engineering experience.

Our senior management team also includes our COO, Chang Mei Lun and CFO, Teh Bee Choo, who have 20 and 26 years of working experience respectively. Our management team has contributed significantly to our success, and has the necessary industry experience, knowledge and skills to effectively grow our business moving forward.

(ii) Strong technical expertise

Our Group's vast experience in the power system engineering industry was accumulated through our management team's working experience. Such knowledge and experience, which have been developed over time and is not easily replicated, places the Company in good stead to compete in the international markets.

The power system engineering industry is a highly technical and specialised field, requiring specific knowledge and skills in electrical and mechanical engineering. This complexity serves as a significant barrier to entry for new players in the industry. We have developed the specific technical expertise and know-how required to execute our business activities. These include:-

(a) switchyard layout and clearance verification;
(b) switchyard foundation loading, sizing and foundation plan;
(c) busbar, conductors, clamps and connector sizing, dimensioning and swing force calculation;
(d) switchyard steel structure design verification;
(e) lightning protection design and calculation;
(f) cable duct and layout design;
(g) earthing system design and calculation;
(h) substation insulation coordination study;
(i) design and establishment of single line diagram;

(j) instrument transformer burden and accuracy calculation and verification;
(k) protection and control system block diagram;
(l) protection relay functional verification and parameterization;
(m) control system remote signal list verification;
(n) logic and interlocking system design for RTU and SCS; and
(o) AC and DC loading and cable sizing calculation.

Our technical team is well equipped with the necessary skills and experience in power system engineering technology and product manufacturing. In addition to the senior management personnel of our technical team who have many years of industry experience, our technical team also consists of our CEO/ Executive Director, Paul Lim, who brings with him a total of 17 years of industry experience. Furthermore, our GM of Sales & Marketing, Lim Hon Seng has spent 19 out of his 29 years of experience with ABB Malaysia where he executed various substation projects. With the proficiency and technical experiences, we have been able to secure and execute various types of power system engineering solutions projects in multiple countries including Malaysia, Brunei, Cambodia, PNG, Sri Lanka and Ghana. This has further solidified our capabilities.

Our technical team possesses a wide range of experience ranging across the spectrum of our business activities. This includes, inter-alia, the following:-

- Design, development and planning of indoor and outdoor substations;
- Supply, delivery and erection of power transformers, protection and control systems, switchgears, ancillary equipment and associated civil works for transmission and distribution networks, transmission lines and substations;
- Design, installation and supply of communication and protection and control systems;
- SCADA system implementation projects;
- Substation extension projects; and
- Various other projects.

(iii) Comprehensive range of services, including in-house engineering and development

We offer a comprehensive range of services across the scope of electrical power transmission and distribution, which includes substation, transmission line and underground cable works. In addition, we also design and manufacture our own communication, protection and control products for use in our Projects as well as to be sold as finished products. PESTECH's own Products conform to international standards and have been designed such that majority of raw materials and components can be sourced locally as far as possible. In this respect, we are able to price our Products and Projects competitively.

Our in-house engineering and development activities are conducted by our D&D team, led by GM of D&D, Chong Kuen Wai with 11 years of experience in the system design field. To date, we have developed two (2) isolators, the 12kV and 36kV outdoor, single pole, double break, air break disconnectors that are normally associated with NERs. The isolators have been certified with the ASTA Type Test Certificate by ASTA BEAB Certification Services, UK.

Our in-house Product range also comprises BCD input display, SIMS and AAP-10, which are complementary to our Projects in the electrical power transmission and distribution industry. Further details of our Products are set out in Section 5.7.1.2 of this Prospectus.

In addition to product development, our D&D team also conducts in-house design of power system engineering and technical solutions for substations, transmission lines and underground cables. Our engineers work closely with our clients to develop the systems layout of the project based on the client's requirements and specifications, such as budget, schedule, land area and location. Based on the requirements and specifications, our engineers will formulate a design that is both reliable and cost effective, while also allowing for future capacity expansion of the substation, if necessary. The design also outlines the structural layout of the project, such as the switchyard layout, earthing system, cabling layout and lightning protection, as well as an integrated control, protection and communication system.

We are a home-grown integrated electric power technology company with the ability to export engineering and technological know-how to overseas markets. Our track record, knowledge and abilities enable us to compete against other foreign players at competitive prices, providing us with opportunities to extend our reach beyond our present markets.

(iv) High standards of Quality, Occupational Health and Safety Management System

We implement high quality standards in our day-to-day operations, where the importance of traceability, consistency and reliability are emphasised throughout the organisation. We adopted Quality Management System (QMS) in accordance with ISO 9001:2000 since 2001 and obtained certification in 2002. Subsequently we extended our scope to ISO 9001:2008 and adopted Occupational Health and Safety Management System (OHS MS) in accordance with OHSAS 18001:2007 in 2010 for the following certification scope:

"Design, engineering, manufacture, installation, test and commission of HV and EHV electrical substation and equipment."

ISO 9001 requires the organisation to have best practices in management system and commitment as well as continuous improvement to provide services and products that meet customer needs and expectation while OHSAS 18001 requires the organisation to commit to prevent occupational ill health and injury at work place.

Our commitment towards complying with our Quality, Occupational Health and Safety policy has led us to be awarded for our efforts. In 2010, we received a "Certificate for Five Star Achievement" in SAFCA TNB for Project PMU Manjalara GIS Substation by the Asset Development Department of TNB. We also received a "Certificate of Achievement for Successfully Achieving Four Stars for the Year 2010" under the SME Competitive Rating for Enhancement (SCORE) by MITI and SME Corp. In January 2012, our Group was awarded TNB 2012 Excellence Award for the contractor category by TNB in conjunction with the Night of Award for Vendor, Contractors and Suppliers of TNB 2012. In addition, our Group was awarded the Brand Laureate Awards 2011 under the Corporate Branding category for SMEs best brand (Engineering – Power Systems).

(v) Established track record and reputation

Since we actively began penetrating the system design, engineering and infrastructure segment of the power transmission and distribution industry in 2000, we have established a strong track record built on providing high quality service with an emphasis on excellence. We have a line of established clientele, some of whom are repeat customers, and some of whom we have obtained through referrals from other customers and suppliers. Domestically, our list of major clients includes the following:-

- TNB;
- Tenaga Switchgear Sdn Bhd;
- Zafas Sdn Bhd;
- AM SGB Sdn Bhd;
- Waris Gigih Engineering & Technology Sdn Bhd;
- Tamco Switchgear (Malaysia) Sdn Bhd; and

- Sabah Electricity Sdn Bhd.

Our major foreign clients include the following:-

- Siemens AG;
- Department of Electrical Services of Brunei;
- BMC of Brunei;
- PPL;
- Cambodian Transmission Ltd of Cambodia;
- Ceylon Electricity Board of Sri Lanka; and
- Central Ashanti Gold Limited of Ghana.

To further emphasise our sound reputation in the industry, our capabilities have led many companies to establish JVs with us, such as Pembinaan Tajri, Nova Nusantara Sdn Bhd, SLCC and Dayen for our past projects.

Furthermore, we have also built partnerships with certain suppliers and/or appointed as distributors for their products in Malaysia. We are currently an authorised exclusive distributor for RFL's telecommunication products, and have been appointed as ABB's External Channel Partner for their protection and control products, as well as their MicroSCADA Pro System products in Malaysia. We also sell NER products from Post Glover. We have signed a collaboration agreement with Toshiba for provision of services. Siemens AG has appointed us as their distributor for the non-exclusive rights to sell contractual products in certain area where contractual products comprise products, systems and services of Siemens AG including any of their respective follow-up products, systems and services.

We have successfully submitted equipment / components for testing by the Quality Assurance Unit under TNB Research Sdn Bhd, for use in electricity substations in the nation. We have been awarded with the 'Certificate of Product Acceptance' for the following list of products:-

Item/Equipment	Make/Model
Autoreclose and synchrocheck relay	Toshiba/GRR100
Current differential relay	Toshiba/GRL100
Distance relay	Toshiba/GRZ100
Overcurrent and earth fault relay	Toshiba/GRD110
Transformer biased differential relay	Toshiba/GRT100
11kV NER	Post Glover/PESTECH
RTU	Xcell (manufactured by Microsol Ltd)

Our list of clients and partners is a testimony of our established industry track record and reputation, built on over a decade of technical excellence and service in the industry. Some of our clients have provided us with letters of recommendation in respect of our Projects.

(vi) Established product branding

PESTECH is a registered trademark and is widely recognised by those in the same industry. We actively strive to establish our brand name in the market to be associated with quality and excellence. Since 2004, we have begun to trademark our brand names, for the PESTECH logo, along with the COPS brand name for our control and protection panel product, PROCOM for our RTU product, D-Switch for isolator, WACS for substation interrogation monitoring system and RETCOMS for telecommunication panel. As at to-date, the PESTECH logo, COPS brand name, PROCOM and RETCOMS, have been registered under Class 9 with the Intellectual Property Corporation of Malaysia.

In April 2011, we were certified under the Malaysian Brand Certification Scheme by SME Corporation Malaysia and SIRIM QAS International Sdn Bhd for our brands PESTECH, COPS and PROCOM, allowing us to use the National Mark of "Malaysian Brand", which is an acknowledgement of the quality, excellence and distinction of products and services by Malaysian companies. The Malaysian Brand Certification Scheme was formulated as a branding strategy for local products and services to gain global recognition as well as to promote and enhance domestic acceptance. The certified products and services have been assessed according to worldwide accepted criteria based on an approach that combines QMS requirements, local and global customer needs, product and service quality, financial capability, corporate social responsibility, and marketing and brand strategy. The certification will enable us to increase our brand presence to be recognised as a provider of high quality products both domestically and globally.

(vii) Technology partnerships

We have established technology partnerships and distributorships with some of our suppliers, who are established multinational corporations such as ABB AB Sweden, ABB Malaysia and Siemens AG. Through our partnership agreements, we purchase licensed software directly from our suppliers as and when required and pay a licence fee for each software purchased. We are also given training on the use and applications of our supplier's software and other products. With training given on the software and products, we are able to develop our own add-on platform for the design and development of our own engineering solutions and customised applications as well as our PESTECH branded Products to suit our customer's needs and requirements. Although we perform our own development using this software, the intellectual property on the core software resides with our suppliers. By providing value-added products and services, we are able to establish an edge over our competitors in the industry.

5.1.3 Share capital and changes in share capital

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000,000	0.50	50,000,000
Issued and paid-up	73,000,000	0.50	36,500,000

Details of the changes in our issued and paid-up share capital for the last three (3) years are as follows:-

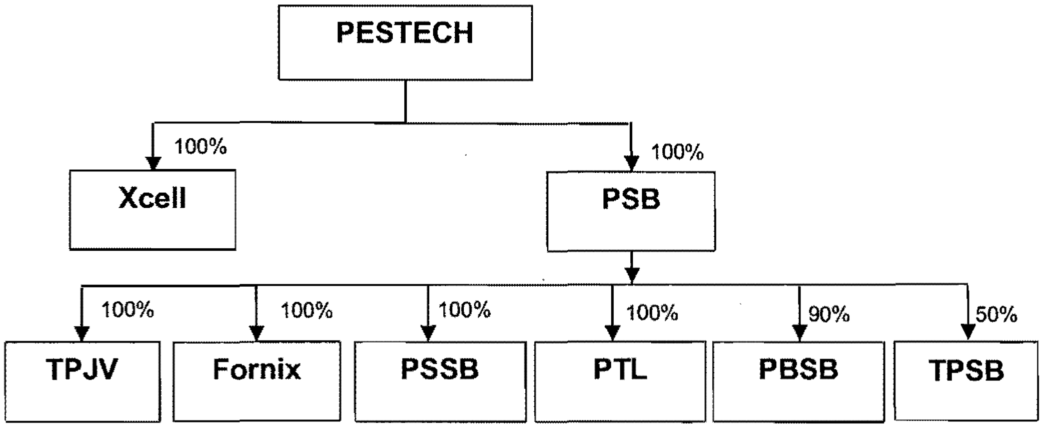
Date of Allotment	No. of Shares allotted	Par value (RM)	Consideration	Cumulative Issued and Paid-up Share Capital (RM)
10 June 2011	4	0.50	Cash (Subscribers' shares)	2
17 August 2011	72,999,996	0.50	Otherwise than cash (Acquisition of PSB)	36,500,000

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

5.1.4 Subsidiary companies and jointly-controlled entity

To facilitate the listing of our Company, the Acquisition of PSB and the Acquisition of Xcell were completed on 17 August 2011. The Acquisition of PSSB was completed on 2 April 2012.

Our existing corporate Group structure is as follows:-



Details of our subsidiary companies and jointly-controlled entity are set out below:-

Subsidiary companies	Date and Place of Incorporation	Date of Commencement of Business	Issued and Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activities
<u>Subsidiary companies of PESTECH</u>					
PSB	10 July 1991 Malaysia	8 July 1993	RM 3,333,000	100	Investment holding, provision of comprehensive power system engineering and technical solution for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacturing of proprietary power system components and equipment.
Xcell	25 January 2000 Malaysia	11 April 2001	RM300,000	100	Provision of design and supply of remote control system and data communication products.

5. INFORMATION ON OUR GROUP (Cont'd)

Subsidiary companies	Date and Place of Incorporation	Date of Commencement of Business	Issued and Paid-Up Share Capital	Effective Equity Interest (%)	Principal Activities
Subsidiary companies of PSB					
Fornix	4 August 2005 Malaysia	6 September 2005	RM100,000	100	Investment holding
TPJV	5 February 2010 Cambodia	10 March 2010	KHR 4,000,000	100	Construction of electrical substation and transmission line.
PBSB	17 March 2011 Brunei	25 October 2011	BND100	90	Provision of electrical engineering services, specialising in transmission and distribution specifically but not limited to include the design, manufacturing, trading, installing, commissioning and testing, repairs, maintenance of equipment at substations for public and private amenities.
PSSB	10 February 2012 Malaysia	Yet to commence operations	RM2	100	Provision of electrical, mechanical and civil engineering, subcontracting and engineering. It is currently inactive.
PTL	9 March 2012 Ghana	Yet to commence operations	GHS96,000	100	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commission and civil works. It is currently inactive.
Jointly-controlled entity of PSB					
TPSB	13 July 2001 Malaysia	10 September 2001	RM25,000	50	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

Further details on our subsidiary companies and jointly-controlled entity are set out in Section 5.2 below. As at the LPD, we do not have any associated companies.

5. INFORMATION ON OUR GROUP (Cont'd)

5.2 INFORMATION ON SUBSIDIARY COMPANIES AND JOINTLY-CONTROLLED ENTITY

5.2.1 PSB

(a) Background, history and principal activities

PSB (Company No. 220578-T) was incorporated in Malaysia under the Act on 10 July 1991 as a private limited liability company under the name of PESTECH Sdn Bhd. PSB commenced its business operations in the trading of electrical and electronic products on 8 July 1993.

In 1995, PSB began to develop and expand its business model and in 1997, started the assembly of its first product, the NER, and became involved in HV and EHV equipment control and protection products assembly. In addition, PSB also performed commissioning and installation works for its customers in the electricity supply industry. PSB actively began its operations in its current business model in the design and engineering of electrical power substation in 2000 and established its headquarters in Shah Alam to be strategically located nearer to the main commercial centre of Malaysia.

In summary, PSB is principally involved in the provision of comprehensive power system engineering and technical solution for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacturing of proprietary power system components and equipment.

PSB is our core operating subsidiary company.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of PSB is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	3,333,000	1.00	3,333,000

Details of the changes in the issued and paid-up share capital of PSB for the past three (3) years are as follows:-

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital (RM)
29 December 2010	2,333,000	Cash	3,333,000

As at the LPD, PSB does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholder

PSB is our wholly-owned subsidiary company.

(d) Subsidiary, Jointly-Controlled Entity and Associated Companies

The subsidiary companies and jointly-controlled entity of PSB are set out in Section 5.1.4 above. As at the LPD, PSB does not have any associated companies.

5.2.2 Xcell

(a) Background, history and principal activities

Xcell (Company No. 503755-H) was incorporated in Malaysia under the Act on 25 January 2000 as a private limited liability company under the name of Xcell ATS (M) Sdn Bhd. Xcell commenced its business operations on 11 April 2001 and is principally involved in design and supply of remote control system and data communication products.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of Xcell is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	300,000	1.00	300,000

There were no changes in the issued and paid-up share capital of Xcell for the past three (3) years.

As at the LPD, Xcell does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholder

Xcell is our wholly-owned subsidiary company.

(d) Subsidiary and Associated Companies

As at the LPD, Xcell does not have any subsidiary or associated companies.

5.2.3 Fornix

(a) Background, history and principal activities

Fornix (Company No. 705247-A) was incorporated in Malaysia under the Act on 4 August 2005 as a private limited liability company under the name of Fornix Sdn Bhd and commenced its business operations on 6 September 2005. Currently, Fornix is an investment holding company.

(b) **Share Capital**

As at the LPD, the authorised and issued and paid-up share capital of Fornix is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	100,000	1.00	100,000

There were no changes in the issued and paid-up share capital of Fornix for the past three (3) years.

As at the LPD, Fornix does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) **Substantial Shareholder**

Fornix is a wholly-owned subsidiary company of PSB, which is in turn a wholly-owned subsidiary company of PESTECH.

(d) **Subsidiary and Associated Companies**

As at the LPD, Fornix does not have any subsidiary or associated companies.

5.2.4 TPJV

(a) **Background, history and principal activities**

TPJV (Company No. 0276E/2010) was incorporated in Cambodia under the Laws of Cambodia on 5 February 2010 as a single member private limited company under the name of Tajri-PESTECH JV Ltd. TPJV commenced its business operations on 10 March 2010 and is principally involved in the construction of electrical substation and transmission line.

(b) **Share Capital**

As at the LPD, the authorised and issued and paid-up share capital of TPJV is as follows:-

	No. of shares	Par value (KHR)	Amount (KHR)
Authorised	1,000	4,000	4,000,000
Issued and paid-up	1,000	4,000	4,000,000

There were no changes in the issued and paid-up share capital of TPJV for the past three (3) years.

As at the LPD, TPJV does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) **Substantial Shareholder**

TPJV is a wholly-owned subsidiary company of PSB, which is in turn a wholly-owned subsidiary company of PESTECH.

(d) **Subsidiary and Associated Companies**

As at the LPD, TPJV does not have any subsidiary or associated companies.

5.2.5 PSSB

(a) **Background, history and principal activities**

PSSB (Company No. 977694-K) was incorporated in Malaysia under the Act on 10 February 2012 as a private limited liability company under the name of PESTECH (Sarawak) Sdn Bhd. As at the LPD, PSSB has yet to commence its operations.

(b) **Share Capital**

As at the LPD, the authorised and issued and paid-up share capital of PBSB is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

PSSB was recently incorporated in 2012, as such, there are no changes in the issued and paid-up share capital of PSSB.

As at the LPD, PSSB does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) **Substantial Shareholders**

PSSB is a wholly-owned subsidiary company of PSB, which is in turn a wholly-owned subsidiary company of PESTECH.

(d) **Subsidiary and Associated Companies**

As at the LPD, PSSB does not have any subsidiary or associated companies.

5.2.6 PTL

(a) **Background, history and principal activities**

PTL (Company No. CA-99,553) was incorporated in Ghana under the Companies Code, 1963 (Act 179) of Ghana on 9 March 2012 as a private limited company under the name of PESTECH Transmission Limited. As at the LPD, PTL has yet to commence its operations.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of PTL is as follows:-

	No. of shares	Amount (GHS)
Authorised	1,000,000	1,000,000
Issued and paid-up	96,000	96,000

PTL was recently incorporated in 2012, as such, there are no changes in the issued and paid-up share capital of PTL.

As at the LPD, PTL does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) Substantial Shareholders

PTL is a wholly-owned subsidiary company of PSB, which is in turn a wholly-owned subsidiary company of PESTECH.

(d) Subsidiary and Associated Companies

As at the LPD, PTL does not have any subsidiary or associated companies.

5.2.7 PBSB

(a) Background, history and principal activities

PBSB (Company No. RC/00008311) was incorporated in Brunei under the Companies Act (Cap 39) of Brunei on 17 March 2011 as a private limited company under the name of PESTECH (Brunei) Sdn Bhd. PBSB commenced operations on 25 October 2011 and is principally involved in the provision of electrical engineering services, specialising in transmission and distribution specifically but not limited to include the design, manufacturing, trading, installing, commissioning and testing, repairs, maintenance of equipment at substations for public and private amenities.

(b) Share Capital

As at the LPD, the authorised and issued and paid-up share capital of PBSB is as follows:-

	No. of shares	Par value (BND)	Amount (BND)
Authorised	500,000	1.00	500,000
Issued and paid-up	100	1.00	100

There are no changes in the issued and paid-up share capital of PBSB since its incorporation.

As at the LPD, PBSB does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) **Substantial Shareholders**

PBSB is a 90% owned subsidiary company of PSB, which is in turn a wholly-owned subsidiary company of PESTECH. The remaining 10% shareholding is held by Hairol Addy Nizam Bin Hasim, a Bruneian.

(d) **Subsidiary and Associated Companies**

As at the LPD, PBSB does not have any subsidiary or associated companies.

5.2.8 TPSB

(a) **Background, history and principal activities**

TPSB (Company No. 553143-U) was incorporated in Malaysia under the Act on 13 July 2001 as a jointly-controlled entity between PSB and Pembinaan Tajri under the name of Tajri-PESTECH JV Sdn Bhd. TPSB commenced its operations on 10 September 2001 and was principally involved in the provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

(b) **Share Capital**

As at the LPD, the authorised and issued and paid-up share capital of TPSB is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	25,000	1.00	25,000

There were no changes in the issued and paid-up share capital of TPSB for the past three (3) years.

As at the LPD, TPSB does not have any outstanding warrants, options, convertible securities and uncalled capital.

(c) **Substantial Shareholder**

TPSB is a 50% jointly-controlled entity of PSB, which in turn is a wholly-owned subsidiary company of PESTECH. The substantial shareholders of TPSB are as follows:-

	Direct		Indirect	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
PSB	12,500	50.0	-	-
Lim Ah Hock	-	-	12,500	50.0 *
Lim Pay Chuan	-	-	12,500	50.0 *
Pembinaan Tajri	12,500	50.0	-	-
Abd. Ghaffur Bin Ramli	-	-	12,500	50.0 ^
Zulkhariah Binti Aman	-	-	12,500	50.0 ^
Right Hectares Sdn Bhd	-	-	12,500	50.0 ^
Saidon Bin Yunus	-	-	12,500	50.0 #
Rohaya Binti Osman	-	-	12,500	50.0 #

Notes:-

*	*Deemed interested by virtue of his shareholdings in PESTECH.*
^	*Deemed interested by virtue of his/her/its shareholdings in Pembinaan Tajri.*
#	*Deemed interested by virtue of his/her shareholdings in Right Hectares Sdn Bhd.*

(d) Subsidiary and Associated Companies

As at the LPD, TPSB does not have any subsidiary or associated companies.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.3 LISTING SCHEME AND SGP

In conjunction with and as an integral part of our listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities, the details of our Listing Scheme and SGP are as follows:-

(i) Public Issue

Our Company undertakes a public issue of 12,880,000 new Shares, at the Issue Price, representing approximately 15.00% of our enlarged issued and paid-up share capital, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

(a) 6,000,000 new PESTECH Shares, representing approximately 6.99% of our enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors;

(b) 5,367,000 new PESTECH Shares, representing approximately 6.25% of our enlarged issued and paid-up share capital, reserved for our eligible Directors, employees and persons who have contributed to the success of our Group; and

(c) 1,513,000 new PESTECH Shares, representing approximately 1.76% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

All the Issue Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of our 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.

Upon completion of the Public Issue, the issued and paid-up share capital of our Company will increase to RM42,940,000 comprising 85,880,000 Shares.

(ii) Offer for Sale

The Offerors also undertake an offer for sale of 8,588,000 Offer Shares, representing 10.00% of our enlarged issued and paid-up share capital, at the Offer Price, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-.

(a) 6,456,400 Offer Shares, representing approximately 7.52% of our enlarged issued and paid-up share capital, by way of placement to Bumiputera investors approved by the MITI; and

(b) 2,131,600 Offer Shares, representing approximately 2.48% of our enlarged issued and paid-up share capital, by way of placement to identified investors.

Pursuant to the Offer for Sale, the Offerors are expected to raise approximately RM8.588 million based on the Offer Price.

All the Offer Shares shall rank *pari passu* in all respects with the existing issued and paid-up shares of our 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 transfer thereof.

(iii) Listing

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM42,940,000 comprising 85,880,000 Shares on the Main Market of Bursa Securities have been approved by Bursa Securities.

(iv) SGP

In conjunction with the Listing, our Company will also implement a SGP involving up to 15% of the issued and paid-up share capital of PESTECH at any time during the existence of the SGP, to be granted and/or issued to the eligible Directors and executives of our Group.

In implementing the SGP, the SGP committee may in its discretion decide that the PESTECH Shares to be granted and/or issued to eligible Directors and executives may be satisfied by way of:-

(i) Issuance of new PESTECH Shares;

(ii) Purchase of existing PESTECH Shares from the market; or

(iii) A combination of both issuance of new PESTECH Shares and purchase of existing PESTECH Shares from the market.

In considering whether to issue new PESTECH Shares or to purchase existing Shares for the purpose of the SGP, the SGP committee will take into consideration, inter-alia, factors such as the prevailing market price of the Shares, funding consideration and dilutive effects on our Company's capital base and future returns. The implementation of the SGP will be facilitated through the establishment of a trust to be administered by the trustee in accordance with a trust deed and shall, at all times, be under the direction of the SGP committee.

In determining the number of PESTECH Shares to be granted and/or issued to our eligible Directors and executives under the SGP, the following shall be taken into consideration:-

(i) The performance of our Group in meeting certain financial targets to be determined by our Board and/or the SGP committee; and

(ii) Our eligible Directors and executives meeting certain individual financial and/or performance targets to be determined by our Board and/or the SGP committee.

The SGP shall be in force for a duration of five (5) years. However, our Board at its discretion, upon the recommendation of the SGP committee, may extend the SGP for a further period of up to five (5) years or any other duration that is allowed by the relevant authorities.

In the event new Shares are issued pursuant to the SGP, such new Shares will, upon allotment and issue, rank pari passu in all respects with our existing issued and paid-up share capital, except that the new Shares will not be entitled to any dividend, right, allotment or other distribution, the entitlement date of which is prior to the date of allotment of the said Shares. The new Shares will be subject to all provision of our Articles of Association.

In the event existing Shares are purchased from the market pursuant to the SGP, such Shares will rank equally in all respects with our other existing issued Shares including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer.

The listing of and quotation for any new Share(s) to be issued pursuant to the SGP on the Main Market of Bursa Securities have been approved by Bursa Securities.

For further information, please refer to Section 14 of this Prospectus.

5. INFORMATION ON OUR GROUP (Cont'd)

5.4 LOCATION OF OPERATIONS

The location of our Group's operational and administrative premises is as follows:-

Company	Purpose	Location
PESTECH	Corporate Office	No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
PSB	Factory and warehouse	No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
	Branch office	No. 04A, Tingkat 4, Wisma SESB, Jalan Tunku Abdul Rahman, 88673 Kota Kinabalu, Sabah, Malaysia
	Branch office	Ground Floor of No. 273, Vauxhall Street, Colombo 02, Sri Lanka
Xcell	Corporate office	No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia
TPJV	Corporate office	No. 04E, National Road No.5, Group 6 Spean Khpous Village, Sangkat Kilometre No. 6, Khan Russey Keo, Phnom Penh, Cambodia
PBSB	Corporate office	Unit 3, 1st Floor, Block A, Urairah Complex, Kampung Kiulap, Bandar Seri Bengawan BE1518, Brunei Darussalam

5. INFORMATION ON OUR GROUP (Cont'd)

5.5 KEY ACHIEVEMENTS / MILESTONES / AWARDS

The key achievements / milestones / awards of our Group are as follows:-

Year	Key Milestones / Awards
2001	• Our JV with Pembinaan Tajri was awarded a contract from TNB for the design, supply, erection and commissioning of 275kV and 132kV transmission substations and upgrading of associated bay equipment and protection equipment for TNB substations. • Awarded first PMU job for the erection, installation, testing and commissioning of a 132kV outdoor transformer bay, 132kV indoor equipment and 33kV indoor equipment inclusive of ancillary equipment, earthing systems, power and auxiliary cables for Seberang Jaya temporary substation from Projass Engineering Sdn Bhd.
2002	• Obtained first SCADA system implementation contract to design, engineer, manufacture and supply SCADA systems to TNB substations in Putrajaya, Selangor and Kuala Lumpur from Central Energy Sdn Bhd. • Awarded a contract from Microsol Aust. Pty Ltd to supply RTUs to North Korea which was sponsored by the Australian Agency for International Development (AusAID). • Successful certification of ISO 9001:2000 for Quality Management System.
2004	• Awarded a contract from Microsol Aust. Pty Ltd to supply RTUs to Vietnam. • Awarded a fast-track job for the design, engineering, manufacture of secondary equipment, installation, testing and commissioning of 275kV switchgears, 3x60MVAr 275kV capacitor banks and ancillary equipment for KL North substation. We completed the Project in approximately seven (7) months as compared to the normal timeframe of 12 to 15 months required for a similar Project. • Awarded a project to design, manufacture, assemble, construct and commission the TNB PMU 132/11kV Sultan Idris Power Station (Woh) and PMU 132/11kV Sultan Yusoff Power Station (Jor) substations in Cameron Highlands by Zafas Sdn Bhd.
2006	Awarded by ASTA BEAB Certification Services, UK for ASTA Type Test Certificate for 12 kV and 36 kV outdoor, single pole, double break, air break disconnectors that are normally associated with neutral earthing resistors.
2008	• Our JV with SLCC was awarded an overseas project in Brunei for the design and construction of 66kV outdoor switchyard at Brunei's LPS, and 66kV underground cable links from LPS to the proposed BMC 66kV electrical substation in Brunei by BMC. • Our JV with Dayen was awarded a project in PNG for the design, manufacture, supply, construction, installation and commissioning of the Erap 132kV Grid Substation for the Erap – Hidden Valley Gold Mine Electrification Project by PPL.

5. INFORMATION ON OUR GROUP (Cont'd)

Year	Key Milestones / Awards
	• Awarded first contract for the supply of our Products for the Ghana market to design, manufacture, supply, factory test, export pack and deliver 33kV feeder protection and metering panels and 33kV transformer protection and metering panels via a customer in Malaysia.
2009	• One of the recipients of the Enterprise 50 Award for the year 2009 by SME Corp and Deloitte Consulting (M) Sdn Bhd. • Awarded a contract from Department of Energy Services, Brunei for the supply of relays to Brunei. • Awarded first project in Sri Lanka to design, execute, complete and remedy any defects therein in relation to Beliatta grid substation project Lot A by Ceylon Electricity Board.
2010	• Awarded Certificate of Achievement for Successfully Achieving Four Stars for the Year 2010 under the SME Competitiveness Rating for Enhancement (SCORE) by MITI and SME Corp. • Our JV with Pembinaan Tajri was awarded a contract involving the establishment of substations and a transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia by Cambodian Transmission Limited. • Obtained OHSAS 18001:2007 certification. • Our Executive Director / CEO, Paul Lim received Outstanding Entrepreneurship Award 2010 by Enterprise Asia. • Received Certificate for Five Star Achievement in Safety Compliance Audit (SAFCA) for Project PMU Manjalara GIS substation awarded by Asset Development Department of TNB. • Obtained our first Project in Ghana to design, supply, test and commission a 161kV single busbar substation at Ayanfuri. • One of the recipients of the Enterprise 50 Award for the year 2010 by SME Corp and Deloitte Consulting (M) Sdn Bhd.
2011	• Awarded "Best Vendor" in conjunction with Vendor Day by Northern Region, Transmission Asset Development of TNB. • Awarded Malaysian Brand certification by SME Corp. • One of the recipients of the Enterprise 50 Award for the year 2011 by SME Corp and Deloitte Consulting (M) Sdn Bhd.
2012	• Awarded TNB 2012 Excellence Award for the contractor category by TNB. • Awarded Brand Laureate Awards 2011 for SMEs Chapter Awards (corporate branding category) by Brand Laureate.

5.6 CAPITAL EXPENDITURE AND DIVESTITURES

Save as disclosed below, our Group did not incur any other capital expenditure or investments and had no other divestitures for the past three (3) FYE 31 December 2009 to 2011:-

	Transaction value for the FYE 31 December		
	2009	**2010**	**2011**
	RM'000	**RM'000**	**RM'000**
Building	4,179	-	-
Office equipment	1,163	443	445
Motor vehicles	217	182	30
Motor vehicles under hire purchase	-	118	313
Renovation	269	109	38
Tools and equipment	195	173	278
Total capital expenditures	**6,023**	**1,025**	**1,104**
Investment			
Unquoted shares (associated companies)	30	-	-
Unquoted shares (subsidiary companies)	60	-	36,500
Total investment	**90**	**-**	**36,500**
Divestitures			
Motor vehicles	(69)	-	(655)
Total divestitures	**(69)**	**-**	**(655)**

The above capital expenditures were financed through internally generated funds and bank borrowings. Our Group incurred capital expenditure on a need-be basis, hence the amount of capital expenditure incurred every year may vary.

For the FYE 31 December 2009, our Group's capital expenditures were substantially higher as compared to FYE 31 December 2010 and 2011 mainly due to the cost incurred for the construction of our present corporate office and manufacturing facility in Shah Alam. In addition, the capital expenditures on office equipment, renovations, tools and equipment were incurred pursuant to our aforesaid new corporate office as well as to accommodate our Group's business expansions.

For the FYE 31 December 2011, our Group's total investment of RM36.500 million was due to the Acquisition of PSB, whilst our Group's divestitures of RM0.655 million was due to disposal of motor vehicles during the financial year.

As at the LPD, we have not undertaken any material capital expenditure and material divestitures that is currently in progress.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7 BUSINESS OVERVIEW

5.7.1 Our Projects / Products

We are an integrated electric power technology company. We are principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets. We also manufacture proprietary power system components and equipment.

As part of our power system engineering and technical solutions, we offer the following services:-

- The design of indoor and outdoor electrical substations, structural and civil layout for HV substations, and transmission line and underground cable systems;
- Project management, construction and commissioning of HV and EHV substations;
- Earthing, conductors, clamps and connectors design;
- Primary and secondary systems design including calculation and verification;
- Protection, control and communication system design and implementation; and
- SCADA system implementation.

The breakdown of our Group's revenue by Projects, Products and investment holding for the past three (3) FYE 31 December 2009 to 2011 is as follows:-

	<-----FYE 31 December----->					
	2009		**2010**		**2011**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**
Projects	75,662	87.4	96,852	84.2	128,732	98.3
Products	10,886	12.6	18,604	16.2	11,584	8.9
Investment holding	-	-	564	0.5	564	0.4
Total	**86,548**	**100.0**	**116,020**	**100.9**	**140,880**	**107.6**
Consolidation adjustment	-	-	(1,038)	(0.9)	(9,933)	(7.6)
Total	**86,548**	**100.0**	**114,982**	**100.0**	**130,947**	**100.0**

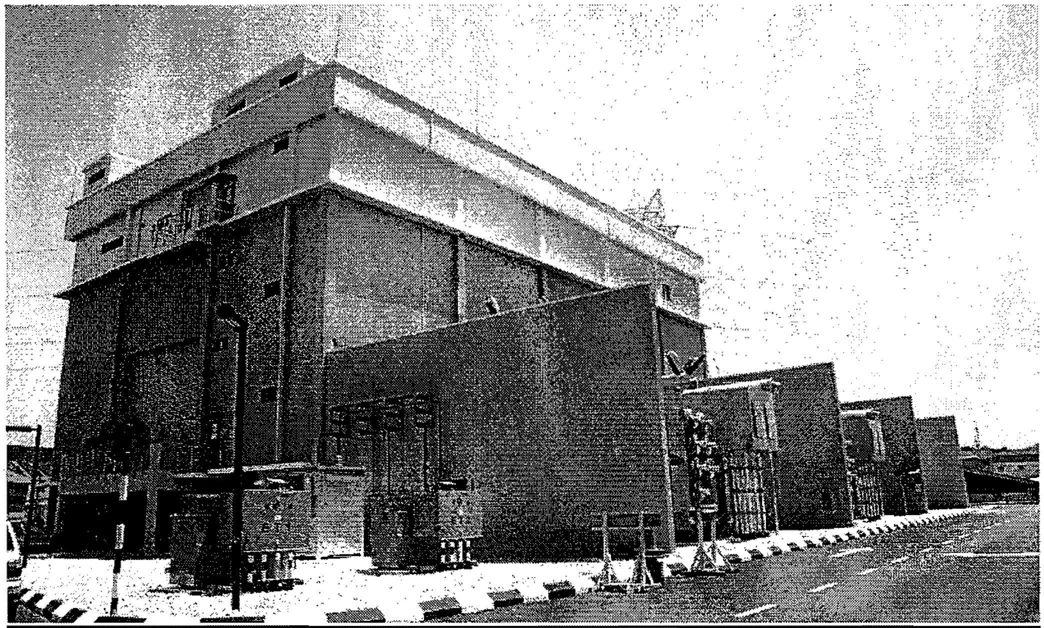
5.7.1.1 Selected key Projects

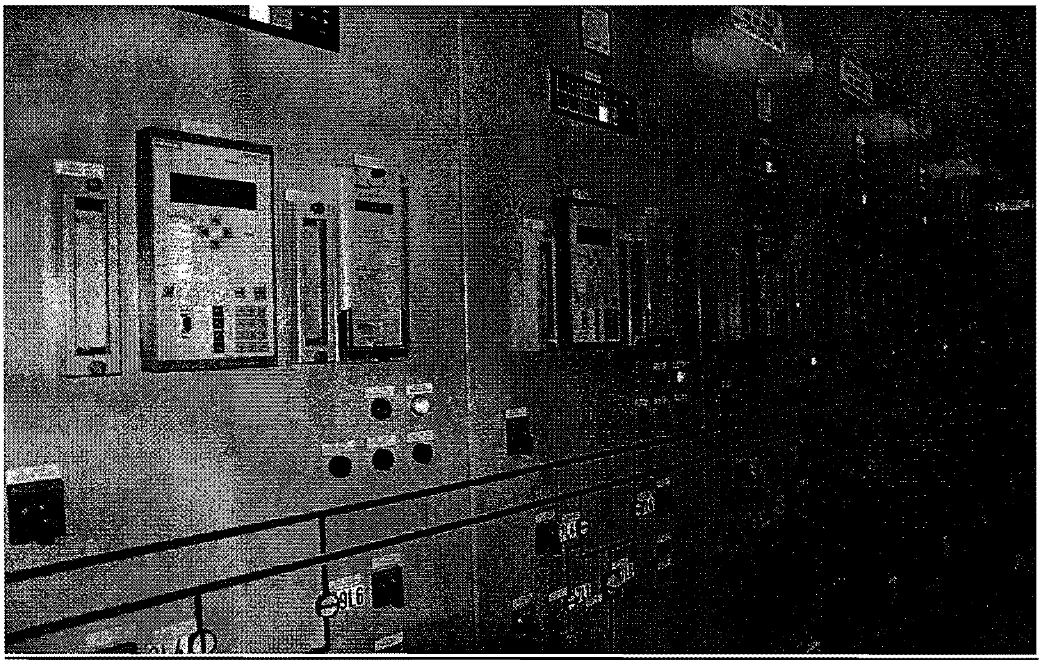
Malaysia

In 2009, our JV with Pembinaan Tajri was awarded a project by TNB to construct a PMU 132/33kV Manjalara indoor GIS substation. The substation is part of the system improvement for the electricity network within the Manjalara and Desa Park City area of Kuala Lumpur. We are responsible for the design, manufacture, supply, construction, installation and commissioning for the project. In the course of executing the project, we were awarded 5-Star achievement in SAFCA audit by the Asset Development (Central) Transmission Division of TNB.

Year	Customer	Project Description
Awarded in 2009, completed in November 2011	TNB	Design, manufacture, supply, construction, installation and commissioning of a PMU 132/33kV Manjalara indoor GIS substation.

View of the project site





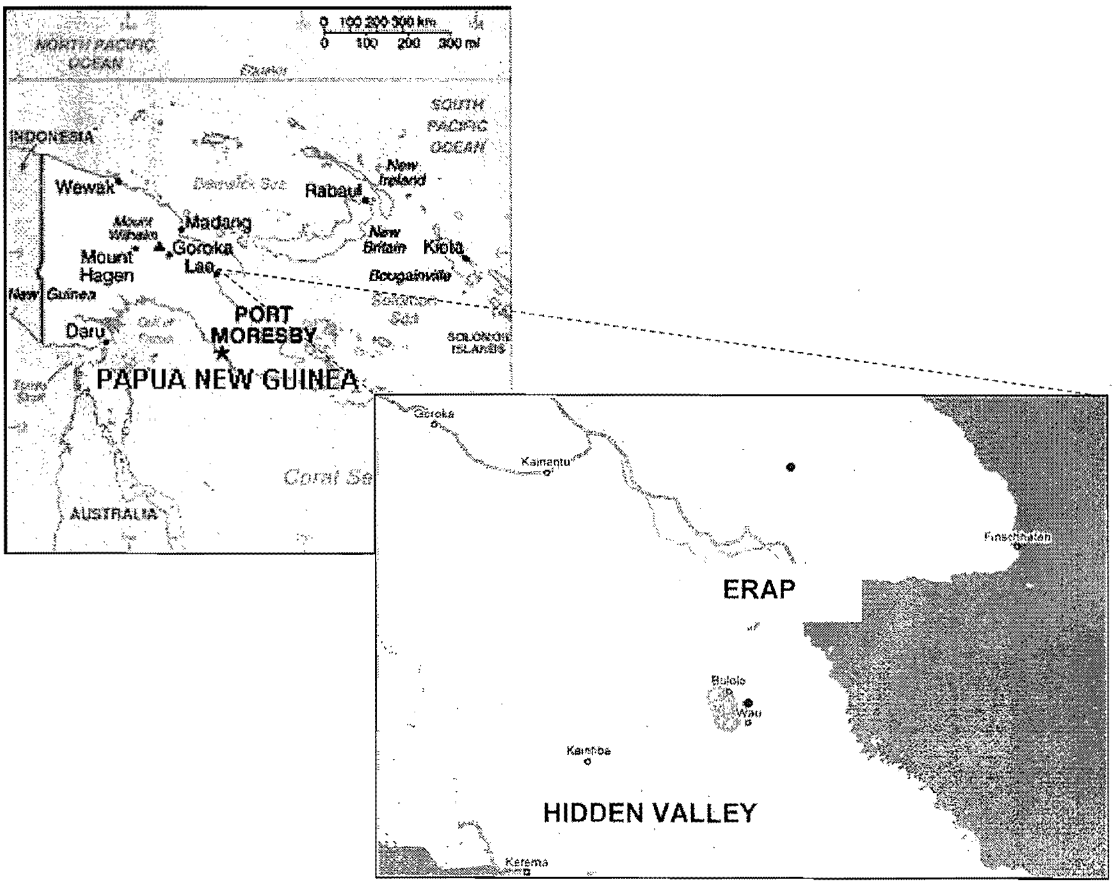
PNG

In June 2008, our JV with Dayen, a public-listed engineering, procurement and construction company based in Singapore, was awarded a project by PPL, a power authority responsible for the generation, transmission, distribution and retailing of electricity throughout PNG, for the Erap-Hidden Valley Gold Mine Electrification Project. We were responsible for the electrical works and design, manufacture, supply, construction, installation and commissioning of the two (2) 132kV substations. We successfully commissioned the Erap 132kV Grid Substation on 23 March 2010, and completed the handover of the grid substations to PPL on 31 March 2010. As for the Hidden Valley substation, it was fully commissioned and handed over to PPL on 23 January 2011.

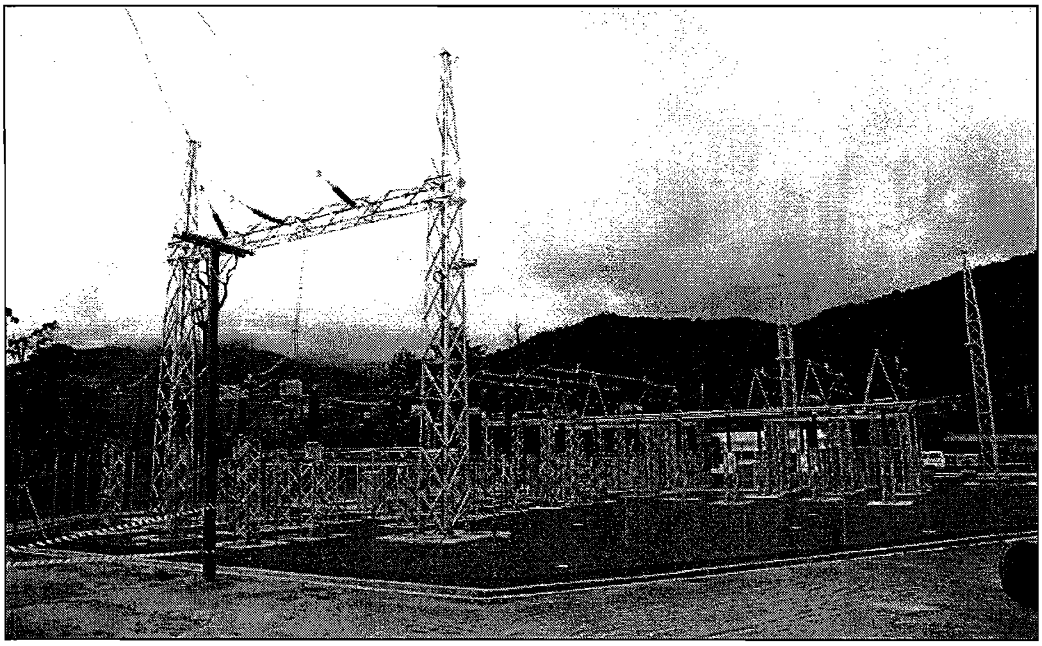
This grid substations project was part of PPL's overall development plan for a gold mine at the Hidden Valley site, which includes the power expansion and development works at the Ramu Power Station, 132kV Transmission Line Construction Works between Erap and Hidden Valley and the 132kV Erap and Hidden Valley Grid Substations Project with contracts awarded to companies from China, Malaysia and Singapore. The completion of the Erap 132kV Grid Substation and its linkage to the existing PNG 132kV Ramu-Taraka, Lae transmission network is a strategic milestone achievement for PPL. The completion of the project would enable PPL to bring electrical power from Ramu Power Station to the gold mine at the Hidden Valley site, and also for future rural electrification to the people in the Morobe Province that is situated between the Ramu Power Station and Hidden Valley.

Year	Customer	Project Description
Awarded in 2008, completed in January 2011	PPL	Design, manufacture, supply, construction, installation and commissioning of the Erap and Hidden Valley 132/11kV Grid Substations in PNG for the Erap – Hidden Valley Gold Mine Electrification Project

Map of the project site



View of the completed substation switchyard



Cambodia

In 2010, our JV with Pembinaan Tajri was awarded a project by Cambodia Transmission Limited to establish substations and a transmission link between North Phnom Penh and Kampong Cham in Cambodia. The project involves the design, building, testing and commissioning of a 110km long, 230kV double-circuit transmission line from North Phnom Penh to Kampong Cham, along with the substation facilities and upgrades.

Salient terms of the present JV agreement with Pembinaan Tajri in respect of the Project in Cambodia are as follows:-

(i) The agreement shall subsist until the completion of the Project in Cambodia including warranty period for the Project in Cambodia unless earlier terminated or mutually extended by both parties;

(ii) The parties are to co-operate on an exclusive basis to design, build, test and commission 110km long 230kV transmission line between North Phnom Penh to Kampong Cham including upgrades to substation facilities. Both parties will collaborate in project execution and transfer of know-how with regards to substation design, transmission lines and underground cable works, however, PSB is responsible for the full scope of work within the Project in Cambodia from project design, execution including engineering, procurement and commissioning;

(iii) Each party shall be severally responsible and liable for their own performance, losses and liabilities; and

(iv) The agreement shall be terminated if the Project in Cambodia is awarded to a third party; cancelled by the client; not awarded within 12 months from the date of the agreement unless extended in writing by mutual agreement; or both parties mutually agree to terminate the agreement.

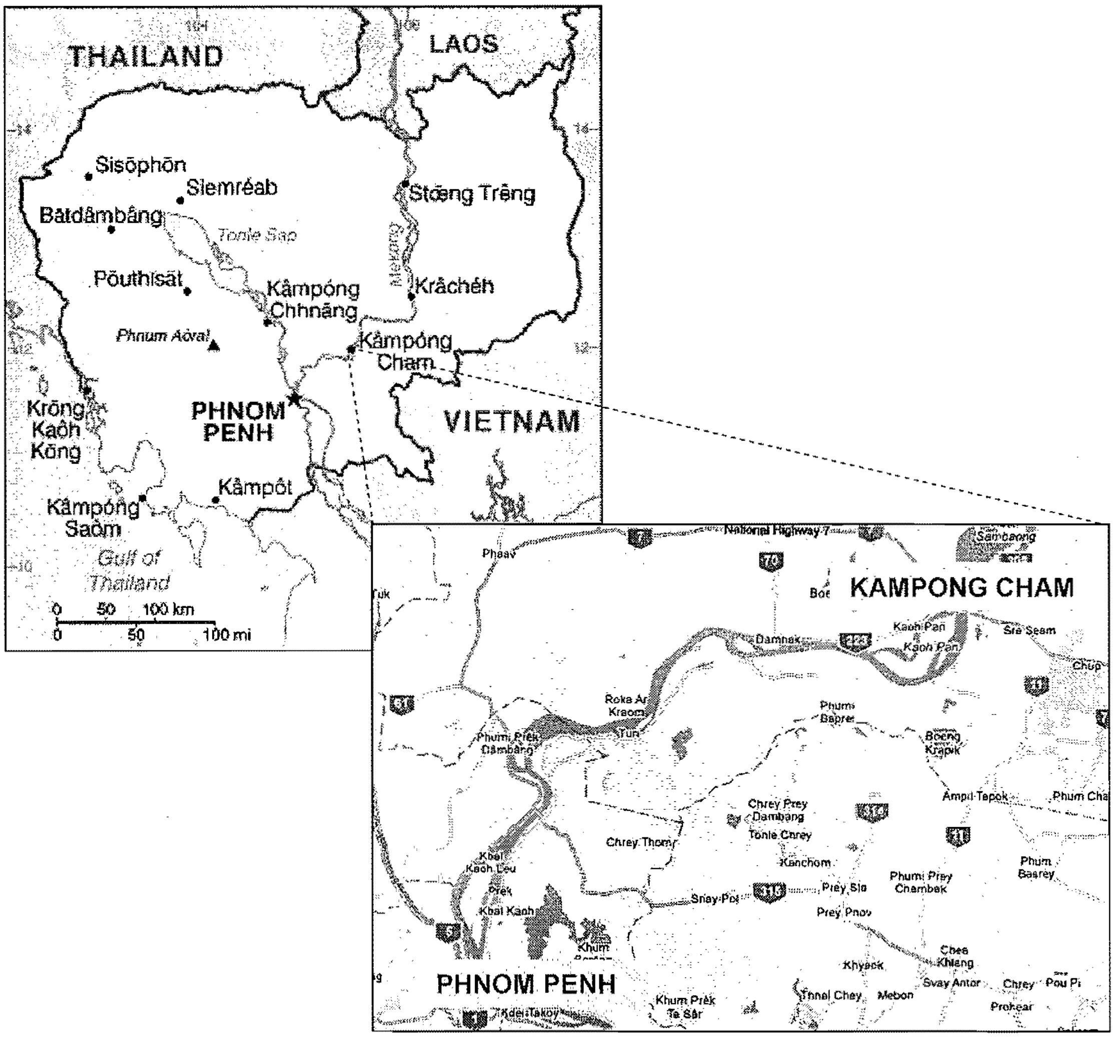
The contract outlines the erection of two (2) transmission substations, one (1) at North Phnom Penh (220/115kV) and the other at Kampong Cham (115kV) and the interconnecting transmission lines of 110km long linking the two (2) substations. The transmission tower will first operate at 115kV before being upgraded to 220kV in the future.

Year	**Customer**	**Project Description**
Awarded in 2010, currently ongoing, expected completion in 2013	Cambodian Transmission Limited	Design, build, test and commission of the North Phnom Penh and Kampong Cham transmission substations and the transmission lines interconnecting the two (2) substations

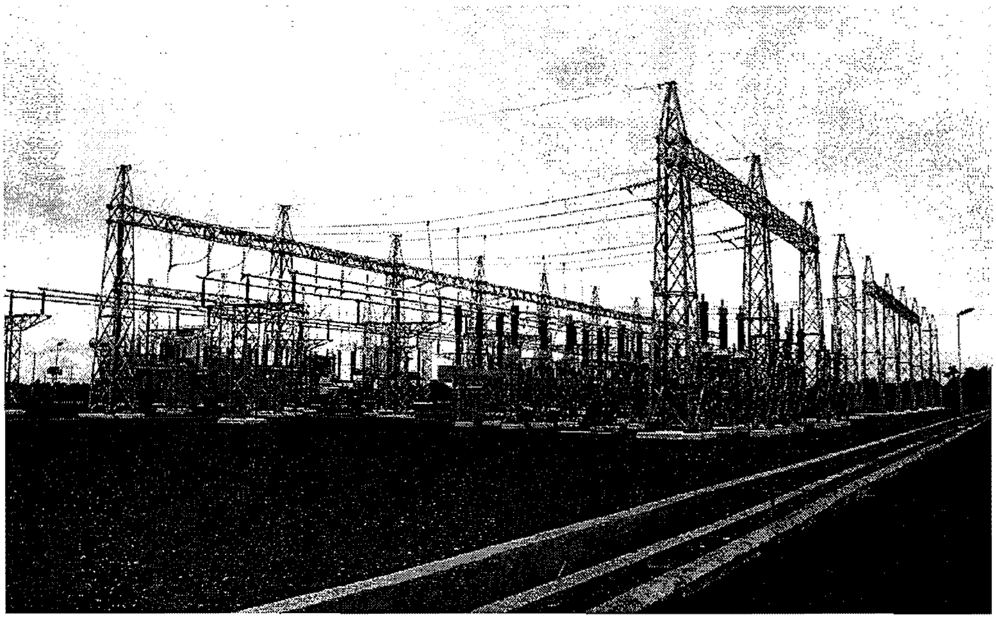
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5. INFORMATION ON OUR GROUP (Cont'd)

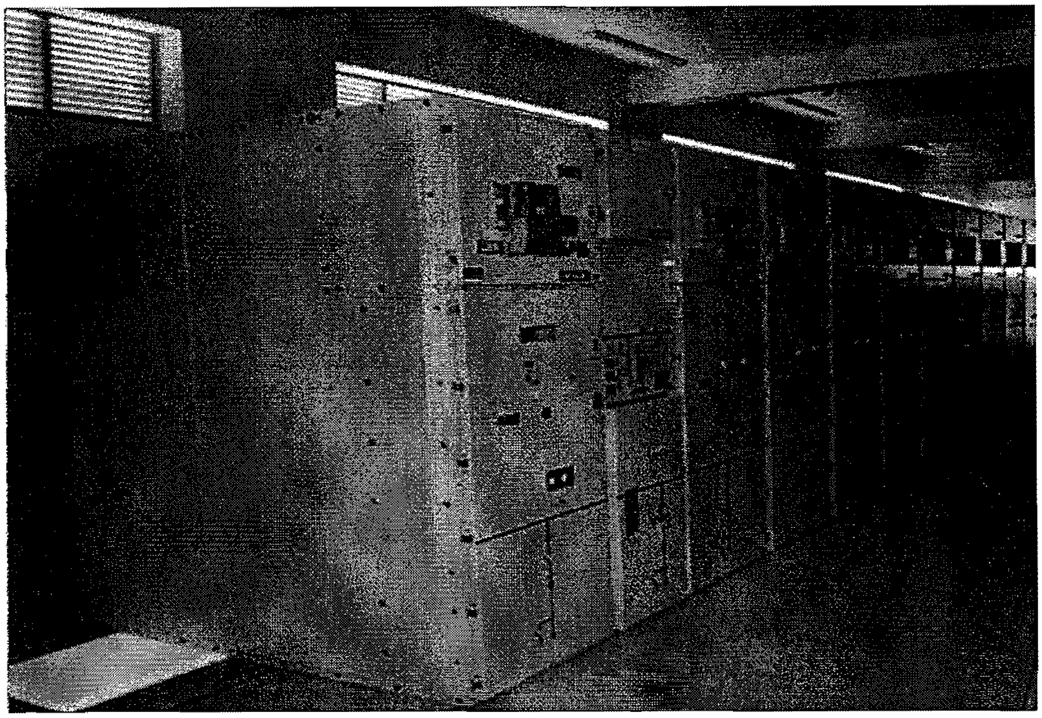
Map of the project site



View of the outdoor switchyard at the Cambodia project site



Our delivered and installed panels



Ghana

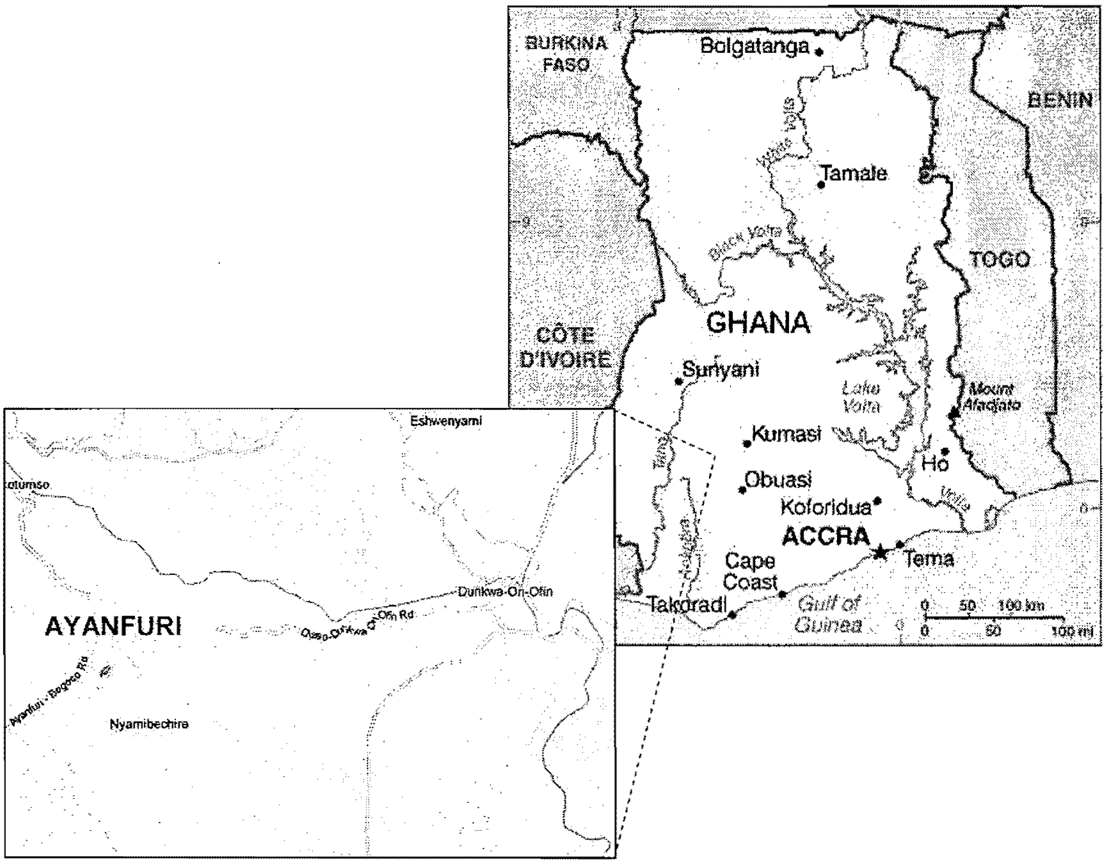
In 2010, we were awarded a Project in Ghana, where we obtained a contract to design, supply, test and commission a 161kV single busbar substation at Ayanfuri, located approximately 20km west of Dunkwa and construction of 161kV transmission line to connect to the grid transmission system.

The project involved adding a 161/11.5kV substation into the existing 161kV transmission line from Dunkwa to Asawinso. The additional substation will supply electric power to the Central Ashanti Gold Mine. The substation has a single busbar topology, which interconnects three (3) bays, designated for the newly terminated Dunkwa to Ayanfuri transmission line, the newly terminated Asawinso to Ayanfuri transmission line, and a 161/11.5kV, 25/33MVA power transformer to supply power to the Central Ashanti Gold Mine.

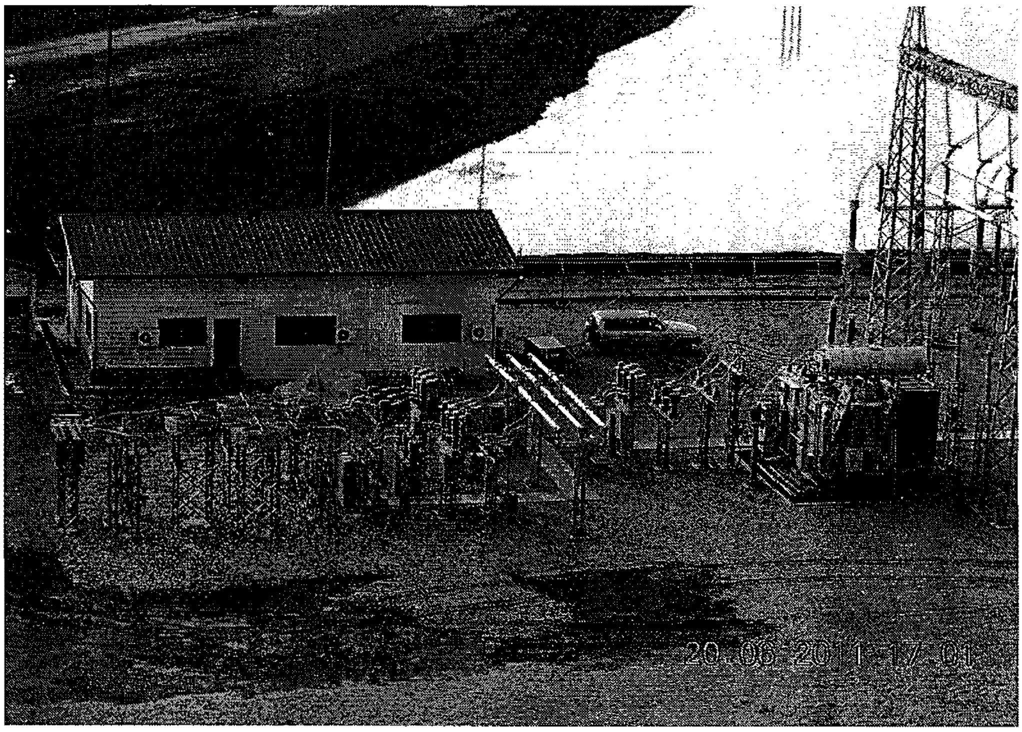
Year	Customer	Project Description
Awarded in 2010, completed in May 2011	Central Ashanti Gold Limited	Design, supply, test and commission a 161kV single busbar substation at Ayanfuri, Ghana

5. INFORMATION ON OUR GROUP (Cont'd)

Map of the project site



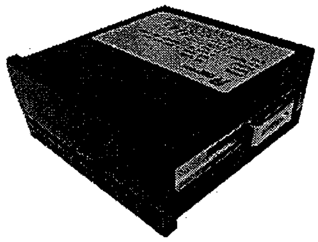
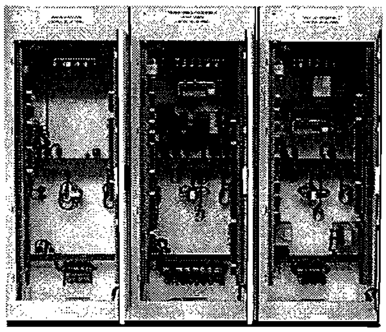
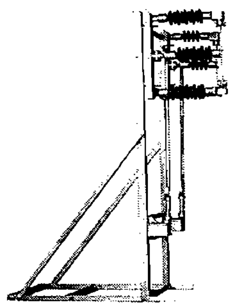
Aerial view of the substation

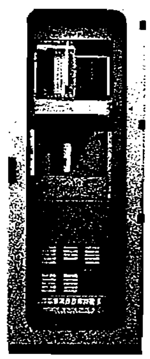
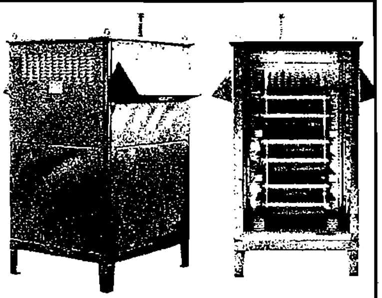
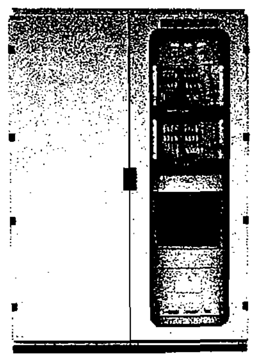
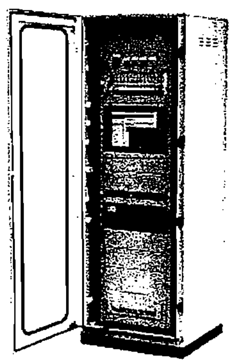


5.7.1.2 Our in-house product range

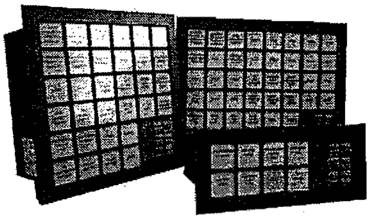
Our range of power system control components and equipment under the PESTECH brand includes:-

- BCD input display;
- Control and protection panels;
- HV isolator;
- Telecommunication and teleprotection;
- NER;
- RTU;
- SIMS; and
- Alarm annunciation panel

Product	Brand	Description	Visual
BCD input display	BCD	The BCD input display is designed to convert BCD signals into a numeric value.	
Control and protection panels	COPS	COPS is a control, protection and monitoring unit which enables remote control operation of primary high voltage equipment and protection systems in substations.	
HV isolator	D-Switch	The disconnector switch (D-switch) is used in power utilities to separate equipment from either the energy source or the ground.	

Product	Brand	Description	Visual
Telecommunication and teleprotection	RETCOMS	The telecommunication and teleprotection panel combines communication and protection into one, by incorporating synchronous digital hierarchy as the transmission media, and multiplexer (sourced from RFL) and teleprotection products in one panel.	
NER	RES	The NER protects power equipment against fault currents by limiting the ground fault current to a certain level to prevent damage.	
RTU	PROCOM	The RTU, marketed under the brand name PROCOM, provides interfacing of substation equipment with remote control center under SCADA implementation.	
SIMS	WACS	The SIMS, marketed under the brand name WEBS, facilitates full control or remote access to various intelligent electronic devices (IEDs) by creating a gateway to each IED through the respective manufacturer's own proprietary software.	

5. INFORMATION ON OUR GROUP (Cont'd)

Product	Brand	Description	Visual
Alarm Annunciation panel	AAP	The AAP-10 is a micro-processor based alarm annunciation panel with universal power supply inputs. It provides the operator with vivid visual indication of alarms signalling. The logical function incorparated in the microprocessor allows logical operation on its input to activate the alarm indication.	

In addition, we are an authorised distributor of telecommunication products from RFL. We also sell NER products from Post Glover. We manufacture our Products under the registered trade mark of COPS, for protection and control panels and PROCOM for RTU. As at the LPD, PESTECH logo, COPS brand name, PROCOM and RETCOMS have been registered under Class 9 with the Intellectual Property Corporation of Malaysia.

Through the collaboration with our technology partners/distributors in the field of substation control automation, we are able to extend the range of services that we can provide to our customers. These include the service and maintenance of existing installation, launching of new products based on established platform, and competency in engineering and designing systems based on a wide range of universally accepted industry products.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.7.2 Our Principal Markets

Our revenue contribution is mainly derived from two (2) sources i.e. Projects and Products. Projects are executed both domestically and overseas which includes the utilisation of our manufactured Products. Similarly, the manufacturing and sales of our Products to third parties cater for both domestic and overseas markets.

Based on the FYE 31 December 2011, our revenue contribution by foreign and domestic markets is as shown below:-

	Revenue for the FYE 31 December 2011 * RM'000	Proportion of total revenue %
Foreign	100,201	76.5
Domestic	30,746	23.5
Total revenue	130,947	100.0

Note:-

* *After deducting consolidation adjustment.*

In analysing revenue contribution, revenue generated in the FYE 31 December 2011 is mainly derived from foreign markets, where the breakdown between foreign and domestic markets comprises 76.5% and 23.5% respectively.

Further revenue breakdown of contribution from foreign markets comprise the following countries:-

	Revenue for the FYE 31 December 2011 * RM'000	% of total revenue
Cambodia	75,521	57.7
Ghana	2,599	2.0
Sri Lanka	18,199	13.9
Brunei	3,882	2.9
Total foreign revenue	100,201	76.5

Note:-

* *After deducting consolidation adjustment.*

Based on the above, our Group's foreign market revenue is primarily derived from Cambodia and Sri Lanka in the FYE 31 December 2011. Our key target customers in foreign markets are mainly government-linked companies, authorities or companies in the developing countries which need electrical and electronic power system infrastructure for transmission and distribution of electricity at the HV and EHV levels.

Moving forward, it is our intention to expand our presence in the international markets as we can further leverage on our current capabilities and competencies to become one of the main regional players in the industry.

5.7.3 Seasonality

We do not experience any material seasonality in our business.

5. INFORMATION ON OUR GROUP (Cont'd)

5.7.4 Types, sources and availability of raw materials/input

Supply	Purchase Value (RM'000)	Sources *		Sources of Import
		Domestic (%)	Import (%)	
2011				
Transformers	4,189	-	100	Indonesia
Circuit breakers	17	100	-	N/A
Relays	6,474	-	100	Japan, Finland, Sweden
Current transformers	3,486	100	-	N/A
Voltage transformers	430	100	-	N/A
Third Party Services				
Civil works	21,962	100	-	N/A
Substation erection	4,097	100	-	N/A
2010				
Transformers	11,243	-	100	Indonesia
Circuit breakers	11,499	100	-	N/A
Relays	2,816	-	100	Japan, Finland, Sweden
Current transformers	1,024	-	100	Sweden
Voltage transformers	954	-	100	Sweden
Third Party Services				
Civil works	11,020	100	-	N/A
2009				
Transformers	17,865	-	100	India
Relays	2,351	-	100	Japan, Finland, Sweden
Current transformers	1,419	-	100	Sweden
Surge arrestors	782	-	100	Japan
Third Party Services				
Substation erection	7,749	100	-	N/A
Civil works	1,031	100	-	N/A
Erection and project management	71	100	-	N/A

Note:-

* *Sources are determined from the perspective of the operating entity.*

For the past 12 months up to the LPD, our Group has not experienced any significant shortage in the supply of raw materials and third party services used in our business operations.

5.7.5 Production/operating capacities and output

Project

Our Projects are mainly contract based. Time taken to complete a project from the design stage to the commissioning and handover stage to our customer may vary between six (6) months and as long as a few years. The timeline of the completion of a project will depend on the scope of work to be done and the requirement and specifications of the customer. On average, the design team is able to undertake three (3) substation projects at any one time, where the design of each substation takes approximately 45 working days. In a year, we are able to undertake an estimated 12 new substation projects. Our capacity is based on our manpower, and our ability to increase our capacity will be dependent on increasing manpower.

Products

Our capacity is dependent on several factors, such as availability of manpower and floorspace. As at the LPD, we are able to complete 200 various types of panels (such as control and protection panels, telecommunication and tele-protection panels, RTU and SIMS) and 20 NERs in a timeframe of eight (8) weeks, at a rate of one eight (8)-hour shift per day. Our production floor has an area of 14,000 square feet and is able to accommodate the production of 80 various types of panels at any one time. Notwithstanding, given our available floorspace, we are able to expand our capacity by increasing our manpower to add more shifts in a day.

Premised on the above, our annual production capacity and utilisation rates for the FYE 31 December 2011 are as follows:-

Type of Products	Annual production capacity # (unit)	Output (unit)	Utilisation rate %
Panels*	1,300	179	13.8
NER	130	58	44.6

Notes:-

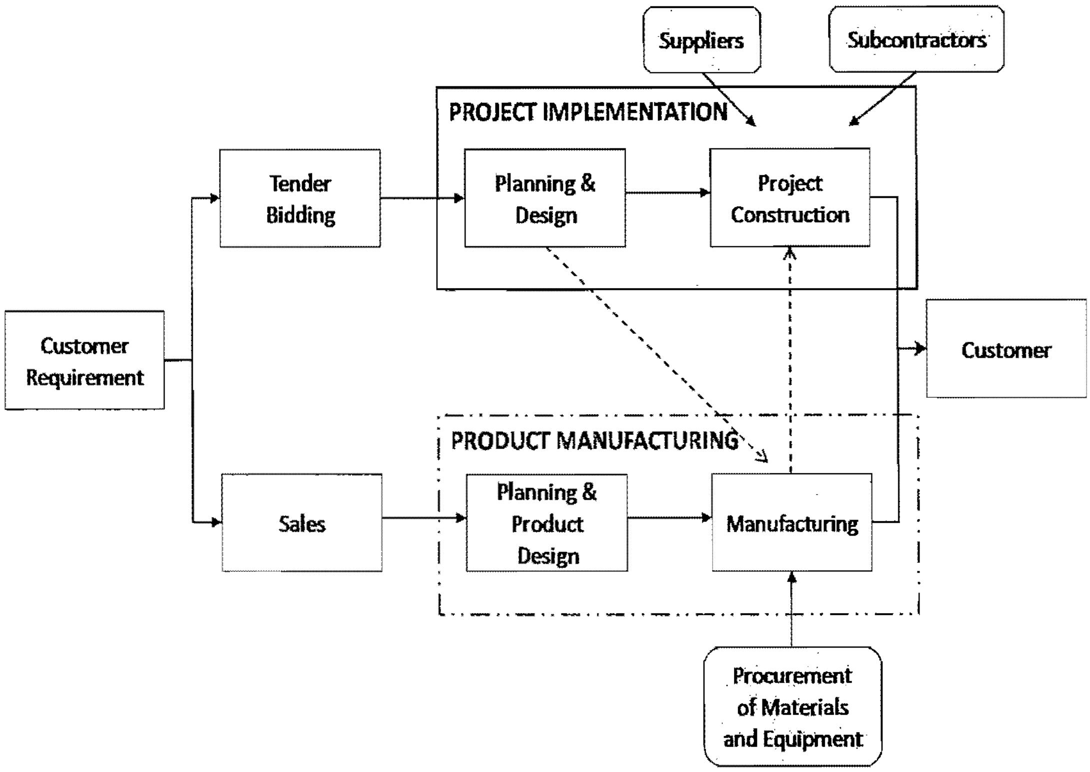
* *Comprising various types of panels such as control and protection panels, telecommunication and tele-protection panels, RTU and SIMS.*

\# *At a rate of eight (8)-hour shift per day*

The production of our panels and NERs are generally project based, i.e. we produce only when there is a purchase order from our customers (which is for use in their projects) or when required in the execution of our Projects. Our strategy in the FYE 31 December 2011 remained the same as the previous years where we focused and channelled our resources towards the implementation of the substantial contracts in hand especially for our overseas Projects and as such, we were selective in the sale of Products as undertaking Projects would create a higher value for our Group. In addition, we do not produce the products for the purpose of holding or keeping stock for future sales. As such, the utilisation rates of our production for the FYE 31 December 2011 were low.

5.7.6 Process flow

Our business activities are broadly divided into two (2) categories: Project implementation and Product manufacturing. The overall process flow for our business activities are depicted below:-



Project implementation

Under Project implementation, we typically obtain business opportunities via a tender bidding process. Our Sales & Marketing team will identify the prospective tenders to participate in, and we will submit our proposal accordingly. Once we have been awarded the Project, our D&D department will work closely with the customer to identify the requirements and technical specifications of the Project. Based on our customer's requirements and specifications, the D&D team will plan and design the control drawings for the layout and structure of the substation, as well as the control, protection and telecommunication systems to be implemented. Once the customer has approved the drawings, construction and installation works will commence, and our R&T team will conduct testing of equipment onsite to ensure compliance to our standards. When all the equipment has passed the tests, commissioning will be carried out and the substation will then be handed over to the customer.

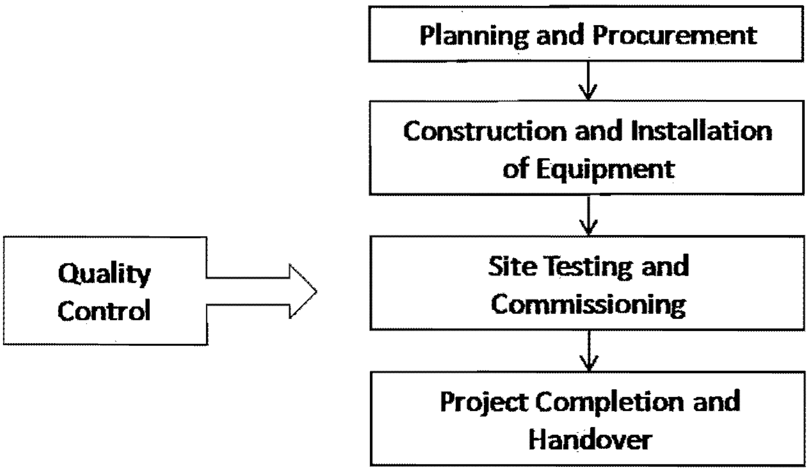
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Product manufacturing

We manufacture our own Products to be used in HV and EHV substations as part of our technical solutions to our customers. The D&D team will design the product according to the technical specifications of the project. The metal fabrication of the product is outsourced to third-party fabricators and delivered to our facilities to be assembled and to undergo quality control. We also obtain electrical components from third-party manufacturers. The R&T team will conduct a factory test, and if required, a factory acceptance test ("FAT") in the presence of the customer to ensure compliance to their standards. Once the product has passed all the testing procedures, it will be delivered to the project site and installed.

<u>Project implementation process</u>

A typical project for the construction of a substation, transmission line or underground cable system refers to a project that includes the design, engineering, manufacturing, supply, installation, testing and commissioning of the structure and its related equipment. The implementation of a project follows the procedures established in our Project Management Manual. In summary, the processes involved in a project are depicted below:

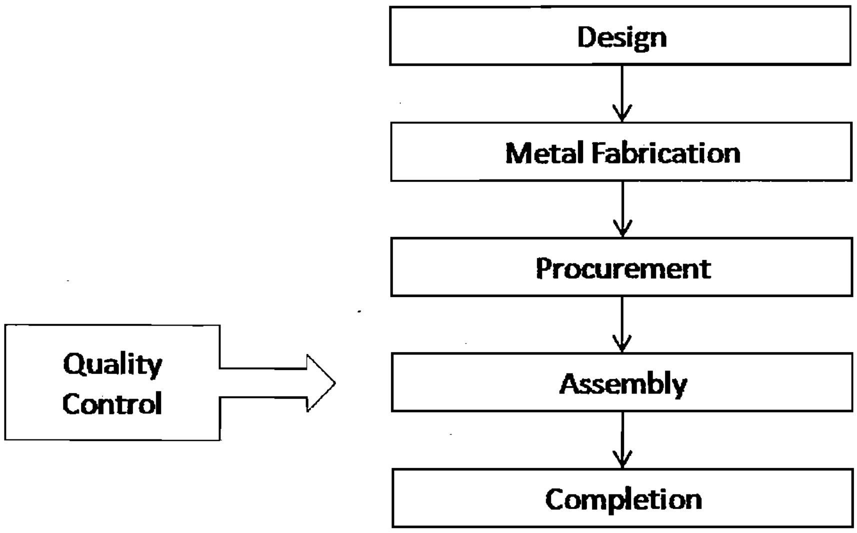


Stage	Processes
Planning and Procurement	In the planning stage, we discuss the requirements and needs of the customer when designing the layout of the project's system. We take into account the customer's budget, schedule, specifications, land area, location and other factors/constraints. Our engineers will then formulate a design that can be both reliable and cost-effective, while also allowing for expansion, if necessary. The design will outline the structural layout of the project, such as the switchyard layout, earthing system, cabling layout and lightning protection, as well as an integrated control, protection and communication system. The D&D team is responsible for the engineering and design of the project as per the project requirements. When the drawing of the design is approved and released for construction, the Project team will procure the required materials, which may be sourced from third-party manufacturers or suppliers, or from our in-house developed products.
Construction and Installation of Equipment	Based on the customer-approved drawings, the project team will prepare the installation layout plan ("ILP"). The materials shall be delivered to the site, and the team will commence construction and

	installation of equipment, based on the customer-approved ILP. In general, we will outsource the civil construction work to a third party appointed by us to commence the civil construction work. The installation of equipment will commence upon the completion of civil construction work.
Site Testing and Commissioning	Once the equipment has been installed, the R&T team (a section under the D&D department), or a third-party tester, will conduct testing of equipment onsite. Commissioning will be carried out after the testing has been completed and passed.
Project Completion and Handover	Upon completion of the project, a completion certificate, or a take over certificate will be issued by the client.

Product manufacturing process

We design and manufacture our own Products to be utilised as part of our power systems engineering solutions. A summary of the processes involved in the manufacturing of our Products is as depicted below:



Stage	Processes
Design	The design and drawing of a product blueprint is prepared by the D&D team, which will be approved by the head of sections respectively in the division and head of department. Once the drawings have been approved, a BOM is issued listing the necessary supplies and components required for the manufacturing of the product.
Metal Fabrication	We subcontract out the metal fabrication stage of our manufacturing process to third-party fabricators. Metal fabrication will be executed based on our approved drawings and schedule.
Procurement	The procurement of materials is carried out according to the BOM, where a purchase order is raised to source the required components from both local and foreign suppliers.
Assembly	The assembly stage is divided into two (2) parts: assembly of metal housing and assembly of electrical parts. First, we assemble the metal housing of the product to form the skeleton upon which the components will be fitted in. Then, we assemble the various electrical components into the metal housing, along with the wiring works.

Stage	Processes
	Once the product has been fully assembled, we will conduct tests to ensure the product complies with all our standards. An in-house factory test will first be conducted on all our products, and if required, an FAT in the presence of the customer.
Completion	Once the product has successfully passed the various testing procedures, it is completed and handed over to the customer.

5.7.7 Quality control assurance and procedures

We place great emphasis in ensuring that our products are subject to stringent quality control in order to meet our customers' requirements and industrial standards. The commitment on quality broadly entails areas such as processes and scope, document control and policy, planning, and supplier and procurement review and monitoring/evaluation.

We are committed to delivering high quality products to our customers by placing emphasis on defect prevention while ensuring that we have a consistent detection program in place. Our quality system is intended to ensure that our customer receives a product that is designed and manufactured in accordance with the customers', industries and our own strict quality requirements.

We believe in the utmost importance of continually delivering products and services that are of high quality and free from defects to our customers. We place strong emphasis on quality control of our Products, whereby all our Products will undergo stringent testing before being delivered to our customers. As such, our Group abides by the following quality, occupational health and safety policy:

- We commit to provide quality services that consistently meet total customer satisfaction through continuous improvement of the quality, occupational health and safety management system. We shall to the best of our abilities ensure the safety, health and welfare of our employees at our work sites by complying with safety, health and legal requirements currently enforced by the Government of Malaysia and other requirements enforced by relevant parties. We shall ensure that the quality, occupational health and safety policy is communicated and understood by all employees. The quality, occupational health and safety policy shall be reviewed regularly for continuing suitability during management review.

To achieve and maintain the intent of the quality policy, the management has established the following quality objective, which shall be reviewed periodically during the management review meeting.

- To achieve zero error on drawings submitted to customers for approval;
- To achieve 99.9% defect-free Products after factory test;
- To ensure 99.9% Products acceptance during FAT; and
- To meet at least 99.9% of customer handover deadline.

In striving to achieve the above objectives, we have in place the quality control measures as disclosed below.

In view of the importance of traceability, consistency and reliability of our services and Products, we adopted QMS in accordance with ISO 9001:2000 since 2001 and obtained certification in 2002. Subsequently we extended our scope to ISO 9001:2008 and OHS MS in accordance with OHSAS 18001:2007 in 2010 for the following certification scope:

"Design, engineering, manufacture, installation, test and commission of HV and EHV electrical substation and equipment"

Quality assurance and control are managed by our QHSE department. To ensure that our Products consistently conform to our standards, we have established a QMS for inspection of incoming materials, factory test, FAT and calibration.

Quality control measure	Procedure
Inspection of incoming materials	All materials will be assigned a stock code number for material identification upon issuance of purchase order ("PO"). <u>Delivery to factory</u>: Upon the delivery of the materials, store personnel will perform 'incoming inspection' as per the quality plan and 'standard sampling table' to ensure its quality and compliance to the delivery order ("DO") and PO. The store personnel will then stamp the 'received date' on each material and paste the colour stickers based on the overall inspection results (Red – Reject, Blue – On Hold and Green – Pass). Materials with green stickers will be transferred to the store area and recorded in 'goods received note'. Materials with blue stickers will be placed at 'on hold area' until the replacement/rework process is completed. Materials with red stickers will be placed at 'rejected area'. The project engineer will inform the supplier for replacement. <u>Delivery to Project work site</u>: Upon the delivery of the materials, the site supervisor or project engineer will perform 'incoming inspection' as per the quality plan and 'standard sampling table' to ensure its quality and compliance to the DO and PO. Materials that do not have any defects will be used directly at the site, while defective materials will be rejected and returned to the supplier for rework or replacement. Materials that have been reworked or replaced will be subject to re-inspection.
Factory test	Our P&P team is responsible for ensuring that the in-house factory test is organised and carried out in accordance with the factory test procedure or quality plan. P&P may request R&T to perform the factory test by submitting the R&T request form. R&T will update and record the status of the test into the FTR. Any non-conformance will be recorded in the non-conformance report. In the event that more than five (5) defects are recorded in the report, R&T will issue a corrective action request ("CAR") to the P&P department, where P&P personnel shall rectify the non-conformance. Upon acceptance of the test results, P&P personnel will review and sign the FTR.
Quality control	Upon completion of the manufacturing process and factory test, the product will be sent for quality control inspection. The quality control inspection will be carried out according to the established checklist. The products that meet the quality control inspection criteria will be affixed with "QC Approved" sticker and prepared for FAT or delivery. The product that does not meet the inspection criteria will be returned to the production team for rework, and upon satisfactory completion, sent to quality control for re-inspection.
FAT	Where applicable, an invitation for a FAT will be sent to the customer.

Quality control measure	Procedure
	P&P personnel will invite the customer and sales & marketing team to attend the FAT, as the FAT has to be carried out in the presence of the customer. If the customer accepts the invitation, R&T will perform the test according to the FAT procedure or project quality management plan, if applicable. The FAT shall be conducted based on the FAT checklist. The FAT checklist details out the processes of the test to be conducted, along with the standards that need to be complied to. All test equipment must be calibrated prior to testing, and any previous non-compliance of the product must be declared beforehand. A copy of the checklist will be given to the customer after the FAT is completed. Several testing procedures will be carried out to test the functionality and accuracy of the product. The R&T team conducts simulation tests to give the customers a walk-through on how the product should function. Some of the test procedures include: (a) Inspection of installation works and cabling; (b) Checking of electrical ports; and (c) Synchronisation test.
Calibration	All test equipment is subject to calibration to ensure its measurements are accurate and within the specification limits. When equipment is due for calibration, it will be identified, segregated and sent for the necessary calibration work before being used. Calibration is done both internally and by external third-party calibration bodies. Internal calibration is conducted by the R&T team as per the yearly equipment calibration schedule, where the details of calibration work will be in accordance with the instructions of the internal calibration work guide. If the services of an external calibration body are required, a suitable party will be identified and engaged.

Details of our project quality management plan, corrective action / preventive action request and customer feedback and complaint handling are set out below:-

Quality control measure	Procedure
Project quality management plan	The project manager will develop the respective project quality management plans by identifying all quality requirements, acceptance criteria and deliverables for the project. The quality requirements can be obtained from the specific project documents. The project manager can also refer to the company's QMS as a guideline to define the quality requirements for the project. This document shall provide the guidelines for determining the quality standard requirements of the project and devising ways to satisfy these quality requirements. The quality management plan consists of the following:- (a) Quality policy; (b) Quality procedures; (c) Quality standards; (d) Ways of ensuring compliance with quality standards;

Quality control measure	Procedure
	(e) Resources required; and (f) Activities to be carried out.
Corrective action / preventive action request	When customer complaints are received or non-conformance issue detected, the respective department shall forward the issue to QSHE department. QSHE personnel will issue a CAR form to the respective departments and call for a CAR meeting to identify the responsible personnel and investigate the root cause. The responsible personnel shall take the necessary corrective action and record it in the CAR form accordingly. The CAR form will be reviewed by the management and the preventive action plan will be developed whenever applicable.
Customer feedback and complaint handling	When customer complaints are received via phone, fax, email or letter, it shall be forwarded to the QSHE department, who will then call for a CAR meeting to decide on the corrective actions required. The person responsible shall take the necessary corrective action as decided.

5.7.8 Technology used and E&D

Our Group carries out E&D activities. Our focus is essentially on enhancing our production process and product development in the field of control and indication equipment. We have an in-house E&D department which is responsible for the regular engineering activities on electrical products and equipment and constantly conducts information technical studies into the enhancement of the production process and innovation, catering for different needs and specifications of individual customers.

Electric power transmission and distribution, along with the electrical devices involved in the process, generally employ engineering know-how and practices that are known in the industry. We have established key technologies and competencies required to provide efficient electric power transmission and distribution solution to utilities and industrial customer to fuel and maintain social and economic development. Our Group's area of expertise can be segregated into the following:-

(i) Construction of HV and EHV substation;
(ii) Protection and control systems;
(iii) Communication and tele-control; and
(iv) CAD tools and customised design tools.

The key technologies and engineering know-how utilised by our Group's area of expertise in our business operations include the following:-

(a) Construction of HV and EHV substation (Electric power transmission and distribution)

Electric power transmission involves the transfer of electricity from generating power plants to substations, while electric power distribution transfers electricity from substations to the end users. Key technologies utilised in the electric power transmission and distribution system ensure the safe and reliable handling of HV and EHV electrical system to bring electrical power to the industry and consumer.

The key technologies and engineering systems used can be categorised into the following:-

i. **Earthing system design for HV and EHV substation;**

An earthing system is the core of a reliable HV and EHV substation and it is a system created to ensure flow of fault current into the ground when there is an electrical fault. Fault current occurs when there is a short circuit to the system.

The earthing design system will ensure that there will not be any thermal or mechanical damage that occurs to equipment within a substation, thereby resulting in safety to operations and maintenance personnel. The earthing system design also guarantees that there will be no electrical shocks arising from current leakage in the substation.

Three (3) voltages are considered during the substation earthing design i.e. touch voltage, step voltage, and mesh voltage. Touch voltage is the difference in potential between the surface of a touched and earthed equipment when a man is standing and touching the earthed equipment or structure. Step voltage is the potential difference that will develop when a man bridges a distance of one (1) meter with his feet while not touching any earthed equipment. Mesh voltage is the maximum touch voltage that is developed in the mesh of the substation's earthing grid.

It is required to calculate the earth impedances from the measured ground resistivity and subsequently determine the allowable step and touch voltages of an electrical substation. Our technical know-how and experience then allow us to design the earthing grid to establish the step and touch voltages below the required calculated threshold in an optimal manner. The earthing grid is established through the use of combination of copper bars and earth rods based on the results of our value engineering.

ii. **HV and EHV substation layout design and insulation coordination;**

The layout of a substation determines the security of supply and its safe operation to the personnel. The design of a substation may effectively result in complete duplication or loss of supply due to a single fault within the substation. Due to the high implementation costs, a balance has to be achieved between complete security of supply and capital investment. Depending on the customer requirement and budget, a substation layout of different specifications can be designed.

Other than the security of supply, the layout of substation is governed by the electrical insulation and arrangement of switchgear components. Rules of spatial separation are applied to establish a safe working arrangement of electrical components at HV and EHV levels. This design consideration is based on the electrical insulation capacities of surrounding air and its pollution indexes.

Spatial separation in electrical substation design considers the followings:-

- Earth clearance - the clearance between live parts and earthed structures;
- Phase clearance - the clearance between live parts of different phases;
- Isolating clearance - the clearance between terminals of isolator and its live connection; and
- Section clearance: the clearance between live parts and terminals of a work section. The terminals of work section may be the ground or earthed platform.

Formulas and guidelines are established to determine minimum section clearance required in the substation to define its maintenance zone, work areas and earth clearance. The isolation distance established to separate the work area from its adjacent live parts is integrated in the substation layout design. Therefore, together with maintenance zoning, the separation, by isolating distance and phase clearances, of the substation components and of the conductors interconnecting them constitute the main basis of substation layouts.

The electrical insulation coordination of substation switchgear components is the next consideration in designing an electrical substation. The insulation coordination looks into improving the flashover threshold of the substation equipment combating pollution, air humidity, electrical surges, lightning and etc. The technology used includes the use of increased creepage length of insulators, resistance level of ground, defining discharge capacities of surge arrestors and defining the base insulation level switchgear components.

A properly designed substation layout and well coordinated insulation coordination between its equipment will result in the construction of a HV and EHV substation that is secure, safe and reliable in its operations.

iii. **Main conductors, clamps and busbar sizing;**

Conductors and busbars in an electrical substation provide the interconnectivity of substation components to direct electrical power to its proper use. It is the next main components of a substation design.

The types of conductors include flat surface conductors, stranded conductors and tubular conductors. The materials of conductors used in a HV and EHV substation are usually copper or aluminum. Steel is not preferred due to its poor conductivity and high susceptibility to corrosion.

The selection of conductors and busbars in a substation takes the following into consideration:-

- Its capability to carry the specified continuous load currents and its short time currents;
- Its ability to withstand forces acted on it due to its function. These forces comprise of its weight, weight of other conductors and equipment, short circuit forces, atmospheric forces such as wind and ice loading, its swings and electrical magnetic forces;
- Its shape and design should be corona free at the rated voltage;
- There should be a minimum number of joints; and
- There should be a minimum number of support insulators.

The technology and know-how in the selection of conductors are essential in designing a reliable substation.

iv. **Lightning protection system;**

Lightning strike is one of the main reasons of substation and equipment failure for a HV and EHV substation. A direct strike of lightning into a substation causes failure in substation equipment, due to the extremely high voltage of a lightning surge. If the travelling wave of a lightning surge through transmission line to a substation is not controlled and coordinated through the transmission line tower, earthing and surge protection, it will also cause detrimental damage to substation equipment.

Effective lightning protection system is required to protect the substation from direct lightning strike. This is achieved through the use of overhead earth wire shield in the outdoor substation or the use of lightning rod on earth mass within the substation.

The shielding of outdoors electrical installation through the use of earth wire over the substation installation provides a zone of protection for lightning strike. The zone of protection is calculated based on international standards, for example BS (British Standards) or DIN (Deutsches Institut für Normung or the German Institute for Standardization). The earth wire provides a zone of protection for substation equipment by directing lightning strike to the substation earth grid.

The earth wire shielding of a substation depends upon the integrity of the earth wire. A broken or damage earth wire will affect its functionality. An alternative to the earth wire is the installation of lightning rod on top of earth mass in a substation to provide lightning protection. The lightning rod creates a spherical zone of protection to the substation switchyard. The installation of a few lightning rods establishes overlapping spherical zone of protection through calculation. This will provide long-term lightning protection to the substation.

v. **HV apparatus for isolation and switching; and**

A HV and EHV substation constitute various components and devices for purpose of isolation and switching electricity at various voltage levels. The main components of a substation include circuit breaker, instruments transformer, isolators and power transformers.

The circuit breaker is a device that is capable of breaking the HV electrical circuit in a normal condition as well as during fault condition to isolate faulty sections of an electrical system. The instrument transformers provide a means of measuring the current and voltage in the network to determine its state of operation and its health. Isolators in a substation provide a means of isolating section of a circuit from live parts for ease of maintenance or creating a work area. The power transformer in a substation transforms the voltage of electricity from one level to the next lower level depending on its purpose. A transformer is necessary to increase voltage before electricity is transmitted over long distances from a generating power plant to a substation via the transmission lines. Electricity is transmitted in high voltages as a higher voltage reduces transmission loss due to lower resistance of the wires. A transformer is also used to decrease voltage before electricity is distributed from the substation to end users.

The substation design defines short circuit level, base insulation level, and performance requirement that is required in the selection of components of the substation. The specification of the instrument transformer depends on the sensitivity and the settings of the protection system.

The parameter of the power transformer is defined to determine that the allowable short circuit current in the system design is not breached. The losses of the power transformer determine the efficiency of the substation to give customer value in their investment.

These inter-related specifications of the substation components, when correctly defined, will add value to the electrical network. Our technical expertise in these fields gives us an edge in providing value engineering to the customer to deliver and construct a substation that is value for money. The know-how also gives us an edge over competitor to reach a compromise between cost and specification that will serve its purpose as required by the client without sacrificing its reliability and its functionality.

vi. **Civil structural requirement**

The construction of electrical HV and EHV substation cannot be done without civil construction.

The civil construction requirement will have to be coordinated with the electrical requirement in terms of the loading of the equipment, the movement of the electrical equipment, the short circuit force that the civil structure will have to withstand and the functional and operational requirements of substation control room design due to the electrical equipment arrangement and layout.

It is within part of our competency to specify these parameters required to the civil structural designer to ensure proper construction of civil facility to house substation equipment. These areas of inputs are an important aspect of constructing a functioning and reliable facility to ensure the electrical equipment is installed correctly to perform its function. A wrongly constructed foundation or switchgear room will adversely affect the service life of the installed equipment.

Circuit breakers are designed to detect fault conditions and interrupt the electrical flow. When a fault is detected, contacts within the circuit breaker will open to interrupt the electrical current using mechanically stored energy such as springs or compressed air. Once the current is interrupted, an arc is generated, which needs to be insulated and extinguished so that the contacts are able to withstand the voltage. There are several types of circuit breakers, classified by the method by which it extinguishes the arc to disconnect the circuit:-

- Oil circuit breakers - vaporises oil to send a jet of oil through the arc;
- Gas circuit breakers - stretches the arc and uses sulphur dioxide to extinguish it;
- Vacuum circuit breakers - stretches small arcs to extinguish it; and
- Air circuit breakers - uses compressed air to extinguish the arc.

(b) **Control and protection systems**

Control and protection systems are necessary to monitor the entire transmission and distribution grid together with the linked substations. In addition, as substations present a potentially hazardous working environment, remote control and protection systems are necessary to effectively and safely monitor the operations of various electrical equipment. The remote monitoring enables the system to react to electricity overloads or faults by isolating the affected area through the control and protection system.

Control systems are put in place to manage and regulate the flow of incoming and outgoing electricity. Protection systems, through protective relays, are able to trip circuit breakers in the event of a fault such as over-current and over-voltage. Relays form an integral part of control and protection systems in substations.

(i) **Relay**

A relay, in simple terms, is a device that continuously monitors the health of an electrical circuit and activates its electromechanical switch to operate a circuit breaker in the event of fault. This is achieved through the input of current and voltage information of a circuit to the relays.

The role of protection relays is to protect the substation components from being damaged by electrical fault. Protecting the power transformers, power cables, isolators and personnel safety are the main functions of relays. A relay only operates during a fault in its own protected zone, and will only operate in the event of fault.

There are many types of protection relays suitable for many kinds of application in the power system. The competency in choosing the correct protection system for a specific purpose will ensure reliability of supply. The protection system must also be discriminative and secure. A wrong application and setting of protection system will have catastrophic effect to the power system as well as damaging the equipment in the substation.

We specialised in the design of protection system for application in various parts of the substation for various purposes. Each of the application ensures duplicate protection of main and backup function is available to give customer protection in their investment in their power system.

(ii) SCADA system

The control and monitoring system of a substation is going towards automation and remote control due to the advancement of communication medium and technology in secure communication.

Our engineers have been involved in providing SCADA facility in our delivery of substation to utilities since 2002. The current SCADA capability includes the delivery of substation control system at the substation level to control and monitor the functionality and health of substation components through a server in the substation control room. The human machine interface in the control room provides interfacing to the substation apparatus remotely through software with control functionality directly available on the computer screen. The software is programmed with substation wide operation interlocking and synchronising function to avoid wrong operation sequence arising from human errors and also provide password access control to prevent unauthorised operation.

Other than at the substation level, our Products also provide a gateway communication interface to a remote control center of utility. At the control center, utility will be able to have a global view of its entire operational and connected substations in their network. The control center will then have control over the network power flow, loss reduction, fault identification and isolation. Through the control center, utility also can operate the circuit breaker and isolator remotely even when the substation is unmanned.

SCADA facility when implemented, provides utility with online information of the status of its network. This will improve its reliability and customer satisfaction tremendously as fault identification and isolation can be performed automatically and swiftly.

(c) Communication and tele-control

In electrical transmission and distribution, information is transmitted in binary form through communication system either through the power line or through fibre optic cables incorporated in the transmission line ground wire. Data, protection signal and voice is transmitted within the network to facilitate SCADA and tele-control functionality.

Communication system for electric substation is part of our core competency to provide a complete service to our customer as technology partner in the construction of electric substation in the transmission and distribution level. Either through power line carrier communication or through fibre synchronous digital hierarchy communication, a multiplexer is provided in the substation to multiplex data and information into a time-modulated signal to be transmitted across the utility substation network. At each substation the specific relevant data is then de-multiplex to its terminal through programming of its time frame.

The communication panel produced by our Group provides secure and reliable communication required in substation environment as the communication channel also serves as a medium that transmits protection relay communication between inter-connected substations in their determination of the operating condition of the transmission line. Tripping information is also sent to remote substation through the communication multiplexer.

The high electromagnetic compatibility and electromagnetic interference in the substation produced by the HV and EHV electrical system requires communication equipment used in substation to be properly shielded. The design of communication system for substations employ N + 1 redundancy in its power supplies, control modules and channels of communication to ensure secure and reliable communication of up to 99.99% availability. N + 1 redundancy is a form of resilience that ensures system availability in the event of component failure where components (i.e. N) have at least one independent backup component.

(d) CAD tools and customised design tools

CAD is the use of computer technology in the design process. We utilise CAD tools as well as simulators to aid the design of our Products and Projects. Some of the software we utilise and their primary functions are described as follows:-

(i) CAD Tools

- **Autocad LT**: aids in 2-dimesional (2D) drawing for substation primary and secondary design, and electrical circuitry design;

- **Autocad Electrical**: aids in electrical circuitry design automation, wiring diagram self-generation, cable schedule self generation; and

- **Solid Work**: aids in 3-dimensional (3D) drawing and 3D modelling for product development.

(ii) Earthing Design Simulator

- **Auto Grid**: utilised for soil modelling, substation earthing design calculation and result simulation

(iii) Customised Design Aided Tool

- **Busbar Sizing Tool**: calculates the continuous current carrying capacity, conductor stress, thermal short time rating and deflection of busbar in accordance to International Electrotechnical Commission (IEC) standards;

- **Mechanical Forces Calculation Tool**: analyzes the mechanical effect for a flexible conductor during normal and short circuit condition in accordance to IEC standards;

- **Lightning Protection Calculation Tool**: determines the substation lightning protection design in accordance to the Institute of Electrical and Electronics Engineers (IEEE) standards; and

- **Substation Earthing Calculation Tool**: determines the substation earthing design in accordance to IEEE standards.

5.7.9 Marketing and distribution

Our Sales & Marketing team is led by our GM, Lim Hon Seng, who has 28 years of experience in the power systems engineering field. As at the LPD, we have 11 members in the Sales & Marketing team, managing our various clients and seeking new business opportunities. For the past three (3) FYE 31 December 2009, 2010 and 2011, our sales and marketing expenditure was recorded at RM0.90 million, RM1.25 million and RM1.63 million respectively. We utilise various sales channels to procure projects as well as to promote greater awareness for our Products and services. The diagram below depicts the different avenues we use to generate sales:-

(a) Tender bidding

We tender for projects from private organisations and Government bodies by submitting our tender applications to the relevant parties. Tender notices for projects are published in newspapers. We also receive tender invitations directly from companies to tender for projects. Once we determine we have the required track record, experience and resources to deliver the specifications, parameters and requirements of the project, we will submit our tender application and quote to the relevant party.

There are typically two (2) stages in a tender evaluation process. The first stage is the technical evaluation stage, where the candidates are evaluated based on track record, financial strength, experience and resources. Once the competent candidates have been selected, they will move on to the second stage, which is the commercial stage. In this stage, the candidates, who have all been deemed qualified for the job, will compete based on pricing strategies.

(b) Referrals

We secure new business opportunities through referrals from companies we have worked with. We obtain referrals for new projects from past and present clientele, external consultants and other business associates due to our good track records and high quality service.

(c) Request for proposals

Through our references in the industry, we also generate sales from proposals we have been invited to submit. These requests for proposals are normally associated with projects that have special requirements, such as fast track projects, projects that require special skills and projects with unconventional designs.

(d) Exhibitions

We engage in active targeted marketing activities such as participation in international exhibitions. In 2008, we took part in the Conference of the Electric Power Supply Industry (CEPSI) in Macau organised by Companhia de Electricidade de Macau (CEM). In the exhibition, we showcased our Products such as our isolator, NER, SIMS, RTU and telecommunication and teleprotection equipment.

In 2011, we participated in the SME Innovation Showcase in Kuala Lumpur organised by MITI and SME Corp.

Date	Name	Organiser	Location
27-31 October 2008	Conference of the Electric Power Supply Industry (CEPSI)	Companhia de Electricidade de Macau (CEM)	Macau
20-23 July 2010	ASEAN Elenex	Malaysian Exhibition Services Sdn Bhd	Kuala Lumpur
7-9 June 2011	SME Innovation Showcase	MITI and SME Corp	Kuala Lumpur

We also obtain sales opportunities through our clients who may have visited our website or read about us in newspaper articles. We have also in the past listed our subsidiary company, PSB, in trade directories of MITI and Matrade.

(e) Technical presentation and training

We regularly give technical presentations and training sessions to our customers in our effort to keep them up-to-date with the types of technology we can offer, as well as to promote the services that are available in the industry.

Training for the operations and maintenance of our Products is periodically conducted for our clients in order to maintain our client's competency in operating our equipment. This creates familiarity and wide acceptance of our Products.

(f) Overseas sales offices and representative partner

Our offices in the region, i.e. Cambodia, Sri Lanka and Brunei not only serve as project offices but also function as our local marketing and sales offices to manage our foreign clients and market our range of Products and services. Our overseas offices helped us access these markets, enabling us to obtain new business opportunities to continue our presence in these countries. By establishing overseas offices, our sales officers are then able to familiarise ourselves with the local market and build networks within the local industry. This emphasises our continued commitment to expand our presence overseas to position ourselves as an international player. As at the LPD, we have established offices / subsidiary companies in Brunei, Sri Lanka and Cambodia.

5. INFORMATION ON OUR GROUP (Cont'd)

Presently, we are also exploring opportunities in Laos and Vietnam. We have established industry contacts to seek new business ventures on our behalf and may appoint formal agents in these countries respectively.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.7.10 Approvals, major licences and permits obtained

Details of major business licenses, permits and approvals applicable to our Group 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
PSB	Majlis Bandaraya Shah Alam	Business Licence (Licence No. OU501012009002-(LS))	03.11.2011 / 31.12.2012	No equity or other major conditions imposed.	N/A
	Felda Holdings Berhad ("Felda")	Vendor registration account - PSB has registered with Felda and is eligible to participate in bids/ tenders in companies belonging to the Felda group. (Licence No. NB-01090900928-01) PSB is registered in the following field codes:- 0101 –General Engineering 0102- Mechanical Engineering 0103- Electrical engineering 0301- Stationery and others 0302-Office, residential and exhibition kits 0311- Factory/ workshop equipments	N/A / 31.08.2013	1. This certificate is issued based on the information submitted by PSB.	Noted
				2. Therefore any changes in the information submitted by PSB in connection with this certificate must be conveyed to the Bahagian Perolehan, Felda.	Complied
				3. This certificate may be revoked if PSB is found to have committed a price collusion with other companies when submitting a tender.	Noted

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
	MOF	Contractor Registration Account (Licence No. 357-01005432) PSB is now registered with the MOF in the following categories: 020101- Furniture 020300- Electrical items 040100- Communication equipment 200100- Motor and alatubah (including tools) 200199- Manufacturer (manufacturer for control protection panel (COPS), Remote terminal units (PROCOM), Neutral Earthing Resistor (POST GLOVER) 200200- Electric generator station and generator equipment / spare part 200300- Cable, accessories and conductor 210101- Personal computer and related peripheral services	18.08.2009 / 23.10.2012	1. Online changes are to be made where there are any changes to the information submitted by the company in respect of the registration with MOF within 10 days from the date of such changes to the information.	Complied
				2. PSB must ensure that the area of work registered in the certificate does not contradict with any approved area of work of any company having the same shareholders or directors as PSB.	Complied
				3. MOF reserves the right to cancel / suspend the registration of the Company with MoF without giving any notice, if it is found that any false information was submitted by the Company.	Noted
				4. The Company is not allowed to make any changes to the ownership and Directorship for six (6) months from the date of registration.	Complied
				5. The certificate could be cancelled if the contractor fails to proceed with contracts made with the Government of Malaysia or the contractor is found to have engaged in price collusions with other companies prior to submitting for government tenders	Noted

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
		210103- Workstations and related peripheral services 210104- Software product and services 210105- Other computer related services 210106- Networking products and services			
	Pusat Khidmat Kontraktor ("PKK")	Registration with PKK (Reference No. 0102 A 2001E222)	N/A / 12.08.2013	PKK must be informed of any changes to the information submitted by the company in respect of the registration with PKK within 21 days from the date of such changes to the information. PKK reserves the right to cancel or suspend the registration of PSB as contractor with PKK without giving any notice, if it is found that any false information was submitted by PSB, or where there is any failure by PSB to provide the required information.	Complied
	Sabah Electricity Board (Licence No. SESB/P/BBV/002/1679)	Registration as supply and services contractor	06.10.2009 / 23.10.2012	No equity or other major conditions imposed.	N/A
	Energy Commission (Licence No. (TKL) KE 220578T/2011)	Form Q - Certificate of registration as electrical contractor under class A	N/A / 03.04.2013	No equity or other major conditions imposed.	N/A
	Energy Commission (Licence No. (TKL) PPS 220578T/2011)	Form U - Certificate of registration as a manufacturer of switch board	N/A / 14.03.2013	No equity or other major conditions imposed.	N/A

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
	Tenaga Nasional Berhad	Certificate of registration as service provider and contractor	N/A / 23.10.2012	The validity period of this registration is subject to the validity of other registrations with the MOF, Pusat Khidmat Kontraktor Awam, Pusat Khidmat Kontraktor Elektrik and other professional certificates.	Complied
	MIDA	Manufacturing license no. A 018143 bearing serial no. A 30828	01.06.2011 / N/A	1. PSB is required to notify MITI and MIDA of any disposal of shares in PSB. 2. PSB is also required to obtain a no objection letter/ consent letter from the department of environment and the relevant Selangor government.	Complied Complied
	Construction and Industry Development Board ("CIDB")	Certificate of registration no. 0120001212 – JG 061358	10.11.2009 / 27.12.2012	The Contractor is not allowed to undertake to participate in any construction project which exceeds the applicable value set out under its registration grade and shall not be involved in any construction project which is outside its scope of category registered.	Complied
TPJV	Ministry of Commerce, Cambodia	Letter of Approval No. 0829 PN. ChBP for the Incorporation of TPJV	16.02.2010 / N/A	None	N/A
	Ministry of Commerce, Cambodia	Commercial Registration Certificate No. 0829	16.02.2010 / 05.02.2013	None	N/A
	Ministry of Commerce, Cambodia	Articles of Incorporation	12.09.2011 / N/A	None	N/A
	General Department of Tax	Letter from the Ministry of Economy and Finance, Cambodia for Tax Registration No. 060975 GDT. LTD	03.03.2010 / N/A	None	N/A
	General Department of Tax	Value-Added Tax Certificate No. 380	19.03.2010 / N/A	None	N/A
	National Social Security Fund	Enterprise Registration Certificate 05/10 BSSBP	20.07.2010 / N/A	None	N/A

5. INFORMATION ON OUR GROUP (Cont'd)

Note:-

N/A *Not applicable.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.7.11 Patents, trademarks and registrations

Save for the trademarks and patent registration for our logo and Products disclosed below, we do not hold any other patents, trademarks or registrations.

Trademarks

No.	Trademark	Applicant	Registration number / Application number	Place of application	Status of trademark
1.	COPS®	PSB	04008403	Malaysia	Registered under Class 9*
2.	PESTECH® SDN BHD Effective.Efficient.Excellent	PSB	07008014	Malaysia	Registered under Class 9*
3.	PROCOM®	PSB	04008402	Malaysia	Registered under Class 9*
4.	RETCOMS®	PSB	2010021210	Malaysia	Registered under Class 9*

No.	Trademark	Applicant	Registration number / Application number	Place of application	Status of trademark
5.	D-SWITCH™	PSB	06011713	Malaysia	Application of trademark is currently pending approval
6.	WACS™	PSB	2010004127	Malaysia	Application of trademark is pending approval
7.	PESTECH™ INTERNATIONAL Effective.Efficient.Excellent	PESTECH	2011021961	Malaysia	Application of trademark is pending approval
8.	RES™	PSB	2012005552	Malaysia	Application of trademark is pending approval

Note:-

* *Under the Malaysian Trademark Classes, Class 9 includes scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signaling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carries, recording discs; automatic vending machines and mechanisms for coin operated apparatus; cash registers, calculating machines, data processing equipment and computers; fire-extinguishing apparatus.*

5. INFORMATION ON OUR GROUP (Cont'd)

Patent

No.	Patent	Applicant	Application number	Place of application	Status of patent
1.	Isolator for high current carrying capacity	PSB	UI 20064111	Malaysia	The patent application has complied with the requirements of the Patents Act 1983 and Patents Regulations 1986. PSB is in the process of obtaining the Notice of Grant.

5.7.12 Contracts/arrangements on which our Group is highly dependent

As at the LPD, our Group has not entered into any contracts/arrangements for which our Group is highly dependent upon.

5.7.13 Interruptions in business

Our Group has not experienced any material interruption to the business of our Group in the past 12 months preceding the LPD.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

5.7.14 Major customers

The major customers that contributed 10% or more to our Group's revenue for the past three (3) FYE 31 December 2009 to 2011 are listed below:-

Name	Country of origin	Product sold / Service rendered	Length of relationship as at the LPD (years)	Contribution to total Group revenue FYE 31 December					
				2009		2010		2011	
				RM'000	%	RM'000	%	RM'000	%
BMC	Brunei	Project	4	13,677	15.8	-	-	-	-
TNB	Malaysia	Project	11	30,967	35.8	41,449	36.0	20.979	16.0
Cambodian Transmission Ltd	Cambodia	Project	2	-	-	31,481	27.4	75,521	57.6
Ceylon Electricity Board	Sri Lanka	Project	2	-	-	4,875	4.2	18,199	13.9
Central Ashanti Gold Ltd	Ghana	Project	2	-	-	15,090	13.1	2,599	2.0
PPL	PNG	Project	4	17,915	20.7	3,819	3.3	-	-

For the past three (3) FYE 31 December 2009 to 2011, TNB has been one of our major customers contributing approximately 35.8%, 36.0% and 16.0% of our total revenue recorded for the respective financial years. This is a testament to the quality and reliability of our products and services. In view that the local market is expected to remain as one of the major contributors to our Group's revenues, PESTECH will continue to bid for local contracts and consequently, TNB will continue to be one of our major customers as TNB is the largest electricity utility company in Malaysia. As such, our Group is to a certain extent reliant on TNB as a major customer and for our domestic market.

As mentioned under Section 5.1.1 of this Prospectus, our Group began to venture into the foreign markets in 2007. Subsequently, our JV with SLCC was awarded a Project by the BMC. In turn, the project has recorded approximately RM13.7 million, representing approximately 15.8% of our total revenue recorded for the FYE 31 December 2009. In addition, our JV with Dayen was also awarded a Project by PPL in PNG which has recorded approximately RM17.9 million and RM3.9 million for the FYE 31 December 2009 and 2010 respectively.

Since then, foreign projects have been the major contributors to our total revenue. For the FYE 31 December 2010 and 2011, our Projects in Cambodia recorded approximately RM31.5 million and RM75.5 million respectively whilst our Projects in Ghana recorded approximately RM15.1 million and RM2.6 million respectively. In addition, our Sri Lanka Project contributed approximately RM4.9 million and RM18.2 million for the

FYE 31 December 2010 and 2011 respectively. In the future, our Group expects that foreign projects will continue to be a major contributor to our total revenue. This is also in line with our Group's future plans as stated in Section 5.8.1 of this Prospectus to expand our presence in the international markets and our aim to become a major integrated electric power technology company.

5.7.15 Major suppliers

The major suppliers that contributed 10% or more to our Group's purchases for the past three (3) FYE 31 December 2009 to 2011 are listed below:-

Name	Country of origin	Product / Services Purchased	Length of relationship as at the LPD (years)	Contribution to total Group purchases FYE 31 December					
				2009		2010		2011	
				RM'000	%	RM'000	%	RM'000	%
Tira Thai Co. Ltd	Thailand	Transformers	4	2,598	3.9	3,453	3.9	4,189	4.5
Crompton Greaves Ltd	India	Transformers	3	13,020	19.6	-	-	87	0.1
Rohas-Euco Industries Bhd	Malaysia	Transmission tower	2	-	-	194	0.2	13,531	14.6

Our key materials include transformers, circuit breakers, cables and relay panels. Over the years, our Group has engaged with various suppliers locally and overseas. We have established strong relationships with our suppliers and we ensure that we have alternative suppliers for our materials. Hence, moving forward, our Group does not foresee significant problems or obstacles in obtaining supplies from and continuing our strong relationships with our suppliers.

Our Board is of the opinion that we are not dependent on any single supplier.

5.8 FUTURE PLANS, STRATEGIES AND PROSPECTS

5.8.1 Future plans and strategies

In order to maintain and enhance our competitive edge, our Group intends to deploy the following strategies as part of our future plans for the next three (3) years:-

(i) Expand overseas presence

We have, to date, implemented Projects in or supplied Products to Malaysia, Cambodia, Sri Lanka, PNG, Ghana, Brunei and Tanzania, and we plan to increase our operations in these countries as well as penetrate other markets in the region. We have also established offices / subsidiary companies in Brunei, Sri Lanka and Cambodia. We aim to expand our presence to other developing countries where there is a demand for the development, improvement and build up of electricity transmission and distribution assets. As an efficient and reliable electrical transmission and distribution system is a key necessity for modern society, this creates ample opportunities for us to extend our reach and introduce our expertise to developing countries in other regions, namely South East Asia, Africa and South America.

For our existing overseas markets, we aim to become a main player in the provision of Project works for electrical transmission and distribution networks. We also plan to expand our range of services to include contracts for power station Balance-of-Plant in the near future.

In terms of expanding our presence to new markets, we plan to enter Laos, Myanmar and Vietnam as these countries currently have increasing electricity demand, fuelling the need for new infrastructure for electricity generation, transmission and distribution. In particular, hydro power stations are being built in Laos to supply electricity to Cambodia, Vietnam and China. Our Cambodia office will serve as a platform to venture into these markets. We believe we can leverage on factors such as familiarity with the business practices and similarity in culture in addition to our competitive strengths to compete successfully in these countries.

(ii) Expansion of our Product base

As we grow and progress, we will continue to expand our Product base and range of services in the local and overseas markets. We believe the introduction of new products and services will facilitate our efforts in becoming a main player in the markets we compete in. We believe our Product base can serve as a main area of business in the future.

With the receipt of listing proceeds of RM1.400 million earmarked for product development, we will intensify the marketing and promotional activities for our Products in Malaysia and the region as well as conducting the necessary engineering and development efforts to enhance our Products in meeting customers' needs and requirements.

We expect to be able to leverage on our Group's present technical collaboration and partnerships with some of the established multinational companies in the industry such as ABB AB Sweden, ABB Malaysia and Siemens Malaysia as well as any future and potential technological partnership with other major companies to grow our Product base. We believe that the technology know how and knowledge shared to us by our partners will help to expand and enhance our Product base with the introduction of new products in the engineering, design, manufacturing, installation and commissioning of electrical power transmission and distribution facility.

Apart from the collaboration and partnership with established MNC, collaboration between our Group and education institutions could also assist us in the engineering and development process of creating new products for our Group as well as attracting potential talents. In this regard, we have proposed and Universiti Malaya has accepted to co-operate with us to develop certain products, which is pending the execution of a formal agreement. We also intend to continue participating in local and international exhibitions or trade shows related to the industry to introduce our products and increase our Group's profile and name in the industry.

In addition, we plan to be selective in our selection of local contracting works directly for special projects and projects which are strategic in nature, i.e. high value Projects which generate higher returns or milestone Projects which would enable us to boost our track record and enhance our profile/expertise.

(iii) Expand range of services to system design, engineering and infrastructure services of power generation plants

The field of power systems engineering encompasses electric power generation, transmission and distribution. Though we currently have knowledge and experience in transmission and distribution systems, we have not been involved in the power generation segment of the industry. It is therefore of strategic importance to extend our know-how into the area of power generation to provide system design for the installation of power station Balance-of-Plant services. Hence, we intend to expand our range of services to include system design, engineering and infrastructure works of power generation plants, specifically for biomass and solar photovoltaic power systems under the renewable energy sector.

The renewable energy sector is an up and coming market, an important area that we cannot ignore as it is an alternative energy source to reduce the industry's dependency on fossil fuel. With the familiarity and knowledge in the electrical utility network, we are armed with the advantage of being efficient i.e. optimising the system design in the connectivity of renewable energy sources to the utility grid. We are particularly interested in the fields of biomass power plant design and solar photovoltaic system design. A conceptual design of the structural and mechanical sections of a biomass power plant using empty fruit bunches of palm oil and rice husks shall be established in order to extend our business to providing construction services of biomass power plants. A solar photovoltaic system design shall be established to connect photovoltaic installation to the utility grid.

5.8.2 Prospects

Our Board is of the view that our Group will enjoy positive and promising growth and favourable prospects in the long-term premised on the following:-

(i) Our competitive strengths are as follows:-

(a) Experienced and dedicated management personnel;

(b) Strong technical expertise;

(c) Comprehensive range of services, including in-house engineering and development;

(d) High standards of Quality, Occupational Health and Safety Management System;

(e) Established track record and reputation;

(f) Established product branding; and

(g) Technology partnerships.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.

(ii) Our Group's future plans and strategies as set out in Section 5.8.1 of this Prospectus.

(iii) The promising prospects of system design, engineering, and infrastructure in the power transmission and distribution industry as mentioned in Section 6 of this Prospectus.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FROST & SULLIVAN

Frost & Sullivan Malaysia Sdn Bhd (522293W)
Suite E-08-15, Block E, Plaza Mont' Kiara,
2 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur,
Malaysia.
Tel: +603.6204.5800 Fax: +603.6201.7402
www.frost.com

25 APR 2012

The Board of Directors
PESTECH INTERNATIONAL BERHAD
No. 26 Jalan Utarid U5/14
Bandar Pinggiran Subang
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

Executive Summary of the Independent Market Report on Power Transmission and Distribution: System Design, Engineering and Infrastructure for PESTECH International Berhad ("PESTECH" or the "Company")

This Executive Summary of the Independent Market Report on Power Transmission and Distribution: System Design, Engineering and Infrastructure is prepared by Frost & Sullivan Malaysia Sdn Bhd ("Frost & Sullivan") for inclusion in the Prospectus of PESTECH International Berhad ("PESTECH" or the "Company") in connection with its listing on the Main Market of Bursa Malaysia Securities Berhad.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd:

Hazmi Yusof
Vice-President

The market research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The research methodology used is the *Expert Opinion Consensus Methodology*. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate.

This market research was completed in April 2012.

This report is prepared for inclusion in the Prospectus of PESTECH International Berhad (PESTECH) for submission to the Securities Commission Malaysia and other relevant parties.

Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

For further information, please contact:

Frost & Sullivan Malaysia Sdn Bhd
Suite E-08-15, Block E, Plaza Mont' Kiara
2, Jalan Kiara, Mont' Kiara
50480 Kuala Lumpur.

1.1 ANALYSIS OF THE ELECTRICITY SUPPLY INDUSTRY IN MALAYSIA

1.1.1 Electricity Consumption and Growth Trends

The electricity supply industry comprises electricity generation, transmission and distribution / retail. Utility companies and Independent Power Producers (IPPs) generate electricity from energy sources to be sold to consumers. Electricity is generated in power plants / stations from various energy sources such as coal, natural gas, hydropower, geothermal power, solar and nuclear. These power plants house equipment such as boilers, turbines and generators, which are critical equipment in the production of electricity.

Utility companies are companies typically involved in all three phases of electricity supply chain from generation to transmission to distribution. There are three primary utility companies in Malaysia, namely Tenaga Nasional Berhad (TNB), Sabah Electricity Sdn Bhd (SESB) and Syarikat SESCO Berhad (SESCO), serving the various regions within the country. TNB was established to generate, transmit and distribute electricity throughout Peninsular Malaysia, SESB serves the state of Sabah while Sarawak Energy Berhad (SEB) via SESCO serves the state of Sarawak. TNB, a company controlled by the Government of Malaysia, also has an 80% ownership stake in SESB. The remaining 20% stake is owned by the State Government of Sabah.

In 1992, following a nationwide power blackout and series of interruptions, the Government opened the electricity generation phase to IPPs. IPPs are private firms which were awarded the concessions to develop, finance, build, own and operate power plants. This is in line with the rapid growth of the national economy and to cater for parallel growth in power demand. IPPs generate electricity which is sold to utility companies and selected large end users. IPPs are only involved in the electricity generation phase. These firms are not licensed by the Government to transmit or distribute electricity to the population at large. Each IPP will have a long term Power Purchase Agreement (PPA) in place with a utility company, governing the sale or off-take of generated electricity between these 2 parties. In 1998, NUR Distribution Sdn Bhd (NUR) received the license to generate and distribute electricity to the tenants of Kulim Hi-Tech Park, Kedah. TNB has a 20% interest in NUR through its parent company, Northern Utility Resources Sdn Bhd. Presently NUR is the sole independent power utility (IPU) with the license to generate, transmit and distribute electricity, albeit to consumers within the confined location of Kulim Hi-Tech Park, Kedah.

Presently there are 26 IPPs in Malaysia, of which 16 are located in Peninsular Malaysia, 6 in Sabah and the remaining 4 in Sarawak. From these 26 IPPs, TNB Janamanjung Sdn Bhd (TNB

Janamanjung) is a wholly owned subsidiary of TNB, while Sejingkat Power Corporation Sdn Bhd and Sarawak Power Generation Sdn Bhd are wholly owned subsidiaries of SESCO.

Electricity is transmitted to residential, commercial and industrial end users along the National Grid in Peninsular Malaysia and state based grids in Sabah and Sarawak. The transmission system consists of infrastructure such as substations, structures, conductors, insulators and associated hardware that carry electrical energy from point to point in an elaborate power supply system. These transmission lines are operated at high voltages varying from 66 kiloVolt (kV) up to 500 kV, and are capable of transmitting large quantities of electricity over long distances. Transmission substations or electricity substations are erected at appropriate intervals to channel electricity from the National Grid to residential, commercial and industrial end users.

Transmitting electricity at very high voltages reduces the transmission losses over long distances. Transmission loss refers to the difference in the ratio of electricity voltage at various points of the grid. For this purpose, the dispatch station of the power plant is equipped with voltage step-up transformers. The step-up transformer increases the voltage of electricity before it is transmitted along the transmission lines. A strong transmission system improves the reliability of electricity supply and is flexible in drawing power from various power plants and diversified fuel mix. A strong transmission system presents utility companies with the opportunity to tap power from diverse power plants in various locations with different operating characteristics or fuel mix. For instance, utility companies have the flexibility of meeting the demand for electricity by drawing additional power from coal power plants to compensate for the shortfall in electricity supplied by natural gas power plants during periods of gas supply shortages.

The transmission system in Malaysia enables utility firms such as TNB, SESB and SEB to draw power from various types of power plants such as coal, gas and hydro which are located at different locations and have different operating characteristics. This power is then supplied to residential, commercial and industrial customers throughout the country. Failure in the transmission system could potentially lead to a situation of power loss. The erection of a transmission system requires much planning and investment in terms of financing.

In Malaysia, electricity is distributed or retailed to residential, commercial and industrial end users by utility companies. TNB, SESB, and SEB via its wholly owned subsidiary SESCO, dominate the electricity supply industry throughout Malaysia. The electricity tariff in Malaysia is governed by the Government, with subsidies provided for the use of natural gas as a source of fuel. This is part of the Government's move in maintaining the welfare of all levels of the population by ensuring their access to affordable electricity rates.

In Malaysia, third party engineering companies are hired to design and develop transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the National Grid. These companies are also required to commission the structure prior to handing it over to the customer. This industry is known as the power system design, engineering and infrastructure industry, and this report will focus on system design, engineering and infrastructure providers in the power transmission and distribution industry in Malaysia, in which PESTECH operates in.

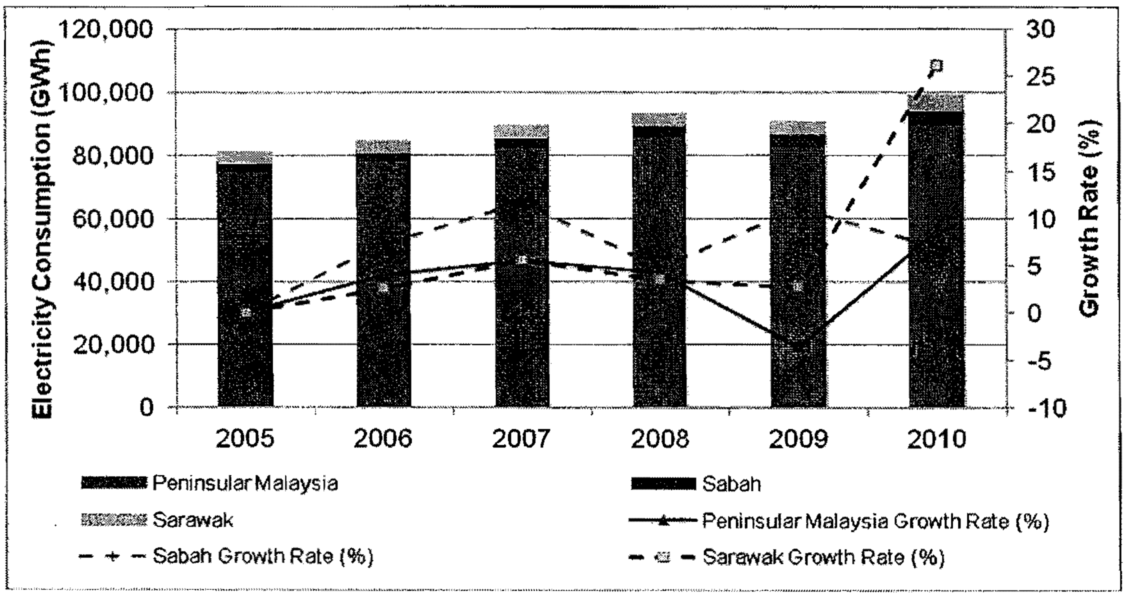
The electricity supply industry in Malaysia is a large industry serving a combined consumer base from the residential, commercial, industrial and other sectors. In 2010, this industry's consumer base exceeded 8 million consumers, which consumed 99,475 gigawatts per hour (GWh) of electricity throughout the year. This is expected to increase in the coming years as Malaysia's economy continues to grow and consequently leads to higher electricity requirements. In order to meet the future demand from users, the electricity supply industry will have to further expand by generating additional capacities of electricity. High amounts of investment will be required not only to erect more power plants, but also on transmission lines, substations and other corresponding equipment that distribute electricity to homes and businesses that depend on it. Generation, transmission and distribution are core sectors within the electricity supply industry.

Malaysia's consumption of electricity increased from 81,507 GWh in 2005 to 99,475 GWh in 2010 at a compound annual growth rate (CAGR) of 4.1%. Regionally, Peninsular Malaysia remains as the primary consumer of electricity in Malaysia, consuming over 90% of the electricity generated between 2005 and 2010. This region consumed approximately 74,796 GWh of electricity in 2005 and its consumption increased to 89,621 GWh in 2010 at a CAGR of 3.7%. While the electricity consumption in Sarawak was marginally higher than Sabah, Sabah depicted a higher CAGR of 8.3% compared to Sarawak and Peninsular Malaysia. Peninsular Malaysia emerged as the primary consumer of electricity as a result of its much larger consumer base compared to Sarawak and Sabah. This region had a consumer base exceeding 7.4 million consumers in 2010, compared to Sarawak and Sabah, which only had about 400,000 to 500,000 consumers each in the corresponding year. The total consumed electricity in Malaysia dipped in 2009 as a result of the prolonged financial crisis which began the previous year. Industrial customers responded to this crisis by taking cost saving measures to reduce their expenditure on electricity.

While electricity consumption in the industrial sector grew at a slower pace by 2.1% between 2005 and 2010, this sector remained as the largest consumer of electricity generated in Malaysia. The industrial sector consumed 43,842 GWh of electricity in 2010, compared to the 39,573 GWh of electricity consumed in 2005. The commercial sector emerged as the second largest consumer of electricity, with its consumption increasing from 23,951 GWh in 2005 to 33,209 GWh in 2010. The commercial sector experienced a 6.8% growth in electricity consumption during this period. The residential sector, despite its much larger end consumer base, was only the third largest consumer of electricity for the period, as its consumption rose from 15,388 GWh in 2005 to 20,847 GWh in 2010 at a growth rate of 6.3%.

Frost & Sullivan notes that among these three sectors, the residential sector has the largest consumer base followed by the commercial and industrial sectors. Despite this, the industrial and commercial sectors topped the residential sector in terms of consumed electricity due to the higher electricity requirements for commercial and industrial operations.

Historical Electricity Consumption (Malaysia), 2005 – 2010



Year	Electricity Consumption (GWh)							
	Peninsular Malaysia	Growth Rate (%)	Sabah	Growth Rate (%)	Sarawak	Growth Rate (%)	Total Malaysia	Growth Rate (%)
2005	74,796	-	2,769	-	3,942	-	81,507	-
2006	77,771	4.0	2,969	7.2	4,045	2.6	84,785	4.0
2007	82,052	5.5	3,317	11.7	4,272	5.6	89,641	5.7
2008	85,616	4.3	3,475	4.8	4,421	3.5	93,512	4.3
2009	82,443	(3.7)	3,856	11.0	4,540	2.7	90,839	(2.9)
2010	89,621	8.6	4,127	7.0	5,727	26.1	99,475	9.5
CAGR 2005 – 2010		3.7%		8.3%		7.8%		4.1%

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Between 1980 and 2008, the per capita total consumption of electricity increased from 626 kilowatts per hour (kWh) to 3,368 kWh at a growth of 438%. The per capita electricity consumption by the residential and commercial (RESCOM) sector increased from 304 kWh to 1,789 kWh at a growth of 488.5% during the same period. Growth in both the per capita total consumption of electricity and per capita electricity consumption by the RESCOM sector reflects the trend of Malaysia's per capita gross domestic production (GDP) growth, which has been on an uptrend from 1980 to 2008. Malaysia's GDP per capita rose by 168.5%, from RM7,096 to RM19,052 during the same period.

1.1.2 Outlook and Forecast of Electricity Consumption

The consumption of electricity is a key driver for the electricity supply industry. This industry is expected to grow at a healthy pace from 2011 to 2014 as a result of future economic growth, supporting Government policies, population growth and consumer preferences. Electricity consumption is projected to grow from an estimated 101,496 GWh in 2011 to 119,086 GWh in 2015 at a CAGR of 4.1%. The electricity supply industry will need to plan and make its move in meeting this anticipated increase in electricity consumption in the coming years.

In meeting this additional increase in the consumption of electricity, the electricity supply industry will have to gear up to increase its present electricity installed generation capacity.

Stakeholders in the industry have two options available in increasing this capacity for Peninsular Malaysia:

- To erect additional new power plants
- To extend the concession period of PPAs for existing first generation IPPs

The Government has approved three hydroelectric power plant projects, the Ulu Jelai Hydroelectric Project in Pahang, the Hulu Terengganu Hydroelectric Project in Terengganu and the Bakun Hydroelectric Project (Bakun) in Sarawak. The construction of the first two projects is targeted to complete in 2015, while the construction completion target for Bakun is between 2015 and 2017. However it is noted that presently the construction for Bakun has been largely completed in late 2010 and the dam is expected to be fully operational by 2012. In the Tenth Malaysia Plan (10MP), the Government has also announced its intention to commission a coal fired power plant in Sabah.

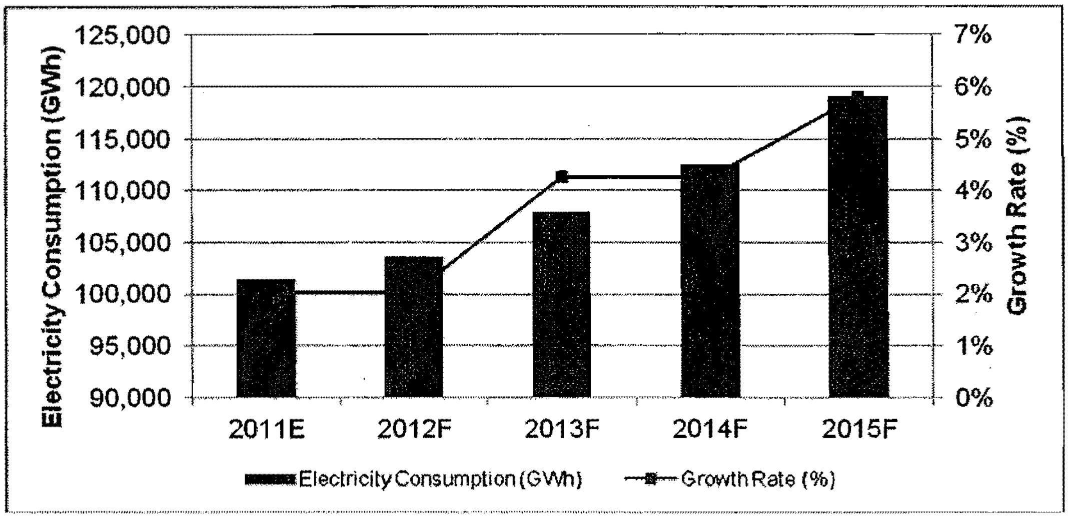
In 2010, the Government announced its plan of building the nation's first nuclear power plant in the country by 2021. The investment cost for the construction of a 1,000 megawatt (MW) nuclear power plant is expected to range between USD2.5 billion and USD4 billion. The Government plans to employ international consulting firms to identify suitable sites for this plan. In line with this, awareness programs will be rolled out nationally to educate the population on the need for a nuclear power plant to reduce Malaysia's dependency on fossil fuels. The move to build a nuclear power plant in Malaysia will enable the Government to provide for the increase in the consumption of electricity over the longer term post 2020.

In meeting the anticipated increase in consumption of electricity post 2015, the Government is also mulling extending the PPA concession period for existing IPPs. The first generation of PPAs which are due for renewal between 2014 and 2016 are YTL Power Paka, YTL Power Pasir Gudang, Genting Sanyen Kuala Langat, Segari Energy Ventures in Lumut, Port Dickson Power and Powertek Telok Gong.

In addition to these options, TNB has carried out a feasibility study to evaluate the possibilities of linking the National Grid in Peninsular Malaysia to Sumatera, Indonesia. This grid linkage project is likely to be rolled out in 2015. TNB is presently in talks with the Asian Development Bank (ADB) to seek funding for this project. This grid linkage project is also in line with realizing the ASEAN Power Grid (APG) program and the Indonesia – Malaysia – Thailand Growth Triangle (IMT – GT), whereby this grid project to Sumatera is a potential energy project connecting these three countries.

It is clearly noted that the Government takes seriously its role of providing sufficient electricity to meet the anticipated increase in electricity consumption over the long term, with considerations in place for short term fulfilment as well. The Government has also, in the past, intervened through policy formulation and the revision of electricity tariffs to ensure that all levels of the population have access to affordable electricity. This trend is expected to continue in the coming years.

Projected Electricity Consumption (Malaysia), 2011E – 2015F



Year	Electricity Consumption	
	GWh	Growth Rate (%)
2011F	101,496	2.0
2012F	103,559	2.0
2013F	107,968	4.3
2014F	112,552	4.2
2015F	119,086	5.8
CAGR 2011E – 2015F		4.1

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

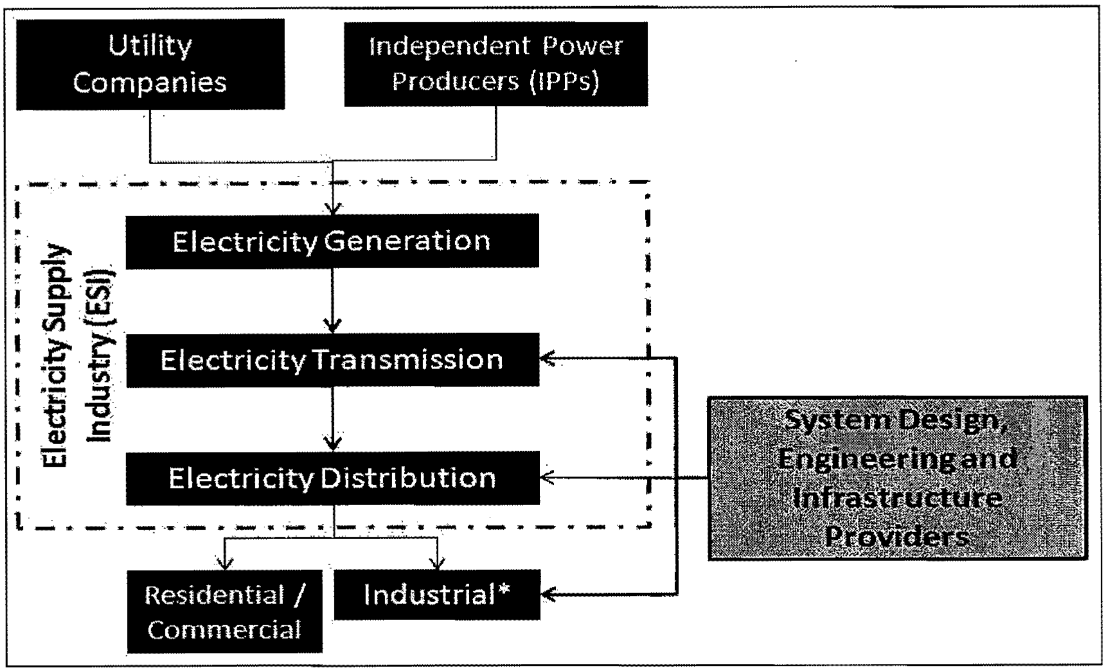
1.2 ANALYSIS OF THE SYSTEM DESIGN, ENGINEERING AND INFRASTRUCTURE SEGMENT OF THE POWER TRANSMISSION AND DISTRIBUTION INDUSTRY IN MALAYSIA

1.2.1 Definition and Segmentation

The transmission system in Malaysia channels electricity generated by power plants to residential, commercial and industrial customers throughout the country. TNB, SESB and SESCO dominate the transmission and distribution of electricity in Peninsular Malaysia, Sabah and Sarawak respectively. TNB is the grid owner and operator in Peninsular Malaysia and Sabah, and acts as the sole supplier of electricity to residential, commercial and industrial customers. Large industrial customers such as mining operators, steel mills, cement plants, oil refineries, airports and seaports require high volumes of electricity and therefore may erect electricity substations within their premises which draw electricity supply from the National Grid.

Utility companies such as TNB, SESB and SESCO typically engage third party engineering companies to design and develop transmission and distribution infrastructure, connecting residential, commercial and industrial consumers to the National Grid. Large industrial users also engage these third party engineering companies to erect electricity substations within their operating premises. These third party engineering companies are also required to commission the structure prior to handing it over to the customer. This industry is known as the power system design, engineering and infrastructure industry. This report will focus on system design, engineering and infrastructure providers in the power transmission and distribution industry in Malaysia, in which PESTECH operates in.

Industry Segmentation (Malaysia), 2012



* *Industrial customers include large companies such as mining operators, steel mills, cement plants and refineries.*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

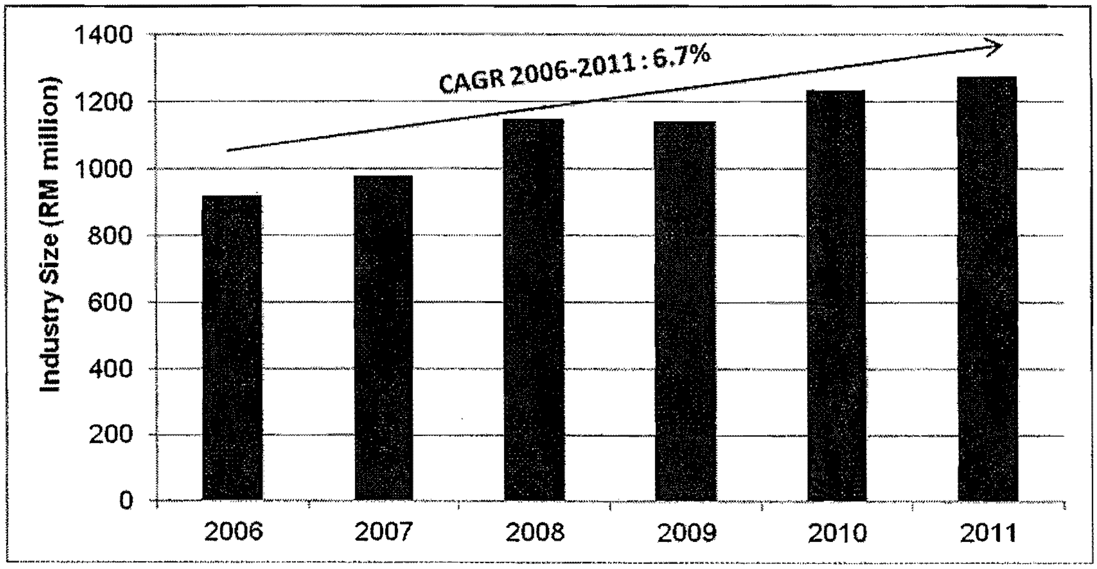
1.2.2 Industry Size and Growth

The performance of the system design, engineering and infrastructure segment of the power transmission and distribution industry is dependent on investments made by utility companies, specifically as defined by transmission costs incurred by these utility companies. In Malaysia, generation, transmission and distribution plans are developed by the Government and announced in the Malaysia Economic Plan. Investments are disbursed to various Government agencies and utility companies, and this translates to actual expenditure on projects executed within this industry.

Utility companies allocate funds to ensure the reliability and security of the National Grid system. This includes expenditure on new low voltage, medium voltage, high voltage and extra high voltage transmission and distribution projects, as well as maintenance expenditure to ensure that all equipment are in good working condition. This expenditure is known as transmission cost.

The market size of the system design, engineering and infrastructure segment of the power transmission and distribution industry is based on the annual transmission cost incurred by utility companies in Peninsular Malaysia and Sabah. Based on the transmission cost sustained by utility companies in Peninsular Malaysia and Sabah, the system design, engineering and infrastructure segment of the power transmission and distribution industry has increased from RM922.0 million in 2006 to RM1,276.5 million in 2011 at a CAGR of 6.7%[1]. In 2009, system design, engineering and infrastructure expenditure declined as subsequent result of the global financial crisis, whereby the Government lowered public spending. With the exception of 2009 and 2011, the growth rate for the system design, engineering and infrastructure segment of the power transmission and distribution industry has been robust, with the segment reflecting growth rates exceeding 6% per annum.

Power Transmission Cost Incurred by Utility Companies (Peninsular Malaysia and Sabah), 2006 – 2011



Year	Industry Size	
	RM million	Growth Rate (%)
2006	922.0	-
2007	980.9	6.4
2008	1,150.3	17.3
2009	1,143.2	(0.6)
2010	1,236.5	8.2

[1] *Power transmission cost incurred by SESCO, the utility company in Sarawak, was not publicly available at the time of the printing of this report.*

2011	1,276.5	3.2
CAGR 2006 – 2011		**6.7%**

Note:

1. *Transmission cost includes expenditure on new low voltage, medium voltage, high voltage and extra high voltage transmission and distribution projects, as well as maintenance expenditure.*
2. *Power transmission cost incurred by SESCO, the utility company in Sarawak, was not publicly available at the time of publication of this report.*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Growth in Malaysia's power transmission and distribution industry is also represented by the nation's growth in transmission system capacity between 2005 and 2010. The total transmission system lines / cables in Malaysia increased from 20,559km in 2005 to 25,493km in 2010 at a CAGR of 4.4%. The highest growth rate was recorded in the 275kV category, which increased from 7,013km to 10,914km during the same period at a CAGR of 9.2%. As at end 2010, Malaysia had a total of 455 electricity transmission substations with a capacity of 95,433 megaVolt Ampere (MVA). Malaysia's transmission substations capacity increased from 75,524 MVA in 2005 to 95,433 MVA at a CAGR of 4.8%.

Transmission System Capacity (Malaysia), 2005 – 2010

	2005	2006	2007	2008	2009	2010	CAGR 2005 – 2010 (%)
Transmission System Lines / Cables (km)							
500 kV	*890*	*890*	*890*	*890*	*1,209*	*1,094*	*4.2*
275 kV	*7,013*	*8,135*	*7,994*	*8,873*	*8,995*	*10,914*	*9.2*
132 kV	*12,362*	*11,501*	*12,734*	*13,109*	*13,207*	*13,361*	*1.6*
66 kV	*294*	*294*	*192*	*123*	*123*	*123.9*	*(15.9)*
Total (km)	**20,559**	**20,820**	**21,810**	**22,995**	**23,534**	**25,493**	**4.4**
Transmission Substations							
Number	*426*	*486*	*495*	*442*	*444*	*455*	*1.3*
Capacity (MVA)	*75,524*	*81,654*	*83,992*	*92,327*	*91,709*	*95,433*	*4.8*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.2.3 Competitive / Industry Landscape and Structure

Key players in the system design, engineering and infrastructure segment of the power transmission and distribution industry in Malaysia comprise locally established companies, and foreign companies interested to penetrate this segment must first form a joint venture or be in partnership with local companies. There are high entry barriers in the high voltage and extra high voltage segment of this industry, and as such there are approximately 11 key players operating within the system design, engineering and infrastructure segment. Among these 11 key players are companies specializing in high voltage transmission and distribution system design, engineering and infrastructure, while other companies specialize in medium voltage and low voltage transmission and distribution system design, engineering and infrastructure respectively.

- Duta Technic Sdn Bhd (Duta Technic)
- KUB Power Sdn Bhd (KUB Power)
- Mahkota Technologies Sdn Bhd (Mahkota Technologies)
- Nova Nusantara and Subsidiary Company Sdn Bhd (Nova Nusantara)
- Pembinaan Tajri Sdn Bhd (Pembinaan Tajri)
- PESTECH International Berhad (PESTECH), via its subsidiaries in Malaysia and overseas
- Ramusa Engineering Sdn Bhd (Ramusa Engineering)
- System Protection and Maintenance Sdn Bhd (SPM)
- Toshiba Transmission & Distribution Systems Asia Sdn Bhd (previously known as Toprank Corporation Sdn Bhd) (Toshiba Transmission & Distribution)
- Transgrid Ventures Sdn Bhd (Transgrid Ventures)
- Zafas Sdn Bhd (Zafas)

1.2.4 Market Share Based on Incurred Transmission Cost

The market size of the system design, engineering and infrastructure segment of the power transmission and distribution industry in Peninsular Malaysia and Sabah was valued at RM RM1,276.5 million in 2011[2].

In financial year 2011 (FY2011), PESTECH reported revenues from its local operations amounting to RM30.7 million from executing system design, engineering and infrastructure projects within the transmission and distribution industry, and the manufacturing of proprietary power system components and equipment. This has enabled PESTECH to gain a market share of 2.4% in Peninsular Malaysia and Sabah in 2011, within the system design, engineering and infrastructure segment of the power transmission and distribution industry. PESTECH's market share of 2.4% was calculated based on the revenue generated by this company in Malaysia divided by total TNB's incurred transmission cost of RM1,276.5 million in Peninsular Malaysia

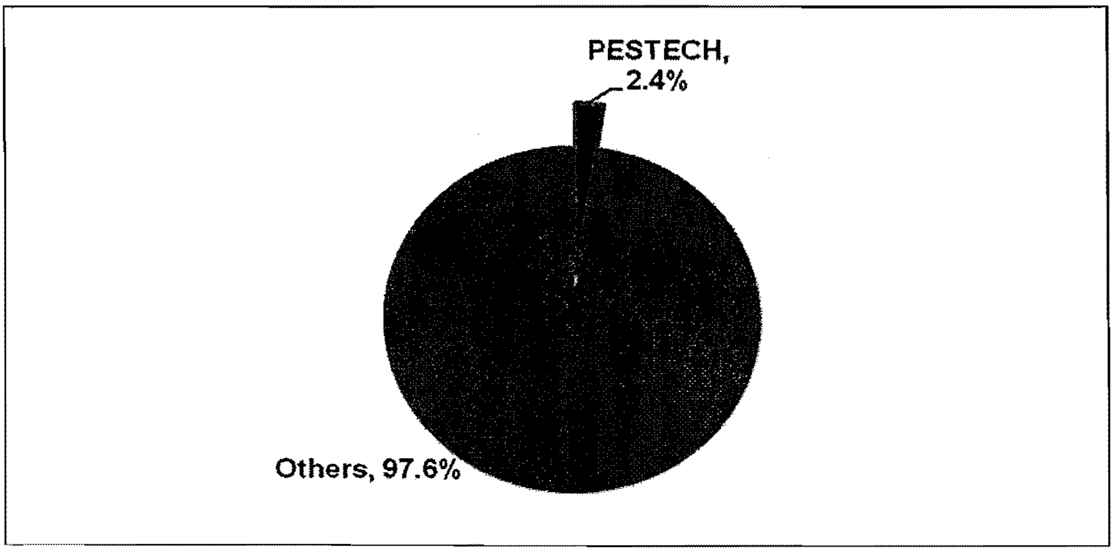
[2] *Power transmission cost incurred by SESCO, the utility company in Sarawak, was not publicly available at the time of publication of this report.*

and Sabah during 2011. This transmission cost refers to expenditure incurred for asset maintenance and development initiatives in Peninsular Malaysia and Sabah which contribute to improving electricity transmission connectivity.

Frost & Sullivan notes that PESTECH has also penetrated foreign countries such as Cambodia, Ghana, PNG and Brunei Darussalam. Revenues from PESTECH's foreign operations increased from RM14.1 million in FY2008 to RM109.5 million in FY2011.

The remaining 97.6% players comprise other industry players that are involved in high voltage transmission and distribution, system design, engineering and infrastructure, such as Duta Technic, KUB Power, Mahkota Technologies, Nova Nusantara), Pembinaan Tajri, Ramusa Engineering, SPM, Toshiba Transmission & Distribution, Transgrid Ventures and Zafas (this list highlights the major industry players and is not exhaustive), and other industry players that mainly focus on low and medium voltage.

Market Share for PESTECH International Berhad in the System Design, Engineering and Infrastructure Segment of the Power Transmission and Distribution Industry (Peninsular Malaysia and Sabah), 2011



Note:

1. *Transmission cost includes expenditure on new low voltage, medium voltage, high voltage and extra high voltage transmission and distribution projects, as well as maintenance expenditure.*
2. *Power transmission cost incurred by SESCO, the utility company in Sarawak, was not publicly available at the time of publication of this report.*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The table below identifies selected key players in the system design, engineering and infrastructure segment of the power transmission and distribution industry. Among these 11 key players are companies specializing in high voltage transmission and distribution system design, engineering and infrastructure, while other companies specialize in medium voltage and low voltage transmission and distribution system design, engineering and infrastructure respectively. It should be noted that some of these players may also be involved in other business activities, and the segmental revenues of these companies are not publicly available. PESTECH has the largest revenue, PBT and PAT amongst the selected key players indicated below, based on the latest publicly available financial information.

Financial Information of Key Players in the System Design, Engineering and Infrastructure Segment of the Power Transmission and Distribution Industry (Malaysia)

Industry Player	Latest Financial Year Ending	Revenue (RM)	PBT (RM)	PAT (RM)
Duta Technic Sdn Bhd	31 March 2010	19,366,945	(69,777)	(91,910)
KUB Power Sdn Bhd	31 December 2010	44,236,000	1,566,000	1,046,000
Mahkota Technologies Sdn Bhd	31 December 2010	33,921,000	(26,276,000)	(25,879,000)
Nova Nusantara And Subsidiary Company Sdn Bhd	31 December 2010	9,372,424	5,780,796	3,721,422
Pembinaan Tajri Sdn Bhd	31 December 2010	67,587,337	115,294	23,948
PESTECH	31 December 2011	130,947,000	16,683,000	12,001,000
Ramusa Engineering Sdn Bhd	31 January 2011	315,930	185,981	161,966
System Protection & Maintenance Sdn Bhd	31 December 2010	36,270,204	295,674	440,075
Toshiba Transmission & Distribution Systems Asia Sdn Bhd (previously known as Toprank Corporation Sdn Bhd)	31 July 2011	49,125,055	3,337,062	3,303,444
Transgrid Ventures Sdn Bhd[b]	31 December 2001	2,599,979	18,206	9,306
Zafas Sdn Berhad	31 May 2010	11,127,705	754,955	465,596
Total		404,869,579		

Note:

[a] *List highlights financial information of selected key industry players and is not exhaustive.*

[b] *Transgrid Ventures Sdn Bhd is classified as an exempt private company, and as such does not file its updated accounts with CCM for public information.*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.2.5 Barriers to Entry

High Capital and Operational Expenditure

System design, engineering and infrastructure projects in the power transmission and distribution industry require high investment in terms of capital expenditure and operational expenditure. This investment includes initial costs of purchasing equipment and the development of related infrastructure in power transmission and distribution. It is noted that the primary equipment in substations are transformers, high voltage switchgear and panels, and these equipment are primarily supplied by larger multinational corporations such as ABB Group, Siemens Group and Toshiba Group. Contractors engaged to carry out system design, engineering and infrastructure projects will also have to sustain regular overheads, operation and maintenance cost during the construction phase of the substations.

Players in this industry will have to depend on self funding or financial institutions to fund the initial investment and operational cost of the project until they receive payments from project principals. Delays in payment could potentially affect the financial strength of these contractors.

Industry Regulations, Policies and Practices

The electricity supply industry in Malaysia is highly regulated by the Government as a matter of social agenda. The Government intervenes in the industry via its various ministries and agencies such as the Ministry of Rural Development, Economic Planning Unit (EPU), Ministry of Energy, Green Technology and Water (KeTTHA), Energy Information Bureau and the Energy Commission. Each body has a specific mandate in ensuring the reliability of industry performance.

All mechanical, electrical and civil contracts must be registered with the Construction Industry Development Board (CIDB), an accreditation body for contractors with business operations in Malaysia. Contractors engaged in the system design, engineering and infrastructure segment of the power transmission and distribution industry must also be registered with the Energy Commission and undergo competency testing before receiving their license. Ownership of this license is a prerequisite in bidding for contracts from utility companies in Malaysia. In addition, these contractors are expected to possess quality certifications from the International Organization for Standardization (ISO), which lend credibility to the contactor's work processes. These regulations and practices act as a barrier to entry for potential entrants to the industry.

Technical Capabilities of Contractors

The design, construction and management of electricity substation systems require a specific level of skill and experience. Project principals would seek to hire companies with proven track record to execute such works. The system design, engineering and infrastructure project for the 132 kV Manjalara indoor gas insulated switchgear (GIS) substation in 2010 was awarded to PESTECH via the joint venture between its subsidiary PESTECH Sdn Bhd and Pembinaan Tajri Sdn Bhd, which has a track record of executing similar projects in Peninsular Malaysia. This substation was constructed to meet the current and future electricity demand from residential and commercial consumers in Manjalara and Desa Park City.

While the fundamentals of electricity transmission and distribution technology have remained constant over the years, skilled engineers and technicians are able to carry out improvements in order to enhance delivery and efficiency, while optimizing system performance. Such skill can only be gained through hands on experience.

Industry Track Record and Reputation

The system design, engineering and infrastructure segment of the power transmission and distribution industry comprises a few large players dominating the industry via the awards of high value projects primarily from TNB. It is not uncommon for industry players to establish joint ventures in the bidding of selected projects, and build relations and trust within the industry. Furthermore, Frost & Sullivan notes that the key industry players have been operational for over a decade, and have therefore established their track record and reputation within the industry which cannot be easily replicated by a new entrant.

1.2.6 Relevant Laws and Regulations

1.2.6.1 *Regulation*

The Malaysian Grid Code

The Malaysian Grid Code was launched in December 2010 and enforced in January 2011 to ensure the reliability of electricity supply in Peninsular Malaysia. The six critical functions governed by this document are the Planning Code, Connection Code, Operating Codes, Scheduling and Dispatch Codes, Data Registration Code, Metering Code. The Malaysian Grid Code essentially regulates the various functions across the value chain of the electricity supply industry. The parties that are regulated by this Code are:

- Electricity generators comprising both TNB and IPPs
- Network operators which operate networks and may import or export electricity to the National Grid
- TNB Transmission Division as the grid owner and single buyer of electricity
- Distributors connected to the National Grid that import electricity from the National Grid
- Directly connected large customers to the National Grid
- Grid system operator which operates the Peninsular Malaysia Grid System
- Interconnected parties outside Malaysia which are connected to the National Grid

The Malaysian Grid Code coordinates electricity supply activities between these parties. The Code is a technical specification document which outlines the parameters that power plants and the grid system network have to meet in order to ensure the electrical grid does not fail. It aims to ensure that operations at the distribution level are carried out in a timely and systematic manner. The Code sets regulations and technical requirements to be carried out by all involved parties in the planning, managing and maintenance of the National Grid and its distribution systems to ensure constant security, safety and reliability of electricity supply.

The Energy Commission will establish and maintain the Grid Code Committee to oversee the implementation of the Malaysian Grid Code. The committee shall comprise of representatives from all stakeholders across the electricity supply industry value chain, including TNB and IPPs.

The technical specification in the Malaysian Grid Code applies to TNB as the Grid owner and Grid system operator. As such, TNB is responsible for ensuring that its vendors, suppliers and contractors, including third party engineering contractors involved in system design, engineering and infrastructure works comply with the specifications in the Malaysian Grid Code.

1.2.6.2 *Contractor Licensing*

a) Contractor Services Centre (Pusat Khidmat Kontraktor)

The Contractor Services Centre is an agency under the Ministry of Works tasked to manage registration and related matters for all contractors at both the federal and state level. All engineering contractors operating in Malaysia must register with this agency and obtain a license prior to operating in Malaysia.

b) Construction Industry Development Board (CIDB)

Registration with CIDB is a mandatory requirement for all engineering contractors and specific to the skill or trade. System design, engineering and infrastructure providers in the power transmission and distribution industry are classified under the Mechanical and Electrical (M&E) category.

These providers are categorized by paid-up capital from Grade 1 ("G1") to Grade 7 ("G7"). In numerical order, the lower grade represents lesser paid-up capital, and vice versa. For instance, G1 contractors hold only RM5,000 in paid-up capital while G7 represents contractors with at least RM750,000 in paid-up capital. Another attribute of this grading is that G1 contractors' tendering capacity is limited to no more than RM200,000 of the entire project value, while there is no limit for G7 contractors. As such, G7 contractors are deemed as bigger companies compared with the others.

Contractor's Grade of Registration (Malaysia), 2011

Grade	Paid-up Capital (RM)	Tendering Capacity (RM)
G1	5,000	<200,000
G2	25,000	<500,000
G3	50,000	<1,000,000
G4	150,000	<3,000,000
G5	250,000	<5,000,000
G6	500,000	<10,000,000
G7	750,000	No limit

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.2.7 Demand Conditions and Dependencies

The key drivers for the growth of system design, engineering and infrastructure services for power transmission and distribution is growth in the demand for electricity supply in Malaysia. The consumption of electricity in Malaysia increased from 81,507 GWh in 2005 to 99,475 GWh in 2010 at a CAGR of 4.1%. Further increase in the demand for electricity in Malaysia is expected to positively impact the system design, engineering and infrastructure segment of the power transmission and distribution industry.

1.2.7.1 Economic Growth

Since achieving independence, Malaysia's economy has transformed from one that has been dependent on agriculture and primary commodities to one that is export driven. Malaysia's present economy is driven by knowledge and capital intensive industries, and technology. The nation's GDP has increased over the years as the Government has launched several economic plans to continue spurring the economy. Malaysia's GDP rose from RM1.8 trillion in 1990 to an estimated RM5.6 trillion in 2010 at a growth rate of 210.3%.

Despite the economic challenges faced by the country in 2008 as a result of the global financial crisis, Malaysia's economy posted an admirable GDP growth rate of 4.6% during that year, primarily driven by domestic demand and continued expansion in private and public consumption. The Government has recently rolled out the 10MP to further drive the domestic economy. Malaysia's GDP is estimated to increase to RM5.9 trillion in 2011, at a year on year growth rate of 5.5%.

Further growth in the economy is outlined in the 10MP, which strives to transform Malaysia into a high income nation by 2020 by focusing on 12 national key economic areas (NKEA). These NKEAs are specific areas in the nation's economy with potential to significantly contribute to economic growth. Among the identified NKEAs are wholesale and retail, financial services, tourism, electronics and electrical, education and Greater Kuala Lumpur. The Government has also committed to the establishment of 5 economic growth corridors to promote free trade. These corridors are the Iskandar Malaysia (IRDA) in South Johor, Northern Corridor Economic Region (NCER), East Coast Economic Region (ECER), Sabah Development Corridor (SDC) and Sarawak Corridor of Renewable Energy (SCORE).

It is noted that these initiatives will lead to increase inflow of foreign direct investment (FDI) into the country, via investments and the relocation of foreign companies. Domestic private investment is also expected to increase in the coming years in line with the incentives set out under the 10MP. These developments are expected to lead to the formation of commercial and industrial firms, and offering greater employment opportunities to the population of Malaysia. These new commercial and industrial firms will be potential customers to the electricity supply industry. The electricity supply industry in Malaysia is expected to experience growth in the coming years, as a direct result of economic growth within the country.

1.2.7.2 Government Commitment in Ensuring Reliable Electricity Supply to Consumers

The Government of Malaysia regulates and monitors the electricity supply industry via tariffs, policies and industry based regulations. All this is carried out with the aim of ensuring a steady and consistent supply of affordable electricity, which remains affordable to consumers.

In the 10MP, the Government has announced initiatives to improve the generation capacity and transmission of electricity. In improving the generation capacity of electricity, the Government is looking towards:

- Diversifying alternative fuel sources, particularly hydro and the importation of coal and liquefied natural gas (LNG) by 2015 to ensure stability in fuel supply
- To further explore investments in coal technology to reduce emission from this source of fuel
- To consider nuclear energy as a source of energy

The Government has further announced specific initiatives to increase electricity generation capacity in Malaysia. This includes:

- The commissioning of the Ulu Jelai and Hulu Terengganu hydroelectric plants with a combined capacity of 622 MW during the Plan period
- The commissioning of 2 gas fired power plants and 1 coal fired power plant in Sabah with a combined capacity of 700 MW
- The commissioning in stages of the Bakun Hydroelectric Project in Sarawak with a capacity of 2,000 MW

In addition, the Government has also approved a RM7 billion project to increase the capacity of TNB Janamanjung by 1,000 MW. The construction of this project began in July 2012 and is expected to be completed by 2015. The Government also opened bidding for a second power plant extension project, in which MMC Corporation Berhad was awarded the contract to undertake the construction and development of a 1,000 MW coal fired power plant to be situated adjoining the existing Tanjung Bin Plant. This plant is expected to be operational in the first quarter of 2016.

The expansion plans for the TNB Janamanjung Plant and the Tanjung Bin Plant is anticipated to fill the gap in electricity demand, especially after taking into consideration the fact that electricity generated from the Bakun dam will not be transmitted to Peninsular Malaysia by 2015, as initially planned.

Alongside increasing the generation capacity in Malaysia, the Government also intends to strengthen and expand transmission lines and improve reliability in the supply of electricity. The 10MP aims to implement new transmission projects, including new overhead lines in Peninsular Malaysia, from Bentong South to Kampung Pandan via Ampang East, from the Bakun Hydroelectric Project to Similajau in Sarawak and other similar transmission projects in Sabah. In order to minimize loss, reduce cost and increase reliability, the implementation of a Smart Grid system will be considered.

Frost & Sullivan notes that these initiatives by the Government will further serve to strengthen the performance and reliability of the electricity supply industry in Malaysia.

1.2.7.3 Stable Population Growth

Malaysia's population has been increasing steadily since the 1990s. Between 1990 and 2010, Malaysia's population grew from 18.1 million to 28.3 million at a growth rate of 56.5%. Residential consumers are the largest consumer base for electricity, constituting approximately 83% of total consumers by segment between 2005 and 2010. The residential consumer segment is expected to continue emerging as the largest consumer base demanding electricity in the coming years, in line with further population growth experienced by the country.

The preference of residential consumers, in particular for electric and electronic products is also expected to drive the electricity supply industry. Consumer electronics are largely charged by electricity and it has become a norm for households to own multiple consumer electronic products in the current technological age.

1.2.8 Product Substitution

The electricity supply industry in Malaysia supports a wide end user base. To date, there is no substitute for electricity. However it is noted that there are substitutes for the choice of fuel used to generate electricity. Fuel options range from fossil fuels (natural gas, LNG, diesel and coal) to renewable energy (hydro, biomass and nuclear).

The generated electricity is delivered to end consumers via an elaborate nationwide cable network, or transmission and distribution system. In Peninsular Malaysia, this system is known as the National Grid. Projects within the system design, engineering and infrastructure segment of the power transmission and distribution industry are executed by third party contractors. These contractors provide the services of design, procuring of construction materials and construction of the substations and transmission lines. These contractors also commission the project prior to handing it over to the customer.

Frost & Sullivan notes that there is no substitute for services provided by these contractors. This lack of product substitute reflects positively on the sustainability of the system design, engineering and infrastructure segment of the power transmission and distribution industry.

1.2.9 Supply Conditions and Dependencies

1.2.9.1 *Availability of Equipment*

Key equipment in the transmission and distribution of electricity typically comprises transformers, relay and communication panels, and high voltage switchgears. These equipment are largely manufactured by multinational companies and imported from foreign countries such as Japan and Europe. As investment in these equipment is often relatively large, the selection of equipment supplier is given great consideration. Frost & Sullivan also notes that TNB has identified its approved brands of equipment for use in electricity substations. Primary equipment such as transformers are imported, however secondary equipment such as relays, isolators, control and protection panels and remote terminal units can be sourced from local manufacturers / assemblers.

While some equipment is imported, contractors engaged to carry out system design, engineering and infrastructure projects are able to compete with multinational companies by locally assembling secondary equipment for use in their respective projects.

1.2.9.2 *Availability of Skilled Labour*

The design, engineering and construction of electricity substations require a specific level of skill and experience. Project principals such as TNB would seek to hire companies with proven track record to execute system design, engineering and infrastructure works.

Due to the high level of technicality of this field, contractors bidding for system design, engineering and infrastructure projects are expected to possess skills and experience in the following areas:

- Design, development and planning of indoor and outdoor substations
- Supply, delivery and erection of power transformers, protection and control systems, switchgears, ancillary equipment and associated civil works for transmission and distribution networks, transmission lines and substations

- Design, installation and supply of communication and protection and control systems; supervisory control and data acquisition (SCADA) system implementation projects
- Substation extension projects
- Various other turnkey projects

While the fundamentals of electricity transmission and distribution technology have remained constant over the years, skilled engineers and technicians are able to carry out improvements in order to enhance the performance of the system and optimize substation performance. Such skill can only be gained through hands on experience.

1.2.10 Reliance and Vulnerability to Imports

The system design, engineering and infrastructure segment of the power transmission and distribution industry is dependent on the imports of primary equipment such as transformers. These equipment are not available locally and sourced from established multinational companies in the power transmission and distribution industry. The corresponding software, which is used as a platform for the programming of primary equipment, is also typically sourced from equipment manufacturers which in this case are foreign multinational companies.

Frost & Sullivan notes that there is a certain level of reliance on imports for the sourcing of secondary equipment such as relays, isolators, and control and protection panels. However, these equipment could also be sourced from selected local manufacturers / assemblers.

The system design, engineering and infrastructure segment of the power transmission and distribution industry is not dependent on imports for services offered by third party engineering companies. Utility firms such as TNB engage third party engineering companies to carry out power transmission and distribution system design, engineering and infrastructure works. This is a service that can only be carried out locally at the construction site and therefore is not dependent on imports.

1.3 OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN CAMBODIA

1.3.1 Electricity Consumption and Growth Trends

Electricity in Cambodia is primarily generated by IPPs. In 2010, IPPs produced a total of 2,254 GWh or 91% of the total generated electricity in the country while consolidated licensees generated 41 GWh or 4.2%. Consolidated licenses are issued to isolated systems to grant applicants the right to generate, transmit, dispatch, distribute and sell electric power to consumers. The remaining 47 GWh or 4.8% of electricity was generated by Electricite du Cambodge (EDC). Cambodia's supply of electricity is generated by hydropower plants, diesel power plants, thermal power plants using coal, and thermal power plants using wood or other forms of biomass. In 2010, about 93% of the generated electricity originated from diesel and heavy fuel oil (HFO) power plants.

Although there are 13 operating IPPs in Cambodia, these plants are unable to generate sufficient electricity to meet demand. Cambodia imported approximately 70% of its total electricity needs from the neighboring countries in 2009. Cambodia is relatively dependent on imported electricity. Cambodia has established Government level cooperation with the Governments of Thailand and Vietnam for the purpose of importing electricity. Since November 2007, Thailand exports 115 kV of electricity to Cambodia's Banteay Meanchey, Battambang and Siem Reap provinces. Since April 2009, Vietnam exports 230 kV of electricity to Cambodia's Takeo, Phnom Penh, Kandal and Kampong Speu provinces.

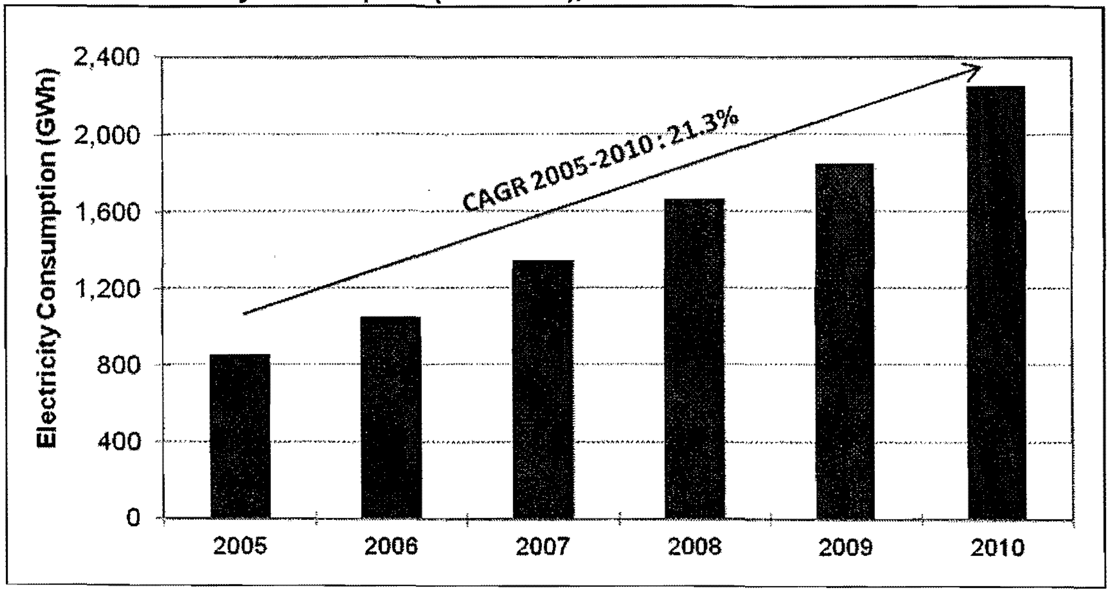
According to the World Bank, only 26% of Cambodia's 2.8 million households had access to electricity as at December 2010. Most of these households were located at urban areas, while 13% of the rural population had access to electricity. The Government of Cambodia has targeted to expand its rural electrification strategies with the goal of ensuring that all villages in the country would have access to electricity by the year 2020, including access to mini-grid and off-grid electricity, and 70% of households will have electricity by 2030. To this end, the World Bank is supporting 2 projects, namely the Rural Electrification and Transmission Project (RETP) and the Greater Mekong Sub-region Power Trade Project (GMSRPTP).

The country's electricity supply industry has experienced improvement since EDC became a wholly state owned company to generate, transmit and distribute electric power throughout Cambodia. Cambodia's consumption of electricity increased from 858 GWh in 2005 to 2,254 GWh in 2010 at a CAGR of 21.3% during that period. The growth rate of electricity consumption grew strongly between 2005 and 2008 in line with the nation's economic growth. In 2009, the growth rate of electricity consumption in Cambodia dipped as a consequent result of the global financial crisis in the previous year, which led to many residential, industrial and commercial consumers conserving on utility expenditure. Nevertheless, electricity consumption recovered with a strong growth of 21.6% in 2010.

Between 1995 and 2008, the per capita consumption of electricity increased from 10.46 kWh to 112.83 kWh at a growth of 978.7%. Growth in per capita total consumption of electricity reflects the growth trend of Cambodia's GDP per capita, which has been on an upward trend from 1995 to 2008. Cambodia's GDP per capita rose by 135.1%, from USD302 in 1995 to USD710 in 2008.

The capital city Phnom Penh is the primary consumer of electricity in Cambodia, constituting more than 67% of the total electricity consumption in 2008. As the capital city of Cambodia, this region consumed 667 GWh in 2005 and its consumption increased to 1,246 GWh in 2008. Phnom Penh emerged as the primary consumer of electricity as a result of its larger industrial and commercial consumer base and population compared to the other 15 regions. Phnom Penh city has a consumer base of 254,662 customers in 2008, almost 100,000 customers more compared to other towns and provincial towns during the same period.

Historical Electricity Consumption (Cambodia), 2005 – 2010



Year	Electricity Consumption (GWh)	Growth Rate (%)
2005	858	-
2006	1,057	23.2
2007	1,349	27.6
2008	1,664	23.4
2009	1,853	11.4
2010	2,254	21.6
CAGR 2005 – 2010		**21.3**

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.3.2 Industry Outlook

The consumption of electricity is a key driver for the electricity supply industry. In meeting the anticipated future growth in electricity consumption as a result of population and economic growth, the Government of Cambodia has planned for the increase in installed generation capacity and transmission capacity. The Government has announced its intention to strengthen the transmission system in Cambodia during the 2001 to 2020 period. Under its national targets, the Government aims to strengthen the transmission system in Cambodia by a factor of over 20 times from 120 km in 2001 to 2,582 km by 2020.

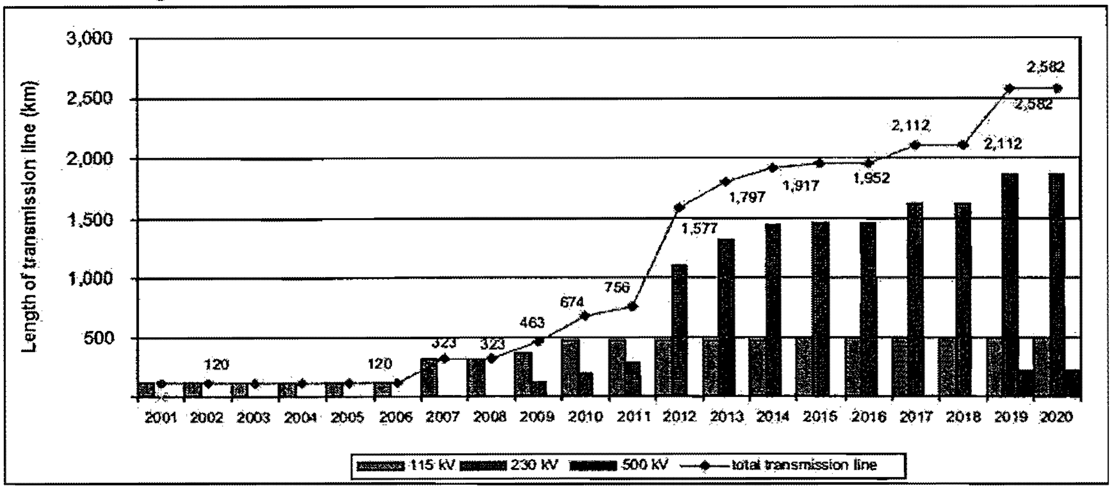
At the end of 2009, Cambodia had 4 operational high voltage lines:

- 115 kV line from the Kirirom 1 hydropower plant to Phnom Penh's distribution system, length 111.24 km
- 115 kV line surrounding Phnom Penh, length 82.71km
- 115 kV line from the border of Thailand to Banteay Meanchey – Siem Reap and Battambang, length 221 km
- 230 kV line from the border of Vietnam to Takeo and Phnom Penh, length 91 km

The Power Development Plan for the period of 2008 to 2021 outlines national strategies to be taken in the development of generation capacities, transmission capacities, and power trading with neighbouring countries. As a reflection of the nation's commitment in accelerating the development of rural electrification in Cambodia, the Government has set a two-step target in rural electrification, through Ministry of Industry, Mines and Energy (MIME). Firstly, the Government targets that all villages in Cambodia will have electricity supply by the year 2020. Secondly, the Government targets to have at least 70% of the total households supplied with grid quality electricity by 2030. According to the Electricity Authority of Cambodia (EAC), only the capital city of Phnom Penh was 100% electrified in 2009, compared to the 20% electrification rate in provinces such as Mondolkiri, Preah Vihear, and Ratanakiri. From the 13,898 villages in the 24 provinces in Cambodia, only 6,629 villages were electrified during the same period.

The Government of Cambodia aims to further reduce poverty in the country by improving the standards of living and fostering economic development in rural areas. This shall, in part, be possible through the Government's rural electrification policies and strategies.

National Targets in the Transmission Expansion Plan (Cambodia), 2001 – 2020



Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

In order to achieve these targets, the Government has established the Rural Electrification Fund (REF). The REF is anticipated to promote equitable rural electrification coverage by facilitating the population's access to electricity at affordable price for economic, social and households usage, thus contributing to poverty reduction, and to promote and encourage the private sector to participate in providing sustainable rural electrification services, in particular for the exploitation of the economic application of well proven, technically and commercially, new and renewable energy technologies (RET). The Royal Decree states that the mandate of REF shall last until REF achieves the goals outlined in the Government's policy on rural electrification.

The Government has carried out several initiatives over the years to develop the power sector in Cambodia. Among these initiatives include the extension of the supply grid to new areas and the strengthening and expansion of isolated supply systems. A major development is the erection of the double circuit 230 kV line from Vietnam to Phnom Penh, with the commissioning of grid substations at Takeo and Phnom Penh (GS4).

Government Driven Transmission Expansion Plans (Cambodia), 2010 - 2019

No	Transmission Expansion Plan	Distance (km)	Scheduled Operational Year
1	230 kV, Takeo - Kompot (construct substation in Kompot),	87	2011
2	115 kV, Steung Treng - Loa PDR (construct substation in Steung Treng)	56	2012
3	110 kV, Kampong Cham - Vietnam (construct 3 substations: Kampong Cham, Soung, Pongnearkreak)	68	2010

No	Transmission Expansion Plan	Distance (km)	Scheduled Operational Year
4	230 kV, Kampot - Sihanouk Ville (construct 2 substations: Vealrinh, Sihanouk Ville)	82	2011
5	230 kV, Phnom Penh - Kompong Chhnang - Pursat - Battambong (construct 3 substations: Kompong Chhnang, Pursat, Battambong)	310	2012
6	230 kV, Pursat - Osom (construct 1 substation in Osom Commune)	175	2012
7	230 kV, Kampong Cham – Kratie	110	2012
8	230 kV, Kratie – Stung Treng	126	2012
9	230 kV, Phnom Penh – Kampong Cham	110	2012
10	220 kV, Phnom Penh – Sihanoukville, along national road 4	220	2013
11	230 kV, East Phnom Penh – Neakleung – Svay Rieng (construct 2 substations: Neakleung, Svay Rieng)	120	2014
12	230 kV, Stung Tatay Hydro – Osom substation	15	2015
13	115 kV, West Phnom Penh – East Phnom Penh (construct substation GS4 at South Phnom Penh)	20	2015
14	230 kV, Reinforcement of transmission line on the existing pole, Phnom Penh – Kampong Cham (transmit power from Lower Sesan II + Lower Srepok II)	100	2017
15	230 kV, Stung Chay Areng - Osom substation	60	2017
16	230 kV, Kampong Cham - Kampong Thom - Siem Reap (construct 1 substation in Kampong Thom)	250	2019
17	500 kV, Loa PDR (Ban Sok) - Steung Treng – Vietnam (Tay Ninh) (construct substation in Steung Treng)	220	2019

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

To this end, the World Bank, Australian Government Overseas Aid Programme (AusAID), ADB and other development partners are coordinating their support towards bringing affordable power to rural households to foster economic growth. The focus of World Bank's support for rural electrification in Cambodia is to improve power sector efficiency and reliability, reduce electricity costs, improve standards of living, and enhance economic growth. This is being achieved by expanding rural electrification and other energy supplies, and strengthening electricity institutions while boosting the regulatory framework and the "enabling environment" for energy sector commercialization.

The World Bank and various other private sponsors have also committed to investing an approximate USD1.7 billion to further develop the electricity supply industry in Cambodia. The largest investment is intended for the construction of the 338 MW Orussei Hydroelectric Power Plant and its related infrastructure, which requires an investment of approximately USD558 million. In March 2011, the Government of Cambodia has further committed to investing USD500 million over the next 5 years for the development of power transmission lines to transport power from hydroelectric plants and other power plants to household consumers within the country.

With the measures to provide sufficient electricity to meet the anticipated increase in electricity demand in the long run, which includes the development of generation and transmission expansion plans, the continuous power trades with neighbouring countries, and also the implementation of provincial and rural electrification programs, the transmission and distribution infrastructure must likewise be sufficiently expanded. This will lead to substantial increases in transmission and distribution expenditure incurred by the Government. System design, engineering and infrastructure companies such as PESTECH are expected to benefit from the public and private investments for the electricity supply industry in Cambodia.

Selected Targeted Investments in the Electricity Supply Industry (Cambodia), 2010 – 2014

Project Description	Targeted Investment (USD million)
Rural Electrification and Transmission Project (RETP)	40.0
Greater Mekong Sub-region Power Trade Project (GMSRPTP)	18.5
Greenfield Project: North Phnom Penh - Kampong Power Transmission (110km)	106.5
Greenfield Project: Orussei Hydroelectric Power Plant (338 MW)	558.0
Greenfield Project: Stung Russey Chrum Krom Hydropower Plant (338 MW)	412.0
Greenfield Project: Stung Tatay Hydropower Plant (246 MW)	540.0
Total Investment	**1,675.0**

Note: List of projects is not exhaustive but captures major targeted investments in the electricity supply industry in Cambodia.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.4 OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN PAPUA NEW GUINEA (PNG)

1.4.1 Electricity Consumption and Growth Trends

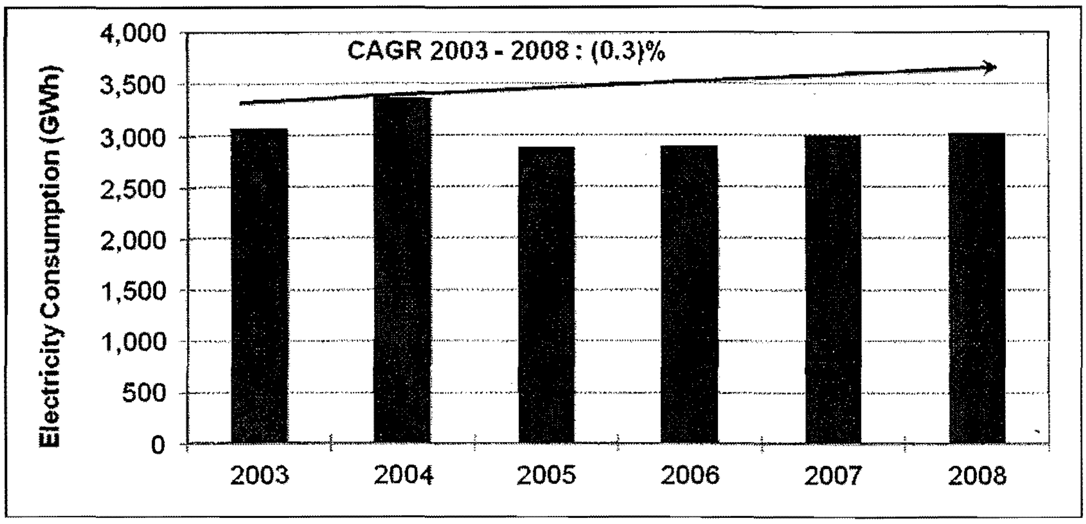
PNG presently does not have a national power grid backbone throughout the country, although there are two main electricity networks serving the Port Moresby and the Lae – Madang – Highlands areas respectively. PNG Power Limited (PPL) is the sole national state owned power utility responsible for the generation, transmission, distribution and retailing of electricity throughout PNG. PNG had a total of installed generation capacity of 580 MW in year 2006, sourced from hydropower (230 MW, or 39.7%), diesel (217 MW, or 37.4%), gas (82 MW or 14.1%) and geothermal (53 MW or 9.1%).

Presently, there are two main power grids in PNG, one located in Port Moresby and the other in the Lae – Madang – Highlands areas. The second grid is known as the Ramu Grid. There are also smaller grids servicing the smaller urban centers in PNG. Due to the unreliability of the power supply in these areas, there is considerable self-generation and back-up generation capacity in urban areas, resulting in high operational and maintenance cost.

The power sector in PNG is faced with challenges, including low investment in power infrastructure and high initial infrastructure costs to extend power to off-grid areas, such rural areas and smaller urban centers. Investments are required in electricity generation, and transmission and distribution at the Port Moresby and Ramu Grids. Apart from that, the supply of electricity in urban areas is often unreliable, limiting growth in smaller urban areas not connected to the main grids, and thus discouraging economic development. This has been a barrier to the industry as the cost of self generated electricity is high.

Between 2003 and 2008, the consumption of electricity in PNG contracted from 3,078 GWh to 3,026 GWh at a negative CAGR of 0.3% during this period. Electricity consumption peaked in 2004 before contracting in 2005 due to lower demand from a slower economy. The nation's electricity consumption subsequently depicted a positive growth rate between 2005 and 2008.

Historical Electricity Consumption (PNG), 2003 – 2008*



Year	Electricity Consumption (GWh)	Growth Rate (%)
2003	3,078	-
2004	3,363	9.3
2005	2,897	(13.9)
2006	2,907	0.3
2007	3,007	3.4
2008*	3,026	0.6
CAGR 2003 – 2008		(0.3)

** Latest available data*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.4.2 Industry Outlook

Although electricity consumption has slowed between 2005 and 2008, the Government has developed the Power Sector Development Plan (PSDP) together with ADB to strengthen and enhance the electricity supply industry in PNG. The PSDP aims to increase electrification rates in the country, and provide reliable electricity to the remaining 90% of the population which presently does not have access to power. The PDSP has been recognized by the Department of Petroleum and Energy (DPE) as the basis for future planning of the power sector in PNG. The PSDP includes:

- power demand analysis
- assessment of generation alternatives
- analysis of policy and regulatory framework
- barriers assessment
- preparation of pre-feasibility studies
- power sector operational program
- results dissemination.

PNG has significant indigenous energy sources such as hydropower, natural gas, geothermal, and solar with high potential of development. The electricity supply industry infrastructure requires upgrading to improve reliability, extension of grids to service the growing urban populations, and expansion of disaggregated generation to service the rural populations. Energy losses have continued to increase over the years, primarily because of outdated and poorly maintained transmission and distribution lines, and inadequate substation sizing.

The ADB Country Partnership Strategy of PNG 2011 – 2015 is aimed at providing support for the implementation of the Government's Development Strategic Plan, 2010 – 2030. The Country Partnership Strategy identifies ADB's continued efforts in the promotion of private sector development and good governance. ADB's operational strengths and focus will be on infrastructure, including transport and power development and management, regional cooperation and integration, access to finance, and environment, particularly climate change adaptation.

ADB will support the expansion of the power sector in provincial centers by developing least-cost hydropower projects and improving distribution systems. This is expected to significantly improve access to energy in the provinces. ADB will also explore options for financing least-cost generation options, primarily through technical assistance for Preparing the Power Sector Development Project. ADB will support the expansion of power generation capacity at PNG's two main grids to meet anticipated demand growth. The demand for electricity in PNG is expected to be driven by economic development in the Port Moresby associated with the proposed LNG project, and from the development of mining sector projects. ADB will build on recent technical assistance for the development of power sector planning capacity by providing technical support to the DPE for the implementation of the Electricity Industry Policy. As requested by the Government, technical assistance will also be provided to support sustainable development through the promotion of renewable energy, particularly in off-grid areas, and improved energy efficiency.

ADB has been a long advocate in supporting the development of the electricity supply industry in PNG through a series of technical assistance projects between 1970 and 2000, and has thus far processed four loans for hydropower and transmission projects. Between 2000 and 2005, ADB provided two technical assistance projects to assist in the development of the gas sector. In 2009, ADB completed a technical assistance for preparation of the national PSDP, which will provide strategic assistance to the power sector through preparation of the power demand forecast and least-cost supply development plan.

The recent 150 million kina (K) loan agreement signing between the Government of PNG and ADB in February 2011 was to kick start a Town Electrification Investment Program (TEIP). The signing also involved a Loan Agreement between PPL and the Government, in which PPL would be receiving funds for the implementation of the first phase of the TEIP. The TEIP, to be executed in 2 phases, will include the construction of 6 run – of – river hydro power plants, construction of transmission systems to connect provincial centers to generation sources, and capacity building within the power utility and communities.

Projects under the first phase, which is expected to be completed by end 2013, include

- Kimbe to ialla Interconnection - West New Britain Province
- Divune Hydropower Plant - Northern Province
- Ramazon Hydropower Plant - Autonomous Region of Bougainville

The beneficiaries of TEIP will include the current energy consumers in town centers particularly commercial, industry and domestic (including poor households) sectors, agro-industries including oil palm estates, and rural villages. The primary beneficiaries under phase 1 will include at least 50% of an estimated 3,273 unconnected households in the town of Popondetta, about 50% of estimated 1,187 unconnected households in the town of Kimbe, and an estimated 922 households in the Arawa and Buka towns. Presently consumers in these towns are experiencing regular rotating blackouts due to limited capacity. These consumers are expected to benefit from regular power supply after the project implementation.

The Government of PNG, PPL and ADB have collectively targeted to invest approximately USD254 million over the next 5 years in improving the generation, transportation and distribution infrastructure for the electricity supply industry in PNG, which will benefit system design, engineering and infrastructure companies such as PESTECH.

Selected Targeted Investments in the Electricity Supply Industry (PNG), 2010 – 2015

Project Description	Targeted Investment (USD million)
Town Electrification Investment Program (TEIP)	150.0
Improving Power Supply to Poor Communities	3.0
Power Grid Development Project	100.0
Promoting Renewable Energy in the Pacific	1.0
Total Investment	**254.0**

Note: List of projects is not exhaustive but captures major targeted investments in the electricity supply industry in PNG.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The PNG Government is working hand in hand with the ADB to address the issue of electricity supply availability and reliability in the country. TEIP (2011 – 2015), which was approved by ADB in late 2010, aims to improve electricity supply in urban areas, erect key transmission links along major corridors to boost connectivity outside main provincial locations, and provide financial funding to the Government in improving the quality and reliability of the electricity supply industry. The ADB estimates a total investment of USD150 million, of which USD57.3 million was approved in the form of loan to PNG Power Limited in February 2011. This loan will fund renewable energy efforts, including run-of-the-river hydropower plants and the erection of transmission systems in urban areas.

The Government believes that ADB's support will be crucial in creating an export driven economy, increasing rural development and reducing poverty within the country. The various power transmission and distribution projects under TEIP are expected to create demand for system design, engineering and infrastructure providers, enabling companies such as PESTECH which have experience in this area to contribute to the development of the electricity supply industry in PNG.

In addition to the USD150 million in TEIP, the Government of PNG and ADB have committed to investing approximately an additional USD204 million for the improvement of the electricity generation, transmission and distribution infrastructure in PNG, which will ultimately benefit system design, engineering and infrastructure companies such as PESTECH.

1.5 OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN THE STATE OF BRUNEI DARUSSALAM (BRUNEI DARUSSALAM)

1.5.1 Electricity Consumption and Growth Trends

The State of Brunei Darussalam (Brunei Darussalam) had an installed generation capacity of 888 MW in 2010, which is shared between Department of Electrical Services (DES) and Berakas Power Company Sdn Bhd (BPC). DES supplies electricity throughout the country, which is generated from its four power stations. These four power stations have a combined installed capacity of approximately 425 MW. BPC owns a total installed generation capacity of approximately 260 MW, generated from its three power stations. BPC is a state-owned utility firm and sells generated electricity to DES for eventual distribution to residential, commercial and industrial consumers.

Brunei Darussalam's electricity transmission network extends throughout the country, with approximately 99.7% of its population having access to electricity, while the remaining 0.3% of the population in remote communities is largely being electrified by generators. DES and BPC operate the three main electricity transmission networks in the country. This nation is dependent on gas turbine power plants for approximately 98% of its power needs and the remaining 2% of electricity is generated by diesel solely for the Temburong district.

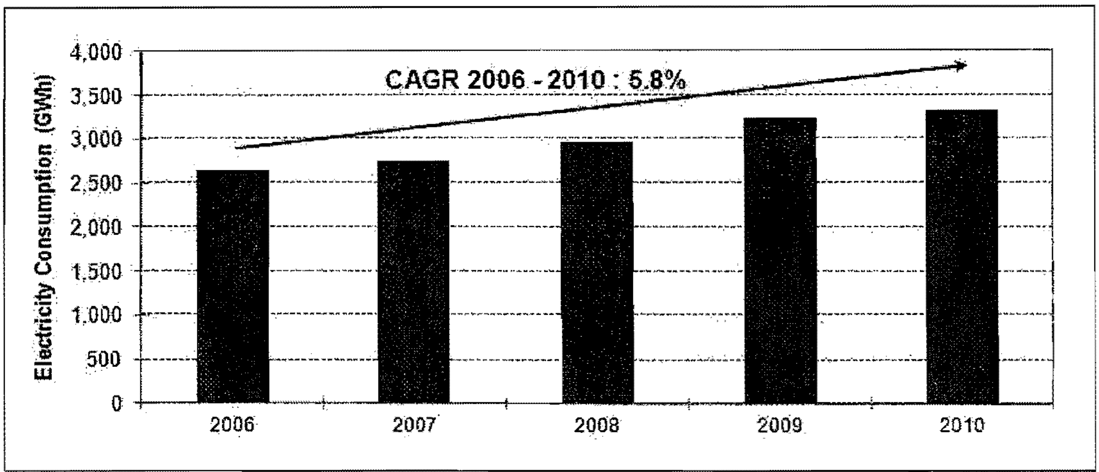
Electricity Transmission Networks (Brunei Darussalam), 2010

Network	Districts	Power Stations	Utility Owner / Operator
1	Brunei Muara, Tutong and Belait	• Gadong 1 • Gadong 2 • Lumut Co-generation Plant	DES
2	Temburong	• Belingus	DES
3	Selected addresses within Brunei Muara	• Gadong 3 • Jerudong • Berakas	BPC

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Brunei Darussalam's demand for electricity is driven by its expanding population and economic activities. The country's installed generation capacity increased from 2,948.2 GWh in 2006 to 3,611.5 GWh in 2010 at a CAGR of 5.2% during this period, while its electricity consumption depicted a similar trend, having increased from 2,655.8 GWh in 2006 to 3,327.6 GWh in 2010 at a CAGR of 5.8%. The nation's largest electricity consumer between 2006 and 2010 has consistently been the domestic lighting and power segment, which consumed 1,181.4 GWh or 35.5% of total consumed electricity in 2010.

Historical Electricity Consumption (Brunei Darussalam), 2006 – 2010



Year	Electricity Consumption (GWh)	Growth Rate (%)
2006	2,655.8	-
2007	2,757.9	3.8
2008	2,980.3	8.1
2009	3,243.0	8.8
2010	3,327.6	2.6
CAGR 2006 – 2010		**5.8**

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.5.2 Industry Outlook

The demand for electricity in Brunei Darussalam is expected to increase in line with the growth in the nation's population and economic development. Presently, the nation's electricity generation is presently dependent on fossil fuels. However the Government aims to diversify this by including other energy sources in the generation mix. The Government is considering solar, wind, hydropower, biomass and geothermal as sources of energy for power generation.

A national efficiency study is being prepared by the Government as part of Wawasan 2035 (Vision 2035) plan, the nation's long term national development plan.

Brunei Darussalam's National Development Plan (2007 – 2012) includes a plan to integrate the existing three main electricity transmission networks in the country by 2012 in forming a national grid. This plan also aims to further explore the potential of the Temburong Basin formation through the construction of a hydroelectric dam. In meeting the anticipated future increase in electricity consumption, the Government is considering the option to link its existing transmission grid to Sarawak's grid, which would enable the channelling of surplus electricity from the Bakun Hydroelectric Project to Brunei Darussalam's population. To this end, DES signed a Memorandum of Understanding (MoU) with SEB(based in Malaysia) in May 2009, to study the feasibility of expanding power generation capacity for Brunei Darussalam. This feasibility study was completed and handed over to Brunei Darussalam's Energy Minister in early 2010.

Details of this feasibility study include the proposal of developing an integrated Brunei Darussalam – Sabah – Sarawak regional grid connecting Sarawak to Brunei Darussalam and Sabah. SEB has proposed two phases of implementation for this grid linkage:

Proposed Brunei Darussalam – Sabah – Sarawak Regional Grid, 2010

Phase	Description
1	• 275 kV transmission line of 13 km connecting Tudan, Miri, Sarawak and Sungai Tujuh, Brunei Darussalam. • 18km transmission line connecting Sungai Tujuh to Kuala Beliat where a 275 kV / 66 kV substation will be erected. • 275 kV transmission backbone connecting Sungai Tujuh – Kuala Beliat – Spark – Bukit Panggal – Katok.
2	• Connection via Limbang, Sarawak, likely in conjunction with the proposed erection of the Limbang hydroelectric project which is targeted to be completed in 2015. • Electricity generated by this dam will be channelled to Brunei Darussalam via the town of Limau Manis, Sarawak.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The construction of a power transmission line beginning from Miri and extending to Brunei Darussalam could be completed in an estimated 18 months. With this grid connection, Sarawak has the potential of exporting 100 MW to Brunei Darussalam in 2012, an additional 50 MW in 2013 and a further 50 MW in the following years.

Additionally, the Government of Brunei Darussalam is promoting energy efficiency and energy conservation nationwide, across various economic sectors. In doing so, the Government is organizing public awareness campaigns and talks, publishing articles on energy efficiency and conservation and encouraging the energy labeling for air-conditioners. The Government also sees the need for building and enhancing human talent via conducting seminars and workshop on energy management, energy auditing and energy educational programs in schools.

The prospects for electricity transmission and distribution in Brunei Darussalam appear positive as the Government takes steps to ensure sufficient and reliable electricity for the country over the long term via the construction of the Brunei Darussalam – Sabah – Sarawak regional grid. The construction of this grid will serve to further benefit system design, engineering and infrastructure companies such as PESTECH.

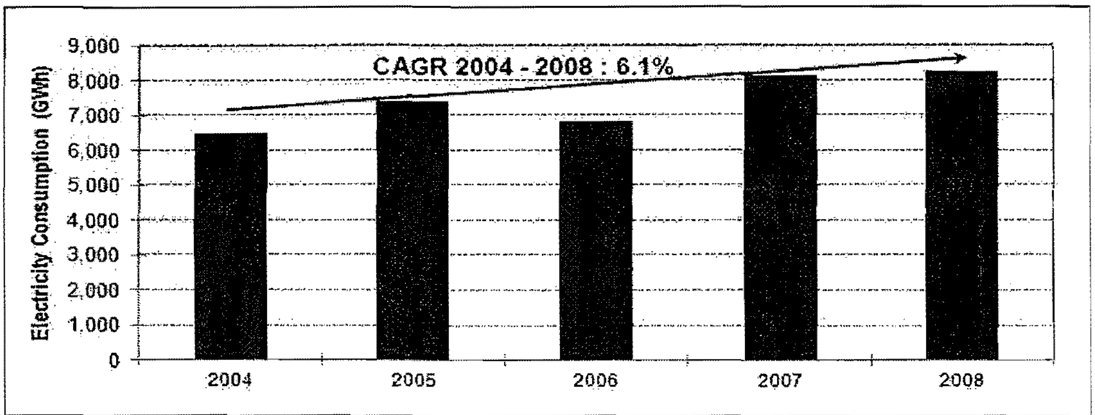
1.6 OVERVIEW OF THE ELECTRICITY SUPPLY INDUSTRY IN THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (SRI LANKA)

1.6.1 Electricity Consumption and Growth Trends

The Democratic Socialist Republic of Sri Lanka (Sri Lanka) electricity supply industry is regulated by the Public Utilities Commission of Sri Lanka. The state-owned Ceylon Electricity Board (CEB) has been mandated with the generation, transmission and distribution of electricity nationwide. CEB generates approximately 60% of the electricity in the country while the remaining 40% is generated by IPPs, with both utility firms depending largely on hydropower and petroleum fuels in generating electricity. Sri Lanka has also commissioned 87 non-conventional renewable energy (NCRE) projects to date, consisting of mini hydropower, biomass and solar power, which sell energy to the national grid and constitute approximately 185 MW of the total installed capacity nationwide. Sri Lanka had an estimated total installed generation capacity of 2,644 MW in 2008. The transmission system in Sri Lanka is wholly owned and operated by CEB while both CEB and Lanka Electricity Company (Private) Limited (LECO) are responsible for electricity distribution.

Electricity consumption in Sri Lanka increased from 6,523 GWh in 2004 to 8,272 GWh in 2008 at a CAGR of 6.1%. As at 2007, a total of 4.5 million domestic, industrial and commercial consumers have access to electricity, and the country had household electrification rates of approximately 77% in that year. The challenges for rural electrification include high capital investment and operational cost as well as difficulties in extending grid connected transmission lines to remote areas. In addressing this issue, the Government is looking towards the implementation of renewable energy options such as solar and small scale hydropower to promote medium term electricity generation.

Historical Electricity Consumption (Sri Lanka), 2004 – 2008*



Year	Electricity Consumption (GWh)	Growth Rate (%)
2004	6,523	-
2005	7,435	14.0
2006	6,862	(7.7)
2007	8,139	18.6
2008*	8,272	1.6
CAGR 2004 – 2008		6.1

** Latest available data*

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

1.6.2 Industry Outlook

Sri Lanka's national energy policy aims to ensure that the population of the country has access to basic energy needs and ensuring the security of energy, among others through the promotion of energy efficiency and energy conservation. The Government aims to ensure that 10% of electricity channelled to the national grid is generated through non-conventional renewable energy sources by 2015. The Government has also developed a 10-year development framework (2007 – 2016) which details the sustainable development of energy sources and its respective delivery systems at competitive pricing to the population. This framework promotes fuel diversity and its security through the investment in conventional and non-conventional renewable energy. Sri Lanka's Government has targeted to ensure that 98% of its households have access to electricity by 2016.

Key Issues, Strategies and Targets (Sri Lanka), 2007 and 2016

Issue	Strategy	Indicator	Status in 2007	Target for 2016
Access to electricity	Invest in grid extensions and off-grid energy systems.	Households electrified.	Grid: 75% Off-grid: 4%	Grid: 85% Off-grid: 10%
Fuel diversity and energy security in bulk power energy	Moratorium on oil/oil-related fuel burning power plants, diversification to coal and non-conventional renewable energy (NCRE).	Resource diversity, average production cost of electricity, share of indigenous energy for electricity production.	Hydro: 37.7% Oil: 58.2% NCRE: 4.1%	Hydro 19.9% Oil: 2.2% Coal: 67.3% NCRE: 10.7%
Renewable energy for electricity generation	Relieve grid constraints and arrange finances to accelerate NCRE development.	Share of NCRE on the grid, impact on average generation cost.	NCRE share: 4.1%	NCRE share: 10.7%
Transmission and distribution network development	Invest in transmission and distribution to ensure safety, quality and reliability of supply.	Compliance with reliability indices, optimum network losses. Statutory limits on quality of supply.	Widespread violations of reliability criteria.	Endeavour to reach international norms of reliability and supply quality.
Supply-side energy efficiency	Accelerate investments and management efforts to reduce technical and non-technical losses.	Technical loss in transmission, technical loss in distribution, non-technical losses.	Total T&D loss 16.7% of net generation.	Total T& D loss 12.0% of net generation.

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

In February 2011, Sri Lanka received a USD120 million loan from ADB for the expansion and improvement of the country's power network in anticipation for the future increase in electricity demand and to meet its household electrification rate of 98%. The Government will also invest an additional USD42 million in this project. Sri Lanka will also be receiving a technical assistance grant amounting to USD1.85 million from Japan's Asian Clean Energy Fund. This funding will be used to build transmission lines across the country, strengthen distribution networks in rural areas and to electrify 12,000 households in remote areas, and will be largely spent in provinces such as Eastern and Uva where electricity supply is unreliable and electrification rates are below the national average. The targeted completion date for this project is in April 2014.

Such improvements in the electricity generation, transmission and distribution infrastructure in Sri Lanka will benefit system design, engineering and infrastructure companies such as PESTECH.

1.7 OVERVIEW OF THE MINING INDUSTRY IN WEST AFRICA

1.7.1 Production and Growth Trends

Countries which fall under the West Africa region include Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo. These countries, with the exception of Mauritania are part of the Economic Community of West African States (ECOWAS), which was established in May 1975 to promote regional economic cooperation among member countries. Mauritania was previously part of ECOWAS, but since 2001 had withdrawn its membership to join the Arab Magreb Union.

Countries in West Africa are heavily dependent on the mining and minerals sector. According to World Bank, the mining and minerals sector accounts for approximately 54% of total exports and 25% of the GDP for this region.

In the past, civil unrest and unfavourable investment legislation have hampered exploration and mining activities on a commercial scale. However, nations in West Africa have begun achieving political stability in recent years and revised investment legislation to welcome foreign participation in the mining sector. Many large foreign companies have penetrated the mining industry in West Africa with exploration rights or concession for the mining of minerals. This includes companies such as Newmont Mining Corporation, Ashanti Goldfield Co. Ltd, Vale Limited, Rio Tinto Group, ArcelorMittal Group, Aluminium Corporation of China and BHP Billiton Group.

West Africa is rich with minerals such as bauxite, coal, diamond, gold, crude petroleum, and uranium. Between 2005 and 2008, the production of gold, bauxite, coal and diamond was on an upward trend, while production levels of minerals such as iron ore, crude petroleum, manganese, phosphate, uranium and steel depicted a fluctuating trend.

The production of gold increased from 133.1 metric tons to 157.4 metric tons between 2005 to 2008 owing to the opening of new mines as a result of the increasing global prices of this commodity between the same period. There are presently approximately 30 active gold mines in West Africa with capacities exceeding 18 metric tons a year. These gold mines are primarily located in Ghana and managed by mining companies such as Newmont Mining Corporation and Ashanti Goldfield Co. Ltd. Ghana is the largest producer of gold in West Africa and this country also has the largest amount of gold reserves in the region amounting to 1,400 metric tons in 2010. Ghana's gold reserves dipped in 2010 as a subsequent result of the opening of new gold mines in the country since 2007. Other major gold producers are Mali and Guinea.

Countries such as Guinea, Sierra Leone and Ghana are also bauxite rich. Between 2005 and 2008, the production of bauxite in these countries increased from 15.9 million metric tons to 18.9 million metric tons. Bauxite is an aluminium ore and the increasing global demand for aluminium during this period has led to increased production levels of bauxite. Compagnie des Bauxites de Guinée and Compagnie des Bauxites de Kindia increased production in their mines between these years to meet global demand. In 2008, Guinea's production of bauxite contributed to 91.0% of West Africa's total bauxite production. Guinea still sits on large volumes of untapped bauxite reserves. In 2010, the nation reported bauxite reserves amounting to 7.4 billion metric tons.

While the production of coal has exhibited a positive growth trend between 2005 and 2008, its potential has yet to be fully tapped. To date, Nigeria is the only country in West Africa to have discovered and ventured into coal mining on a commercial scale. In Nigeria, coal is primarily mined for power generation as the Government diversifies its dependence on petroleum and gas for this purpose. Additionally, Nigeria is also the largest producer of petroleum in West Africa, having produced 768.8 million barrels of oil or 97.2% of West Africa's total production of oil in 2008. Nigeria's petroleum reserves are centered around the Niger Delta Basin in the Niger Delta.

Regional Production of Selected Minerals (West Africa), 2005 – 2008*

Mineral	Unit	2005	2006	2007	2008*
Bauxite	Thousand metric tons	15,926	18,870	18,017	18,892
Coal	Thousand metric tons	192	186	1529	683
Diamond	Thousand carats	2,592	2,357	2,253	4,482
Gold	Kilograms	133,141	142,550	144,044	157,400
Lead	Thousand metric tons	3	3	17,500	0
Manganese	Thousand metric tons	600	560	410	76
Crude petroleum	Thousand barrels	940,264	836,238	820,727	790,800
Phosphate rock	Thousand metric tons	2,476	1,652	1,443	1,489
Uranium	Thousand metric tons	3,647	4,049	3,718	3,575
Zinc	Thousand metric tons	0	0	8,700	0
Iron Ore	Thousand metric tons	11,000	11,155	11,910	10,950

* Latest available data

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

Annual Production of Selected Minerals (West Africa), 2008*

Mineral	Unit	Country	Production
Gold	Kilograms	Benin	20
		Burkina Faso	7,633
		Cote d'Ivoire	4,205
		Ghana	80,503
		Guinea	19,945
		Liberia	624
		Mali	41,160
		Niger	2,314
		Nigeria	200
		Senegal	600
		Sierra Leone	196
		Total	**157,400**
Bauxite	Thousand metric tons	Ghana	738
		Guinea	17,200
		Sierra Leone	954
		Total	**18,892**
Crude Petroleum	Thousand barrels	Cote d'Ivoire	22,000
		Nigeria	768,800
		Total	**790,800**

* Latest available data

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The economies of Liberia, Sierra Leone, Guinea and Cote d'Ivoire particularly are highly dependent on the mining and minerals sectors. Collectively these 3 countries form the Mano River Union (MRU) countries. The MRU region is rich with significant geological resources including key commodities such as iron ore, bauxite, gold and diamond. Additionally Sierra Leone has heavy minerals and platinum group mineral deposits within its borders.

Revenue gained from the mining and export of bauxite has contributed to an estimated 20.0% of Guinea's GDP in recent years. Sierra Leone's export earning from bauxite and rutile was approximately 29.0% and 22.5% of the nation's annual mineral and total export earnings. The minerals and mining sector also provides ample employment opportunities for the local workforce and this contributes to lowering poverty in the region.

To date, infrastructure development for the mining industry in the MRU region has been slow and is insufficient to meet the increasing needs of mining companies and other users. With the exception of dedicated rail lines and ports constructed by individual companies, infrastructure in potential mining areas have yet to be fully developed. This shortage of infrastructure includes electricity supply infrastructure, where in many cases, electricity substations and transmission lines are erected to supply electricity to power mining operations. This infrastructure is typically erected by mining companies at their respective sites.

1.7.2 Industry Outlook

The outlook for the mining industry in West Africa is closely tied to the level of mineral reserves in the region. Reserves are mineral deposits that are valuable, and economically and technically feasible for commercial scale extraction. West Africa has high reserves for gold, bauxite and crude petroleum. In 2010, the region had an estimated 1,400 metric tons of gold, 7.4 billion metric tons of bauxite and 37.2 million barrels of petroleum in reserves with the potential to be mined on a commercial scale. It is anticipated that these high volumes of reserves will boost future mining activities in the region. Mining activities in West Africa are also expected to be led by multinational mining companies with presence in the region. Further growth in the minerals and mining industry will lead to growth in the electricity supply industry as power infrastructure is erected to support mining operations.

Annual Reserves of Selected Minerals (West Africa), 2007 – 2010

Mineral	Unit	Country	2007	2008	2009	2010
Gold	Metric tons	Ghana	1,600	1,600	1,600	1,400
Bauxite	Thousand metric tons	Guinea	7,400,000	7,400,000	7,400,000	7,400,000
Crude petroleum	Thousand barrels	Nigeria	36,220	36,220	36,220	37,200

Source: Extracted from the Independent Market Research Report prepared by Frost & Sullivan

The World Bank carried out an environmental and social strategic assessment for the development of the minerals sector in MRU countries. Findings from the assessment were published in the West Africa Mineral Sector Strategic Assessment (WAMSSA) in 2010. WAMSSA's objectives included:

- Identifying regional policies, institutional and regulatory policies required to integrate social and environmental considerations in developing the minerals sector
- Propose recommendations to promote environmental and social benefits from the development of the mining sector through regional infrastructure building and economic diversification

Upon completion of the assessment, various national and regional mineral clusters were identified, which would benefit from the development of infrastructure for the mining sector. Several mineral sector projects as part of national development plans in order to eradicate poverty in the region were also identified. Additionally key issues for this sector were also addressed in reducing deforestation, loss of biodiversity, water pollution and land degradation caused by the mining sector, and well as increasing the reclamation of mining land.

The commodity prospects for iron and bauxite are promising as key minerals to be further pursued for mining on a commercial scale. West Africa is rich with high quality iron ore deposits. Coupled with high global iron prices, iron ore should be mined on a commercial scale, and with the development of additional infrastructure, further downstream processing of this mineral can be explored. The prospects for bauxite are closely related to the demand for aluminium. Long term prospects for bauxite appear positive as global demand for aluminium is expected to increase in the medium to long term. Gold is also a key mineral to this region and is a strong investment commodity especially in times of financial downturn. Therefore investments in gold mining appear promising. The minerals and mining sector has potential to be a key economic driver for the region and a driver for infrastructure development in the electricity supply industry as its diverse mineral wealth is beginning to be realized.

1.8 FUTURE OUTLOOK AND PROSPECTS FOR PESTECH INTERNATIONAL BERHAD

1.8.1 Malaysia

The consumption of electricity is a key driver for the electricity supply industry. Electricity consumption is projected to grow from an estimated 101,496 GWh in 2011 to 119,086 GWh in 2015 at a CAGR of 4.1%. Further developments in the electricity supply industry are necessary in meeting this anticipated increase in electricity consumption. The industry can develop further by increasing its current electricity installed generation capacity and strengthening the nationwide transmission and distribution network.

As the Government strives to transform Malaysia into high income economy, further infrastructure development is necessary to support the nation's development. Further infrastructure development in the electricity supply industry is vital in attracting new investments in addition to encouraging existing industries to expand into value-added activities. Under the 10MP, the Government has announced its intention to further reform and grow the electricity supply industry by introducing the New Energy Policy (2011 – 2015).

The Government announced its intention to bring reforms to the electricity supply industry in 10MP with the aim of ensuring continuous security of electricity supply within the country. The 10MP highlights several efforts to create a sustainable industry despite volatile global energy pricing and depleting gas resources especially in Peninsular Malaysia. The New Energy Policy (2011 – 2015) was introduced in the 10MP, and it targets to:

- Increase and diversify generation capacity
- Strengthen transmission and distribution networks
- Improve customer service delivery
- Restructure the electricity supply industry

The 10MP aims to implement new transmission projects, including new overhead lines in Peninsular Malaysia, from Bentong South to Kampung Pandan via Ampang East, from the Bakun Hydroelectric Project to Similajau in Sarawak and other similar transmission projects in Sabah. In order to minimize loss, reduce cost and increase reliability, the implementation of a Smart Grid system will be considered.

The Government has outlined plans for the strengthening and expansion of the transmission and distribution network in the country in minimizing loss, reducing cost and increasing the reliability of electricity. To this end, the Government also intends to increase and diversify the generation capacity domestically. These initiatives are expected to create a demand for the services of companies specializing in system design, engineering and infrastructure of the power transmission and distribution works. Companies such as PESTECH are expected to benefit from these investments by the Government of Malaysia.

1.8.2 Cambodia

Cambodia has emerged as a fast developing nation since the 1990s and as the country experiences high economic growth rates, there is a need for the country to meet the growing demand for electricity. While the nation's power facilities have significantly improved since the civil unrest period with aid from international bodies and foreign funded private sector projects, there is still much room for improvement within the electricity supply industry in meeting electricity demand and improving the standards of living within the country. The Government has announced its intention to strengthen the transmission system in Cambodia during the 2001 to 2020 period, by a factor of over 20 times from 120 km in 2001 to 2,582 km by 2020.

The RETP, launched by the Government of Cambodia with the support of World Bank, aims to deliver affordable, reliable, and clean power to the population. In doing so, the Government hopes to raise the standards of living in the country while enhancing rural economic growth. To this end, the Government also intends to reduce poverty via providing electricity to rural areas in Cambodia. The Government of Cambodia has established specific goals to be achieved in the next 2 decades. The first goal is to ensure that all villages have access to electricity by 2020 and that 70% of households will have electricity by 2030.

To date the success of RETP has resulted in

- 23km of 115 kV high voltage transmission lines have been erected in and around capital city Phnom Penh in meeting additional demand and improving the quality and reliability of electricity supply
- The upgrading of 3 substations which have been operational since August 2009
- 560km of medium voltage and 278 km of low voltage lines have been erected to supply electricity to rural Cambodia
- Approximately 30,400 new households from a total of 50,000 identified households under the on-grid project have electricity
- Approximately 268 Rural Electrification Enterprises (REE) have been given licenses to operate and expand off-grid connections throughout Cambodia

These achievements emphasize the commitment by the Government in improving the standards and quality of the electricity supply industry in Cambodia. In addition to the targeted USD1.7 billion of private investments between 2010 and 2014 intended for improving generation, transmission and distribution industry in Cambodia, the Government has also announced its intention to invest USD500 million over the next 5 years to further develop the power distribution network in the country. Further developments in improving the electricity transmission and distribution network in the country are expected to create a demand for qualified companies offering system and design services such as PESTECH, which have a track record in executing similar projects.

1.8.3 Papua New Guinea (PNG)

A large percentage of the rural population in PNG does not have access to electricity. In areas where electricity is available, the supply is often unreliable. The DPE has been tasked to draft the Electricity Industry Policy. The national Government owned PPL presently undertakes infrastructure planning and investment for the power sector.

The PNG Government is working hand in hand with the ADB to address the issue of the availability and reliability of electricity supply in the country. TEIP (2011 – 2015) was approved by ADB in late 2010 with the goal of improving electricity supply in urban areas, erecting key transmission links along major corridors to boost connectivity outside main provincial locations, and providing financial funding to the Government in improving the quality and reliability of the electricity supply industry. The ADB estimates a total investment of USD150 million, of which USD57.3 million was approved in the form of loan to PPL in February 2011. This loan will fund renewable energy efforts, including run-of-the-river hydropower plants and the erection of transmission systems in urban areas.

The Government believes that ADB's support will be crucial in creating an export driven economy, increasing rural development and reducing poverty within the country. The various power transmission and distribution projects under TEIP are expected to create demand for system design, engineering and infrastructure providers, enabling companies such as PESTECH which have experience in this area to contribute to the development of the electricity supply industry in PNG.

In addition to the USD150 million in TEIP, the Government of PNG and ADB have committed to investing approximately an additional USD204 million for the improvement of the electricity generation, transmission and distribution infrastructure in PNG, which will ultimately benefit system design, engineering and infrastructure companies such as PESTECH.

1.8.4 West Africa

The prospects of the electricity supply industry in West Africa will be driven by the developments in its mining industry and overall electrification initiatives by the various Governments in this region. The minerals and mining industry is an important pillar of the economies in West Africa. The various Governments in this region have plans to further improve related infrastructure to boost foreign investment in the minerals and mining industry. This includes improving transportation infrastructure, including roads, rail and sea ports, and availability and reliability of electricity and energy.

The outlook for the mining industry in West Africa is closely tied to the level of mineral reserves in the region. Reserves are mineral deposits that are valuable, and economically and technically feasible for commercial scale extraction. West Africa has high reserves for gold, bauxite and crude petroleum. In 2010, the region had an estimated 1,400 metric tons of gold, 7.4 billion metric tons of bauxite and 37.2 million barrels of petroleum in reserves with the potential to be mined on a commercial scale. It is anticipated that these high volumes of reserves will boost future mining activities in the region. Mining activities in West Africa are also expected to be led by multinational mining companies with presence in the region. Further growth in the minerals and mining industry will lead to growth in the electricity supply industry as power infrastructure is erected to support mining operations.

Presently, less than 10% of the population in MRU countries have access to reliable electricity. There is also very limited grid infrastructure in this region. Electricity access is largely only available in mining sites or municipal areas. Power facilities at mining sites are typically constructed by mining companies operating at their respective sites. The electricity supply to rural areas in West Africa is limited.

To address the issue to power supply, World Bank and the respective Governments have plans to:

- Install 3 units of 7.56 MW diesel generating units at Blackhall Road, Sierra Leone to generate 22.68 MW of electricity
- Construct the King Tom Generating Station, a thermal plant with 10 MW capacity
- Increase the generation capacity of the Bumbuna Hydroelectric Project from an initial 20 MW to 50 MW to provide electricity to the main hospital, prison and Government agencies in Sierra Leone

Additionally, there are plans to create a regional West African Electricity Exchanges (WAEE), an effort to integrate national power systems operations into a unified regional electricity market. This power pooling mechanism will include Cote d'Ivoire, Liberia, Sierra Leone and Guinea. The plans to increase electricity under WAEE will include:

- Rehabilitating the Mount Coffee Hydropower facility which experienced damages during the civil unrest
- Develop several run-of-the river hydropower opportunities along the St Paul River in Liberia
- Studying thermal supply options available to mining operators in Liberia
- Studying supply options from renewable sources

Efforts at improving power generation are expected to result in a similar improvement in the transmission and distribution network. As the generation capacity and reliability of electricity supply improves in mining sites, it is anticipated that the respective Governments will plan to channel excess capacity to nearby towns enabling its households to have access to electricity. System design, engineering and infrastructure companies such as PESTECH will be able to contribute to the expansion of the power transmission and distribution in the respective countries in meeting the respective national agendas of providing the population with access to electricity.

[The rest of this page is intentionally left blank]

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

7.1.1 Promoters and substantial shareholders' shareholdings

The details of our promoters and substantial shareholders and their shareholdings in our Company before (based on the Register of Members and Register of Substantial Shareholders as at the LPD) and after the IPO are as follows:-

		Before the IPO				After the IPO			
		<----------Direct---------->		<-----------Indirect---------->		<-----------Direct------------>		<-----------Indirect--------->	
Promoters and substantial shareholders	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Ah Hock	Malaysian	41,924,800	57.43	-	-	36,700,800	42.73	-	-
Paul Lim	Malaysian	26,997,700	36.98	-	-	23,633,700	27.52	-	-
Promoter									
Lim Pay Chin	Malaysian	157,900	0.22	-	-	793,100*	0.92	-	-

Note:-

* *Assuming all pink form share allocation is fully taken up.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

7.1.2 Profile of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders, who are also our directors and key management, are set out in Section 7.2.2 and Section 7.4.2 of this Prospectus.

The following is the profile of our Company's Promoter who is not our director or key management:-

Lim Pay Chin, aged 39, obtained his Bachelor's Degree in Engineering, majoring in Mechanical and Production from Nanyang Technology University of Singapore in 1994. He started his working career in 1995 as a Design Engineer with Yamada Dobby Pte Lte in Singapore. Subsequently in 1997, he was promoted to Assistant Marketing Manager for the company's representative office in Malaysia for two (2) years. In 1999, he then joined IC Equipment Pte Ltd in Singapore as a Sales and Service Engineer. The following year, he returned to Malaysia to join Xcell as a Sales and Marketing Manager. In 2003, he was appointed as Sales and Marketing Manager for our Group. Presently, he is our Senior Manager of Sales and Marketing Department and is responsible in overseeing and developing the market, business and sales strategic planning for our Group.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

7.1.3 Changes in our Promoters' and substantial shareholders' shareholdings

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation to the LPD are as follows:-

	As at 10 June 2011 (Date of incorporation)				As at the LPD			
	<-------------Direct------------->		<-------------Indirect-------------->		<-------------Direct-------------->		<------------Indirect------------>	
	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%	No. Of Shares	%
Promoters and substantial shareholders								
Lim Ah Hock	-	-	-	-	41,924,800	57.43	-	-
Paul Lim	-	-	-	-	26,997,700	36.98	-	-
Promoter								
Lim Pay Chin	-	-	-	-	157,900	0.22	-	-

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

7.2 DIRECTORS

7.2.1 Our Board comprises the following members:-

Name	Age	Nationality	Date of Appointment	Designation
Lim Ah Hock	60	Malaysian	18 August 2011	Executive Chairman
Paul Lim	42	Malaysian	18 August 2011	Executive Director / CEO
Detlef Raddatz	51	Australian	22 February 2012	Non-Independent Non-Executive Director
Tan Puay Seng	60	Malaysian	22 February 2012	Independent Non-Executive Director
Ibrahim Bin Talib	64	Malaysian	22 February 2012	Independent Non-Executive Director

7.2.2 Profiles

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

Lim Ah Hock, aged 60, is our Executive Chairman. He was appointed to our Board on 18 August 2011.

In 1978, he graduated from the University of Strathclyde in Glasgow, United Kingdom with a Bachelor of Science degree majoring in Mechanical Engineering (First Class Honours). He is a member of the Institute of Engineers, Malaysia since 1981.

He began his career in 1979 as a Lecturer in Ngee Ann Technical College in Singapore (renamed to Ngee Ann Polytechnic in 1982) lecturing in thermodynamics and fluid mechanics. In 1980, he joined Mechmar Kejuruteraan Sdn Bhd ("Mechmar") as a Service Engineer where he managed the service division and was involved in the provision of after-sales service and major boiler repairs. He was also responsible for the sales of pressure vessels in the southern part of Malaysia as well as obtaining approval for major boiler repairs from the Factory and Machinery Department of Malaysia. Subsequently, he left Mechmar in 1984 and joined Sing Mah Pressure Vessels Co. as a Branch Manager during the period of 1984 to 1989 where he was in charge of the southern branch's overall sales to the oil palm, refinery, food and timber industries as well as other existing industries in Southern Peninsular, Sabah and Sarawak. In 1989, he became a Director of VESTECH Engineering Sdn Bhd, a position he holds until today.

In 1991, he set up PSB in Johor Bahru. To-date, his present responsibilities in our Group include charting major corporate development plans, steering macro business growth direction together with the stewardship of our CEO, monitor the overall financial wellbeing and activities of our Group which includes providing management guidance and direction to our staff.

Paul Lim, aged 42, is our Executive Director and CEO. He was appointed to our Board on 18 August 2011.

He graduated from the University of Mississippi, USA with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) in 1993. Subsequently, he obtained his Master of Engineering (Electrical) from Cornell University, USA in 1994. He is currently registered as a Corporate Member of the Institute of Engineers Malaysia and a Professional Engineer with the Board of Engineers Malaysia since 2007 in the field of electrical engineering. Since 2011, he is also a certified Project Management Professional® with the Project Management Institute, a global professional association that certifies project management expertise which is based in the US with regional office worldwide.

In 1994, he began his career with Motorola Malaysia Sdn Bhd as a Product Engineer. He then joined Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) in 1995 as a Project Engineer, where he was promoted to Project Manager in 1997, and subsequently promoted to Assistant GM in 1998, a position held for two (2) years. In 2000, he joined our Group as a GM and was promoted to CEO in 2008.

He has been playing an instrumental role in the growth and development of our business from a small player primarily involved in trading, to an established home-grown integrated electric power technology company in the power transmission and distribution business with operations locally and abroad. In particular, he has led our Group in establishing our presence in Brunei, PNG, Cambodia and Sri Lanka, and continues to actively seek new business ventures in both local and overseas markets. In addition, under his leadership, we were one of the recipients of Enterprise 50 Award for the years 2009, 2010 and 2011 by SME Corp and Deloitte Consulting (M) Sdn Bhd. He is pivotal in establishing product development and engineering know-how in our Group to be competent in handling design in the field of tele-communication, SCADA, protection and control, primary system design, transmission line and underground cable construction.

In 2010, he was awarded with the Outstanding Entrepreneurship Award 2010 by Enterprise Asia, for his dedication and leadership in guiding our Group to being an important player in the power transmission and distribution business locally and abroad. He also sits on the board of directors of private limited companies.

Detlef Raddatz, aged 51, is our Non-Independent Non-Executive Director. He was appointed to our Board on 22 February 2012.

He graduated with a Bachelor of Engineering (Honours) majoring in Power Electronics from Technical University, Heilbronn Germany in 1988. He also has technical trade certificate which certifies him a professional degree as Telecommunication Technician which was obtained in 1979 from Deutsche Telekom AG with several years of work experience in the telecommunications sector. He is a member of the Institute of Electrical and Electronics Engineer Power & Energy Society since 2010. Currently, he is the Managing Director of SystemCORP Embedded Technology Pty Ltd in Australia.

In 1988, he started his career as an Embedded Design Engineer with the Technical Transfer Center Heilbronn of the Frauenhofer Institute in Germany, responsible for consulting small electronic companies regarding new product design and commercialisation. After two (2) years with Technical Transfer Center, he then joined Westronic Limited in Perth, Australia as a software and hardware engineer from 1991 to 1993. After Westronic Limited was acquired by Harris Controls Limited in 1993, he then joined Harris Controls Limited in 1993 as Marketing Support and Customer Services Manager, responsible for providing technical solutions to the marketing and sales department during the tender process, maintaining customer relationship and after-sales services through presentation, site-visits and official visits. In the same year, he was subsequently promoted as System Engineering Manager of Harris Controls Limited. As a System Engineering Manager, a position he held for two (2) years, his roles and responsibilities relates to the management of the engineering group, executing substation automation and control projects worth up to AUD25 million.

In 1995, he established SystemCORP Pty Ltd with the aim of providing substation control and automation products and services in the Australian and Asian markets. Under his stewardship, SystemCORP Pty Ltd has successfully amongst others, executed substation controls projects in the region such as Malaysia, Taiwan, Singapore, Thailand and North Korea in partnership with multinational companies such as Siemens and ABB. In 2000, SystemCORP Pty Ltd was acquired by Microsol Limited, Ireland. He remained Managing Director until 2003. In 2003, he established a new company under the previous name of SystemCORP Pty Ltd, which now focuses on software and hardware product design for the electrical power utility industry. SystemCORP Pty Ltd then expanded its activities to become an Original Equipment Manufacturer in the emerging SMART GRID market. Substation control and new communication products were added progressively until 2010.

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

In 2010, he restructured SystemCORP Pty Ltd to the new name of SystemCORP Embedded Technology Pty Ltd to focus even more on the SMART GRID market, concentrating on developing SystemCORP Embedded Technology Pty Ltd into a leading software solution provider for SMART GRID applications.

Tan Puay Seng, aged 60, is our Independent Non-Executive Director. He was appointed to our Board on 22 February 2012.

He graduated from Nanyang University in Singapore with a Bachelor of Commerce in 1975. He was attached with Kershen, Fairfax & Co, a five (5) partners firm of Chartered Accountants based in London in 1977 and qualified as an accountant in 1982. After returning from London in 1984, he joined Tan Toh Hua & Partners as Audit Senior for a short period before moving on to Ong Boon Bah & Co. as a Branch Manager where he was responsible for the management and control of branch day to day operation covering clients in Melaka and Johor. He is a fellow member of the Association of Chartered Certified Accountants' since 1988 and a member of the Malaysian Institute of Accountants since 1984. He has been involved in professional accounting practice for over 25 years and is currently practising as a Chartered Accountant based in Melaka in an audit firm set up by him since 1986.

Ibrahim Bin Talib, aged 64, is our Independent Non-Executive Director. He was appointed to our Board on 22 February 2012.

He graduated from Brighton University (formerly known as Brighton College of Technology) in Sussex, England with a Bachelor of Science (Honours) in Electrical Engineering in 1972. He is a member of the Institution of Engineers Malaysia since 1978, Board of Engineers Malaysia since 1979 and Council of Engineering Institution of England since 1980.

He has been involved for over 30 years in the power supply industry with Lembaga Letrik Nasional ("LLN") (presently known as TNB). He started his career in the industry as a pupil engineer with TNB from 1972 to 1974. Subsequently, he rose through the ranks throughout his career in TNB and held his last position as the Head of Transmission Project under the Project Services Division of TNB in 2003 before retiring in 2004. During his tenure with TNB, he has worked with a number of divisions within TNB amongst others, engineering and design, procurement and contracts, tender and design, distribution of projects and head of district offices in Seremban and Melaka.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.2.3 Directors' shareholdings

The direct and indirect shareholdings of our Directors before (based on the Register of Directors' Shareholdings as at the LPD) and after the IPO are as follows:-

		Before the IPO				After the IPO			
		Direct		Indirect		Direct		Indirect	
Directors	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Ah Hock	Malaysian	41,924,800	57.43	-	-	36,700,800	42.73	-	-
Paul Lim	Malaysian	26,997,700	36.98	-	-	23,633,700	27.52	-	-
Detlef Raddatz	Australian	-	-	-	-	-	-	-	-
Tan Puay Seng	Malaysian	-	-	-	-	100,000*	0.12	-	-
Ibrahim Bin Talib	Malaysian	2,131,600	2.92	-	-	2,131,600	2.48	-	-

Note:-

* *Assuming all pink form share allocations are fully taken up.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

7.2.4 Principal business activities and directorships in other corporations for the past five (5) years

Save as disclosed below, none of our Directors have any principal business activities and directorship in any other corporations for the past five (5) years preceding the LPD:-

Directors	Company	Position Held	Date Resigned	Principal Activities
Lim Ah Hock	G-Performance Auto House Sdn Bhd	Substantial shareholder	21.10.2011	Provision of repair and maintenance services of motor vehicles and sales of auto parts and accessories
	Tuneacademy Dot Com Sdn Bhd	Substantial shareholder	21.10.2011	Dormant
	Fornix Capital Sdn Bhd	Director / Substantial shareholder	-	Investment holding
	G-Origins Sdn Bhd	Substantial shareholder	21.10.2011	Supply of agriculture products
	3E Tech Pty Ltd	Substantial shareholder	21.10.2011	Project management advisory
	Merit Power Engineering Ltd	-	19.03.2012	General trading and engineering consultancy
	VESTECH Engineering Sdn Bhd	Director / Substantial shareholder	-	Manufacture of pressure vessel, heat exchanger and general engineering fabrication
	Batu Sawar Sdn Bhd	Director / Substantial shareholder	-	Investment holding
	Mercula Sdn Bhd	Substantial shareholder	-	Provision of company secretarial services and investment holding
	VESTECH Projects Sdn Bhd	Substantial shareholder	-	Civil engineering and construction work
	SystemCORP Embedded Technology Pty Ltd	Director / Substantial shareholder	-	General trading and embedded system design
Paul Lim	Imbiss Sdn Bhd	Substantial shareholder	21.10.2011	Dormant
	Wylis Corporation Sdn Bhd	Substantial shareholder	18.10.2011	Provision of engineering and management services
	Wylis Sdn Bhd	Director / Substantial shareholder	-	Investment holding
	Fornix Capital Sdn Bhd	Director / Substantial shareholder	-	Investment holding
	G-Origins Sdn Bhd	Substantial shareholder	21.10.2011	Supply of agriculture products

Directors	Company	Position Held	Date Resigned	Principal Activities
	Mercula Sdn Bhd	Substantial shareholder	21.10.2011	Provision of company secretarial services and investment holding
	Mercula Systems Sdn Bhd	Substantial shareholder	17.12.2007	Trading of electrical equipment and related accessories
	VESTECH Projects Sdn Bhd	Substantial shareholder	-	Civil engineering and construction work
	SystemCORP Embedded Technology Pty Ltd	Director / Substantial shareholder	-	General trading and embedded system design
	PESTECH International Ltd	Director / Substantial shareholder	-	Dormant
	Merit Power Engineering Ltd.	Substantial shareholder	19.03.2012	General trading and engineering consultancy
Detlef Raddatz	SystemCORP Embedded Technology Pty Ltd	Director / Substantial shareholder	-	General trading and embedded system design
	SystemCORP Pty Ltd	Director / Substantial shareholder	-	General trading and embedded system design
	Richon Estate Family Trust	Substantial shareholder	-	Family trust
Tan Puay Seng	P.S.Tan & Co.	Partner / Chartered Accountant	-	Provision of auditing and tax services
Ibrahim Bin Talib	Asal Power System Sdn Bhd	-	28.10.2011	Electrical contractor for power transmission project mainly for power utilities

7.2.5 Involvement of our Executive Directors in other business/corporations

Saved as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in other businesses / corporations. The involvements of our Executive Directors in other businesses / corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvements in the aforesaid companies are minimal and they do not hold any key management positions which involve day-to-day operations in these companies, hence this would not be expected to affect their performance in our Group.

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

7.2.6 Directors' remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 31 December 2011 and 2012 are as follows:-

	Remuneration Band (RM)	
	FYE 31 December 2011	Proposed for FYE 31 December 2012
Lim Ah Hock	300,000 – 350,000	950,000 – 1,000,000
Paul Lim	500,000 – 550,000	800,000 – 850,000
Detlef Raddatz	-	50,000 – 100,000
Tan Puay Seng	-	50,000 – 100,000
Ibrahim Bin Talib	-	50,000 – 100,000

Save as disclosed above, the consideration paid pursuant to the Acquisition of PSB and Acquisition of Xcell (where applicable) and dividends paid to our shareholders, no other amounts or benefits has been paid or intended to be paid to our Promoters, substantial shareholders or Directors within two (2) years preceding the date of this Prospectus. The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (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	Designation	Date of expiration of the current term of office	Period served
Lim Ah Hock	Executive Chairman	At the first annual general meeting	Since 18 August 2011
Paul Lim	Executive Director / CEO	At the first annual general meeting	Since 18 August 2011
Detlef Raddatz	Non-Independent Non-Executive Director	At the first annual general meeting	Since 22 February 2012
Tan Puay Seng	Independent Non-Executive Director	At the first annual general meeting	Since 22 February 2012
Ibrahim Bin Talib	Independent Non-Executive Director	At the first annual general meeting	Since 22 February 2012

At the first Annual General Meeting of the Company, all the Directors shall retire from office and at the annual general meeting in every subsequent year, one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Notwithstanding any provision to the contrary contained in the Memorandum and Articles of Association, an election of the Directors of the Company shall take place every year and all the Directors shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.3.2 Audit Committee

Our Audit Committee was established on 22 February 2012 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Ibrahim Bin Talib	Chairman	Independent Non-Executive Director
Tan Puay Seng	Member	Independent Non-Executive Director
Detlef Raddatz	Member	Non-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, functions, competency and resources of the internal audit procedures, review of the financial statements, nomination of the external auditors and review of related party transactions.

7.3.3 Remuneration Committee

Our Remuneration Committee was established on 22 February 2012 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Detlef Raddatz	Chairman	Non-Independent Non-Executive Director
Tan Puay Seng	Member	Independent Non-Executive Director
Paul Lim	Member	Executive Director / CEO

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board the remuneration and terms of employment of the Executive 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 Executive Directors are reflective of the responsibility and commitment of the Directors concerned.

7.3.4 Nomination Committee

Our Nomination Committee was established on 22 February 2012 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

Name	Designation	Directorship
Tan Puay Seng	Chairman	Independent Non-Executive Director
Detlef Raddatz	Member	Non-Independent Non-Executive Director
Ibrahim Bin Talib	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 our Board and to determine the selection criteria thereof, review of the structure, size and composition of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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

7.4 KEY MANAGEMENT

7.4.1 Key management shareholdings

The details of our key management and their direct and indirect shareholdings in our Company before (based on the Register of Members as at the LPD) and after the IPO are as follows:-

			Before the IPO				After the IPO ^			
			<----------Direct--------->		<----------Indirect-------->		<-----------Direct----------->		<----------Indirect---------->	
Key management	**Designation**	**Nationality**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Lim Ah Hock	Executive Chairman	Malaysian	41,924,800	57.43	-	-	36,700,800	42.73	-	-
Paul Lim	Executive Director / CEO	Malaysian	26,997,700	36.98	-	-	23,633,700	27.52	-	-
Teh Bee Choo	Chief Financial Officer	Malaysian	52,700	0.07	-	-	562,700	0.66	-	-
Chang Mei Lun	Chief Operating Officer	Malaysian	52,700	0.07	-	-	702,700	0.82	-	-
Lim Hon Seng	GM of Sales and Marketing	Malaysian	105,300	0.14	-	-	1,005,300*	1.17	-	-
Lee Kong Tee	GM of P&P	Malaysian	105,300	0.14	-	-	455,300	0.53	-	-
Chong Kuen Wai	GM of D&D	Malaysian	52,700	0.07	-	-	252,700	0.29	-	-
Han Fatt Juan	GM of Strategic Planning	Malaysian	105,300	0.14	-	-	505,300	0.59	-	-

Note:-

^ *Assuming all pink form share allocations are fully taken up.*

* *Inclusive of 250,000 PESTECH Shares under the portion of IPO Shares earmarked for placement to identified investors.*

7.4.2 Profiles

The profiles of the key management of our Group are as follows:-

Lim Ah Hock

Please refer to Section 7.2.2 of this Prospectus for his profile.

Paul Lim

Please refer to Section 7.2.2 of this Prospectus for his profile.

Teh Bee Choo, aged 49, is the Chief Financial Officer of our Group. She graduated from Swinburne Institute of Technology in 1986 with a Bachelor of Business in Accounting with Data Processing. She is a member of the Malaysian Institute of Accountants since 1993 and the Institute of Chartered Accountants Australia since 1990.

She began her career in 1986 as a Junior Audit cum Tax Executive at Shrapnel Accountants & Advisory Pty Ltd in Australia, and was later promoted to Manager before leaving the firm in 1993. She joined Samsung Corning (Malaysia) Sdn Bhd as an Accountant in 1993. She then joined A&L Corporate Management Sdn Bhd, a company secretarial and taxation company in 1993 until 1995 as Manager. In 1995, she moved on to Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) as a Group Accountant, where she worked for eight (8) years. She left in 2003 and formed her own company, named BCT Advisory Sdn Bhd, which offered corporate management services, which she managed for four (4) years. In 2007, she joined Multi Purpose Holdings Bhd as a Senior Manager of Finance. She joined our Group in 2008 as the Chief Financial Officer, a position she holds until to date.

Chang Mei Lun, aged 41, is the Chief Operating Officer of our Group. She graduated with a Diploma in Accounting from the London Chamber of Commerce and Industry in 1991. She also holds a Diploma in Business Administration from The Association of Business Executives, which she obtained in 1996.

She began her career with Dollarquest Sdn Bhd in 1992 until 1995 as a Shipping Officer, where she dealt with the documentation and operational procedures for the importation and exportation of goods. From 1995 to 1997, she worked as a Purchasing Executive at Federal Furniture Holdings (M) Bhd, procuring raw materials from local and overseas suppliers for use in the production process, among other job functions. Subsequently, she joined Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) in 1997, as a Purchasing Executive until 2000, where she was involved in the company's certification of ISO 9002. In 2003, she joined our Group as an Operations Manager, and was promoted to Chief Operating Officer in 2010.

Lim Hon Seng, aged 56, is the GM of Sales & Marketing of our Group. He graduated with a Bachelor of Electrical & Electronic Engineering from Universiti Malaya in 1981.

He joined ABB Malaysia in 1981 and stayed on for 18 years until 1999 where his last position held was as a GM. During his tenure with ABB Malaysia, his experiences and responsibilities were in the areas of engineering design, project management, sales and marketing support, procurement and logistics. In addition, he had managed various turnkey substation projects in Malaysia, Indonesia and Sri Lanka for utility companies such as TNB, PT PLN in Indonesia, Ceylon Electricity Board in Sri Lanka and Sarawak Electricity Supply Corporation. From 1999 to 2002, he was working as a remisier with AmSecurities Sdn Bhd under the AmBank Group Malaysia in Kuala Lumpur. In 2002, he was engaged as a design consultant by ABB Malaysia for an independent power plant project undertaken by Powertek Bhd at Teluk Panglima, Negeri Sembilan. He joined our Group in 2003 as the GM of Sales & Marketing.

He joined our Group in 2003 working on tender sales proposal in the Sales & Marketing Department. During his tenure with our Group, we had secured some key projects in Malaysia and successfully expanded to countries like Brunei, PNG, Cambodia and Sri Lanka. Presently, he is working on new market frontiers in other countries such as Laos, and Vietnam.

Lee Kong Tee, aged 40, is the GM of P&P of our Group. He graduated from Universiti Malaya in 1997 with a Bachelor of Engineering (First Class Honours). In 2002, he obtained a Master in Business Administration from the same university. He is a Corporate Member of the Institute of Engineers Malaysia since 2003. He is also registered as a Professional Engineer with the Board of Engineers Malaysia since 2004.

He began his career in 1997 when he joined KTA Tenaga Sdn Bhd as an Electrical Engineer, where he gained experience in various electrical projects, and was promoted to Consultant in 2002. He then joined Modern Power Network Sdn Bhd the same year as a Project Manager. In 2004, he was made the Senior Manager of Engineering & Design Division. He joined our Group later that year as a Senior Manager of P&P department. He was then promoted to Senior Project Manager of P&P in 2008 and became our GM of P&P in 2011.

Chong Kuen Wai, aged 32, is the GM of D&D of our Group. He graduated from Universiti Teknologi Malaysia in 2002 with a Bachelor of Engineering (Electrical) majoring in High Voltage Engineering.

Upon graduation in 2002, he started his career in our Group as an Engineer in the D&D department. Within seven (7) years, he was promoted to Senior Engineer, Associate Manager and Manager of the team, where his responsibilities included circuitry design of substation control and protection system, handling of turnkey substation projects, substation engineering and design work, as well as management roles that included project management and departmental management. In 2011, he was appointed as the GM of D&D, a position he holds until to date.

Han Fatt Juan, aged 47, is the GM of Strategic Planning (Business Development) of our Group. He graduated with a Bachelor of Science in Civil Engineering degree from South Dakota State University, USA in 1990. He later obtained a Master of Science in Management degree in 1992 from the same university.

He began his career in 1984 with Metral Villar Sdn Bhd as a Site Supervisor and left in 1988 to further pursue his studies. While pursuing for his Master's degree, he held a Teaching Assistant post in South Dakota State University, USA in 1990. He joined Zafas Sdn Bhd in 1992 as a Site Engineer and stayed on for 17 years up to 2009, where he last held the position of Project Director. During his tenure, he was involved in various projects, including transmission line and underground cable installation works, across Malaysia as well as Brunei. He joined our Group in 2009 as a Project Manager, and was promoted to GM of Strategic Planning (Business Development) in 2011, a position he holds until to date.

7.4.3 Involvement of our key management in other business/corporations

As at the LPD, save as disclosed in Section 7.2.4 of this Prospectus and disclosed below, none of our key management is involved in the operation of other businesses or corporations besides our Group:-

Key Management	Company	Position Held	Principal Activities
Teh Bee Choo	A & L Corporate Management Sdn. Bhd	Director / Substantial shareholder	Provision of secretarial services
	B.T. Teh Tax Services Sdn. Bhd.	Director / Substantial shareholder	Provision of tax services

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

Key Management	Company	Position Held	Principal Activities
	Bohlasia Steels Sdn. Bhd.	Director	Trading of special steels
	Mercula Systems Sdn Bhd	Director	Trading of electrical equipment and related accessories
	Mercula Sdn Bhd	Substantial shareholder	Provision of company secretarial services and investment holding
	Xin Chuan Heng Holdings Sdn. Bhd.	Director	Investment holding
Chang Mei Lun	Itech Marketing & Services	Sole proprietor	General trading
	Mercula Sdn Bhd	Director / Substantial shareholder	Provision of company secretarial services and investment holding
	Imbiss Sdn Bhd	Director / Substantial shareholder	Dormant
Lee Kong Tee	Mercula Sdn Bhd	Substantial shareholder	Provision of company secretarial services and investment holding
Lim Hon Seng	Silver Mountain Engineering Sdn Bhd	Sole proprietor	Engineering consultancy
	Mercula Sdn Bhd	Substantial shareholder	Provision of company secretarial services and investment holding
Chong Kuen Wai	Petplant Enterprise	Sole proprietor	Dormant
	Mercula Sdn Bhd	Director / Substantial shareholder	Provision of company secretarial services and investment holding
Han Fatt Juan	Ground Drill Sdn Bhd	Substantial Shareholder	Dormant
	Infinite Grow Sdn Bhd	Director / Substantial shareholder	Dormant
	STC Civil Construction Sdn Bhd	Director / Substantial shareholder	Dormant
	Imbiss Sdn Bhd	Director	Dormant

Save as disclosed in Section 7.2.4 and Section 7.4.3 of this Prospectus, our key management are not involved in other businesses / corporations. The involvements of our key management in other businesses / corporations are not expected to affect the operations of our Group as they are principally involved in the day-to-day operations of our Group. Their involvements in the aforesaid companies are minimal and they do not hold any key management positions which involve day-to-day operations in these companies, hence this would not be expected to affect their performance in our Group.

7.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

None of our Promoters, Directors and key management 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 management;

(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.

7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no other family relationships (as defined under Section 122A of the Act) and associations between or amongst our Directors, Promoters, substantial shareholders and key management:-

(i) Paul Lim is the nephew of Lim Ah Hock and brother to Lim Pay Chin; and

(ii) Lim Pay Chin is the nephew of Lim Ah Hock and brother to Paul Lim.

7.7 SERVICE AGREEMENTS

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

7.8 MANAGEMENT AND EMPLOYEES

As at the LPD, our total workforce is 172 employees, of which 159 are permanent employees and 13 are contractual employees. The functional distribution of our total number of employees at the end of the past three (3) financial years is as follows:-

	<----------No. of employees---------->		
	As at 31 December		
Category of employee	**2009**	**2010**	**2011**
Director	2	2	2
Operations	18	36	39
Corporate service	4	4	6
Sales & marketing	6	9	11
Strategic planning	5	3	17
D&D	24	34	39
P&P	40	56	60
Total	**99**	**144**	**174**

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

For the FYE 31 December 2010, our Group's total employees have increased from 99 employees to 144 employees. The increase was mainly across the whole categories of employees except for strategic planning and corporate service categories. The increase in our Group's total employees for the FYE 31 December 2010 is both driven by increase in projects procured by our Group and to meet the demand for our Products both domestically and abroad.

For the FYE 31 December 2011, our total employees have increased from 144 employees to 174 employees. The increase was mainly due to an increase in our strategic planning category from three (3) employees to 17 employees. This is in line with our extension of engineering responsibility for overseas project to include civil engineering. The increase in total employees for the past three (3) financial years was also in tandem with our Group's vision to increase our presence in the power transmission and distribution business locally, and especially in the international market.

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

Our Group recognises the importance of human resource which plays a pivotal role in our continuous growth and we view sound human resource management as one of our critical success factors. We continuously and proactively cultivate positive working culture by having good working relationships with our employees and place great emphasis on creating a conducive and comfortable working environment for our employees as we believe that a well-motivated and well-managed workforce is essential for efficient operations and the success of our business as a whole.

Our Group will endeavour to attract and retain our existing Directors and management and other category of employees through the implementation of human resource strategies and developing a human resource plan that includes suitable compensation packages, career development and human resource training and development for our management employees. In order to enhance productivity and operational efficiencies and as part of our continuous training and development process, we also encourage our employees to attend in house training provided by the management or supervisor to upgrade their skills and knowledge of the technology involved in the business operation. New recruits are provided on-the-job training to equip themselves with the requisite skills for performing their specific functions. Our training regime aims to equip our staff with knowledge pertaining to quality assurance, the mechanics of the production and services processes and safety awareness.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

8. APPROVALS AND CONDITIONS

8.1 APPROVALS FROM RELEVANT AUTHORITIES

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

(a) The approval of the SC, pursuant to Section 212(5) of the CMSA and the equity requirement for public companies, which was obtained vide its letter dated 20 January 2012;

(b) The MITI, which was obtained vide its letter dated 15 November 2011 and 20 December 2011. In the letter dated 20 December 2011, the MITI had recognised our existing Bumiputera shareholder as follows:-

Shareholder	No. of Shares
Ibrahim Bin Talib	2,131,600

(c) Bursa Securities vide its letter dated 13 April 2012, for the admission to the Official List and listing of and quotation for our entire enlarged issued and paid-up share capital of PESTECH, and any Share(s) to be issued pursuant to the SGP, on the Main Market of Bursa Securities.

Our Company has voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC as part of the process of determining our Shariah status. The SAC had, vide its letter dated 17 November 2011, classified our Company's Shares as Shariah-compliant.

8.2 CONDITIONS ON APPROVALS

The conditions imposed by the SC, MITI and Bursa Securities vide their letters dated 20 January 2012, 15 November 2011 and 13 April 2012 respectively in respect of the Listing are as follows:-

Details of conditions imposed	Status of compliance
By the SC	
i. PESTECH to allocate 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors at the point of listing. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors. In the event that PESTECH/MITI is unable to allocate the shares of Bumiputera investors, the unsubscribed shares shall be offered to the Bumiputera public investors via balloting;	To be met.
ii. Bank Islam and PESTECH to inform the SC of the status of compliance with the equity requirement upon completion of the proposal; and	To be met.
iii. Bank Islam and PESTECH to fully comply with the relevant requirements pertaining to the implementation of the Proposal under the SC's Equity Guidelines and Prospectus Guidelines.	To be met.

8. APPROVALS AND CONDITIONS (Cont'd)

Details of conditions imposed	Status of compliance
By the MITI	
i. To obtain the SC's approval on the listing scheme	Complied. The approval from the SC was obtained vide the SC's letter dated 20 January 2012 subject to certain conditions. Please refer to the above for the conditions imposed by the SC.
By Bursa Securities	
i. Make the relevant announcement pursuant the paragraph 8.1 and 8.2 of Practice Note 21 of the Listing Requirement; and	To be met.
ii. Furnish the Bursa Securities a copy of the schedule of distribution showing compliance to the public share spread requirements based on the entire issued and paid up share capital of PESTECH on the first day of listing.	To be met.

The SC via its letter dated 20 January 2012 has noted that the equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from the implementation of the proposal as follows:-

Shareholders	Before proposal (%)	After the proposal (%)
Bumiputera	2.92	13.49[1]
Non-Bumiputera	97.08	86.51
Foreign	-	-
	100.00	100.00

Note:-

1. *Inclusive of 7.52% of our enlarged issued and paid-up share capital upon listing to be offered/ issued to Bumiputera investors nominated by us and/or approved by the MITI and 3.49% of our enlarged issued and paid-up share capital set aside for Bumiputera investors through the Public Issue.*

In addition, Bursa Securities has also via its letter dated 13 April 2012 approved the listing of such number of additional new PESTECH Shares, representing up to 15% of the issued and paid-up share capital of PESTECH at any time to be issued pursuant to the SGP, subject to following:-

Condition imposed by Bursa Securities	Status of compliance
i. PESTECH and Bank Islam must comply with the relevant provision under the Listing Requirement pertaining to the implementation of the SGP, including compliance with the Paragraph 8.19 of the Listing Requirement;	To be met.
ii. Bank Islam required to submit a confirmation to Bursa Securities a full compliance of the SGP pursuant to Paragraph 6.43(1) of the Listing Requirements and stating the effective date of the implementation together with the following documents:- a. A copy of the approval letter from Bursa Depository for the transfer of shares from the trustee to the participant of SGP; and b. PESTECH is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the SGP as at the end of each quarter together with detailed computation of listing fees payable.	To be met.

8. APPROVALS AND CONDITIONS (Cont'd)

8.3 MORATORIUM ON SALE OF SHARES

In accordance with the SC's Equity Guidelines, a moratorium shall be imposed on the entire shareholdings held by our Promoters comprising 61,127,600 Shares, representing approximately 71.2% of the enlarged issued and paid-up share capital of PESTECH. 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.

Details of our Company's Shares held by our Promoters which will be subject to moratorium are as follows:-

	Direct shareholdings after the IPO	
Shareholders	**No. of Shares**	**% of enlarged issued and paid-up share capital**
Lim Ah Hock	36,700,800	42.7
Paul Lim	23,633,700	27.5
Lim Pay Chin	793,100*	1.0
Total	**61,127,600**	**71.2**

Note:-

* *Assuming all pink form share allocation is fully taken up.*

The restriction, which is fully acknowledged by the aforesaid shareholders, is specifically endorsed on the share certificates 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."

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

9. OTHER INFORMATION

9.1 INFORMATION ON MATERIAL LAND AND BUILDINGS

A summary of the material land and buildings owned or occupied by our Group as at the LPD is as follows:-

Registered and Beneficial Owner	Property Address/ Title Details	Description and Existing Use	Category of Land Use / Tenure of Property	Date of Issuance of Certificate of Completion and Compliance	Land Area / Gross Built-Up Area	NCA as at 31 December 2011 (RM'000)
Fornix	No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam Selangor Darul Ehsan Malaysia/ Lot No 69874, Title No PN 11423, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan	Single-storey detached factory with an annexed three-storey office building (office) and other ancillary buildings, currently being used as our Group's corporate office, factory and warehouse	Industry / Leasehold of 99 years, expiring on 10.1.2102	25.11.2009	4,027.0 square meters / 2,896.7 square meters	7,069

To the best of our Directors' knowledge and belief, there is no breach of any property or land use conditions and/or non-compliance with any regulatory requirement, land rules, building regulations and environmental issue which may materially affect our Group's operation and utilisation of assets in respect of the property owned by our Group as set out above.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

9. OTHER INFORMATION (Cont'd)

9.2 PROPERTY, PLANT AND EQUIPMENT

The information on property, plant and equipment utilised by us at our factory and warehouse is as follows:-

Description	**NCA as at 31 December 2011 RM'000**
Building	5,516
Long-term leasehold land	1,554
Office equipment	1,513
Motor vehicles	593
Factory equipment *	631
Renovation	337
Total property, plant and equipment	**10,144**

Note:-

* *Factory equipment mainly comprises testing machines such as Omicron CMC 356 3-Phase Relay Test Set (universal test set for all generations and types of protection relays), Udeyraj high voltage test set (testing for high voltage equipment) and Fluke 1625 (earth ground tester).*

Our production/ operating capacities and output is set out in Section 5.7.5 of this Prospectus.

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of ten percent (10%) or more (or five percent (5%) or more where such person is the largest shareholder in the company) of all the voting shares in the company.

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested person shall abstain from voting on resolution(s) pertaining to the respective transaction. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12 month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

10.1 NON-RECURRENT RELATED PARTY TRANSACTIONS

Pursuant to our Group's internal restructuring, we have undertaken the following related party transaction:-

Transacting parties	Nature of transaction	Total value of consideration (RM)	Interested related parties
PSB and Fornix	Acquisition by PSB of the entire issued and paid-up capital of Fornix comprising 40,000 ordinary shares of RM1.00 each in Fornix from Lim Ah Hock and Paul Lim which was completed on 11 August 2011	2	Lim Ah Hock:- • Director and substantial shareholder of PSB and Fornix. Paul Lim:- • Director and substantial shareholder of PSB and Fornix.
PSB and PSSB	Acquisition by PSB of the entire issued and paid-up capital of PSSB comprising two (2) ordinary shares of RM1.00 each in PSSB from Lim Ah Hock and Paul Lim which was completed on 2 April 2012	2	Lim Ah Hock:- • Director and substantial shareholder of PSB and PSSB. Paul Lim:- • Director and substantial shareholder of PSB and PSSB.

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

The following table sets out the material transactions which have been entered into by our Group in respect of the three (3) most recent completed financial years:-

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December 2009 RM'000	2010 RM'000	2011 RM'000	Interested related parties
PSB and VESTECH Projects Sdn Bhd ("VPSB")	Services rendered by PSB for electrical and electronic installation in PESTECH's corporate office	1,233	-	-	Lim Ah Hock: • Director and substantial shareholder of Fornix Capital Sdn Bhd which is a substantial shareholder of VPSB. • Brother of Lim Kok Siang. • Uncle of Paul Lim and Lim Pay Chin. Paul Lim: • Director and substantial shareholder of Fornix Capital Sdn Bhd which is a substantial shareholder of VPSB. • Brother of Lim Pay Chin and nephew of Lim Ah Hock and Lim Kok Siang. • Substantial shareholder of Mercula Sdn Bhd which is a substantial shareholder of VPSB. Lim Pay Chin: • Director and substantial shareholder of VPSB. • Brother of Paul Lim and nephew of Lim Ah Hock and Lim Kok Siang. • Management personnel and shareholder of PSB. Lim Kok Siang: • Director and substantial shareholder of VPSB. • Brother of Lim Ah Hock and uncle of Paul Lim and Lim Pay Chin.

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

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December 2009 RM'000	2010 RM'000	2011 RM'000	Interested related parties
PSB and Wylis Corporation Sdn Bhd ("WCSB")	Sales by PSB of electrical equipment and related accessories	1,065	-	-	Paul Lim: • Director* and substantial shareholder of PSB and WCSB. • Brother of Lim Pay Chin and Lim Pay Horng. Lim Pay Chin: • Director and substantial shareholder of WCSB. • Brother of Paul Lim and Lim Pay Horng. • Management personnel and shareholder of PSB. Lim Pay Horng: • Director and substantial shareholder of WCSB. • Brother of Paul Lim and Lim Pay Chin.

Note:-

* *Subsequently resigned on 18 October 2011.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

10.2 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND/OR TRADING NATURE

Details of the recurrent related party transactions which, when aggregated are material to our Group in accordance with the Listing Requirements, entered into in respect of the three (3) most recently completed financial years are as follows:-

		Actual value for the FYE 31 December			
Transacting Parties	**Nature of Transaction**	**2009 RM'000**	**2010 RM'000**	**2011 RM'000**	**Interested related parties**
PSB and MSSB	Purchase by PSB of ancillary components for CRP and related accessories	643	780	283	Paul Lim: • Director and substantial shareholder of PSB. • Substantial shareholder of MSSB.
PSB and Merit Power Engineering Limited ("MPL")	Purchase by PSB of electrical equipment, components and related accessories	4,552	1,562	4,062	Lim Ah Hock: • Director and substantial shareholder of PSB. • Director# of MPL Paul Lim: • Director and substantial shareholder of PSB. • Director# and substantial shareholder of MPL.
	Sales by PSB of electrical equipment, components and related accessories	4,262	-	-	

Note:-

\# *Subsequently resigned on 19 March 2012.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

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

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December 2009 RM'000	2010 RM'000	2011 RM'000	Interested related parties
PSB and VPSB	Service rendered by VPSB for civil construction works	2,211	6,032	3,243	Lim Ah Hock: • Director and substantial shareholder of Fornix Capital Sdn Bhd which is a substantial shareholder of VPSB. • Brother of Lim Kok Siang. • Uncle of Paul Lim and Lim Pay Chin. Paul Lim: • Director and substantial shareholder of Fornix Capital Sdn Bhd which is a substantial shareholder of VPSB. • Substantial shareholder of Mercula Sdn Bhd which is a substantial shareholder of VPSB. • Brother of Lim Pay Chin and nephew of Lim Ah Hock and Lim Kok Siang. Lim Pay Chin: • Director and substantial shareholder of VPSB. • Brother of Paul Lim and nephew of Lim Ah Hock and Lim Kok Siang. • Management personnel and shareholder of PSB. Lim Kok Siang: • Director and substantial shareholder of VPSB. • Brother of Lim Ah Hock and uncle of Paul Lim and Lim Pay Chin.

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

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December 2009 RM'000	2010 RM'000	2011 RM'000	Interested related parties
PSB and WCSB	Purchase by PSB of electrical equipment, components, related accessories and general items	1,556	421	-	Paul Lim: • Director* and substantial shareholder of PSB and WCSB. • Brother of Lim Pay Chin and Lim Pay Horng. Lim Pay Chin: • Director and substantial shareholder of WCSB. • Brother of Paul Lim and Lim Pay Horng. • Management personnel and shareholder of PSB. Lim Pay Horng: • Director and substantial shareholder of WCSB. • Brother of Paul Lim and Lim Pay Chin.
PSB and Perunding CPM Services Sdn Bhd ("**CPM**")	Risk management services rendered by CPM for Projects	-	1,021	1,741	Lim Kok Shen: • Director and substantial shareholder of CPM. • Brother of Lim Ah Hock. • Uncle of Paul Lim.

Note:-

* *Subsequently resigned on 18 October 2011.*

The Directors of our Company are of the opinion that all the above transactions under Section 10.1 and Section 10.2 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 and are not detrimental to our minority shareholders. The Audit Committee will supervise the terms of any related party transactions moving forward.

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.

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

10.3 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION

Save as disclosed in Section 10.1 and Section 10.2 of this Prospectus above, our Directors have confirmed that to the best of their knowledge, there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the past three (3) FYE 31 December 2011.

10.4 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) made by us to or for the benefit of the related parties for the past three (3) FYE 31 December 2011 and as at the LPD:-

	<----------------As at 31 December--------------->			As at the LPD
	2009 RM'000	2010 RM'000	2011 RM'000	
Corporate guarantee given to suppliers by the Company for supply of goods to a related party (namely VPSB)	200	-	-	-

The above transaction was carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties and will not be detrimental to our minority shareholders. Our Group does not intend to grant any loans (including guarantees of any kind) to or for the benefit of related parties in the future.

10.5 INTERESTS IN A SIMILAR BUSINESS / CONFLICT OF INTEREST

As at the LPD, none of our Directors or substantial shareholders has any interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group.

Save as disclosed in Section 10.1 and Section 10.2 of this Prospectus above, none of our other Directors or substantial shareholders has any interest, whether direct or indirect, in any businesses or corporations which are customers and/or suppliers of our Group. Their interests in these other businesses or corporations which are customers and/or suppliers of our Group do not give rise to a situation of conflict of interest with our Group's business. All the above transactions were 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 and will not be detrimental to our minority shareholders.

10.6 PROMOTIONS OF ANY MATERIAL ASSETS ACQUIRED / TO BE ACQUIRED WITHIN THREE (3) YEARS PRECEEDING THE DATE OF THIS PROSPECTUS

Save for the Acquisition of PSB, Acquisition of Xcell and the acquisitions as disclosed in Section 10.1 of this Prospectus above, there is no other material assets acquired/ to be acquired within three (3) years preceding the date of this Prospectus.

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

10.7 DECLARATION BY ADVISERS

10.7.1 Principal Adviser, Sole Underwriter and Placement Agent

Bank Islam has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Sole Underwriter and Placement Agent to our Group in relation to the IPO. The Underwriting Agreement, which certain details are set out in Section 3.10.2 and Section 3.10.4 of this Prospectus, was entered into on arms-length basis and on market terms.

Bank Islam wishes to disclose that on 28 November 2007 and 26 May 2008, Bank Islam has granted PESTECH Group, financing facilities for its projects amounting to RM30.573 million. As at the LPD, the outstanding financing facilities were approximately RM2.021 million in respect of a bank guarantee. Bank Islam is of the opinion that the above does not give rise to a conflict of interest situation due to the following reasons:-

(i) The financing facilities granted to PESTECH Group is part of the ordinary course of business of Bank Islam; and

(ii) The conduct of Bank Islam is strictly regulated by the Islamic Banking Act, 1983 and Bank Islam's own internal controls and checks.

10.7.2 Solicitors for the Listing

Wong Beh & Toh has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the IPO.

10.7.3 External Auditors and Reporting Accountants

SJ Grant Thornton has confirmed that there is no conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the IPO.

10.7.4 Independent Market Researcher

Frost & Sullivan Malaysia Sdn Bhd has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the IPO.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. FINANCIAL INFORMATION

11.1 HISTORICAL PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF OUR GROUP

The following historical Proforma Consolidated Statements of Comprehensive Income for the past five (5) FYE 31 December 2007 to 2011 are provided for illustrative purposes and have been extracted from the audited financial statements of PESTECH, our subsidiary companies and jointly-controlled entity (not applicable for PSSB and PTL which were incorporated in 2012) assuming that our Group has been in existence throughout the financial years under review. The Proforma Consolidated Statements of Comprehensive Income should be read in conjunction with our management's discussion and analysis of financial conditions, results of operations and prospects set out in Section 11.4 of this Prospectus and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information together with the basis of assumption as set out in the accompanying notes in Section 11.2 of this Prospectus.

There has been no exceptional or extraordinary item on all the audited financial statements of our Group for the financial years under review.

FYE 31 December	2007 RM'000	2008 RM'000	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	43,382	51,596	86,548	114,982	130,947
Cost of sales	(35,965)	(43,452)	(74,866)	(90,328)	(104,383)
Gross profit	7,417	8,144	11,682	24,654	26,564
Other income	69	1,431	278	296	1,852
Administrative expenses	(3,357)	(4,746)	(5,648)	(8,438)	(10,414)
Finance costs	(791)	(692)	(1,098)	(1,057)	(1,319)
PBT	3,338	4,137	5,214	15,455	16,683
Taxation	(978)	(874)	(1,632)	(3,963)	(4,682)
PAT	2,360	3,263	3,582	11,492	12,001
Other comprehensive income:					
Exchange translation difference relating to foreign subsidiaries	-	-	-	(52)	36
Total comprehensive income	2,360	3,263	3,582	11,440	12,037
Assumed no. of Shares in issue[1] ('000)	73,000	73,000	73,000	73,000	73,000
EBITDA (RM'000)	4,463	5,165	6,722	17,228	18,823
Basic EPS[2] (RM)	0.03	0.04	0.05	0.16	0.16
Gross profit margin[3](%)	17.10	15.78	13.50	21.44	20.29
PBT margin[4](%)	7.69	8.02	6.02	13.44	12.74
PAT margin[5](%)	5.44	6.32	4.14	9.99	9.16
Effective tax rate[6](%)	29.30	21.13	31.30	25.64	28.06

11. FINANCIAL INFORMATION (Cont'd)

Notes:-

1) *The assumed number of Shares in issue after Acquisition of PSB but before Public Issue.*
2) *Basic EPS is calculated based on PAT of our Group divided by the assumed number of Shares in issue.*
3) *Gross profit margin is calculated based on gross profit divided by revenue.*
4) *PBT margin is calculated based on PBT divided by revenue.*
5) *PAT margin is calculated based on PAT divided by revenue.*
6) *Effective tax rate is calculated based on income tax expenses divided by PBT.*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11.2 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared for inclusion in this Prospectus)

Grant Thornton

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared for inclusion in this prospectus)

25 April 2012

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

The Board of Directors
Pestech International Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

PESTECH INTERNATIONAL BERHAD
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the Proforma Consolidated Financial Information of Pestech International Berhad ("PESTECH" or "the Company") and its subsidiaries and jointly-controlled entity (collectively known as "PESTECH Group" or "The Group") for the financial years ended 31 December 2007 to 31 December 2011 together with the notes and assumptions thereto, as set out in this letter which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of PESTECH on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information has been prepared for illustrative purposes solely for the purpose of inclusion into this prospectus on the basis of assumptions as set out below and after making certain adjustments to show what:-

i) the financial results of the PESTECH Group for the financial years ended 31 December 2007 to 31 December 2011 would have been on the assumption that the group structure had been in place since the beginning of the years being reported on;

ii) the financial position of the PESTECH Group as at 31 December 2011 would have been on the assumption that the group structure had been in place on that date, adjusted for the effects of acquisition and incorporation of subsidiaries, Initial Public Offering ("IPO") and utilisation of proceeds; and

iii) the cash flows of the PESTECH Group for the financial year ended 31 December 2011 would have been on the assumption that the group structure had been in place on that date, adjusted for the effects of acquisition and incorporation of subsidiaries, IPO and utilisation of proceeds.

GrantThornton

The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of the PESTECH Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.

It is the sole responsibility of the Directors of the PESTECH Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines – Equity and Debt issued by the Securities Commission Malaysia. Our responsibility is to form an opinion as required by the Prospectus Guidelines - Equity and Debt on the Proforma Consolidated Financial Information and our letter is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of the PESTECH Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

(a) has been properly compiled on a basis of preparation as stated in the notes thereto; such basis of which is consistent with the accounting policies adopted by the PESTECH Group;

(b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and

(c) the financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the approved Financial Reporting Standards ("FRS") as defined in the Financial Reporting Act 1997 and in manner consistent with both the format of the financial statements and the accounting policies of PESTECH Group.

GrantThornton

This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,

SJ GRANT THORNTON
No. AF: 0737
Chartered Accountants

HOOI KOK MUN
No.: 2207/01/14 (J)
Partner

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1. INTRODUCTION

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of PESTECH for the financial period from 10 June 2011 to 31 December 2011 and the audited financial statements of the subsidiaries and jointly-controlled entity of PESTECH for the financial years ended 31 December 2007 to 31 December 2011 using the bases, the format and the accounting principles consistent with those adopted in the audited financial statements of the PESTECH Group, after giving effect to the proforma adjustments which are considered appropriate.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this letter:-

BND	Bruneian Dollar
CHF	Swiss Franc
EPS	Earnings per share
DPJV	Dayen-Pestech JV Ltd.
EURO	Euro
FORNIX	Fornix Sdn. Bhd.
FPE	Financial period ended
FYE	Financial year ended
GHS	Ghanaian Cedi
IPO	Initial Public Offering
JPY	Japanese Yen
MSB	Mercula Sdn. Bhd.
NA	Net assets
PBSB	Pestech (Brunei) Sdn. Bhd.
PESTECH or Company	Pestech International Berhad
PESTECH Group or Group	PESTECH, PSB Group and XCELL, collectively
PESTECH Share(s) or Shares	Ordinary shares of RM0.50 each in PESTECH
PGK	Papua New Guinean Kina
PSB	Pestech Sdn. Bhd.
PSB Group	PSB and its subsidiaries, namely FORNIX, TPJV, PSSB, PTL, PBSB and its jointly-controlled entity, namely TPSB
PSSB	Pestech (Sarawak) Sdn. Bhd.
PTL	Pestech Transmission Limited

Stamped for the purpose of identification on:
2 5 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

2. ABBREVIATIONS (CONT'D)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

RM	Ringgit Malaysia
SGD	Singapore Dollar
SGP	Share grant plan
TPJV	Tajri-Pestech JV Ltd.
TPSB	Tajri-Pestech JV Sdn. Bhd.
USD	US Dollar
XCELL	Xcell ATS (M) Sdn. Bhd.

3. BASIS OF PREPARATION

3.1 The Proforma Consolidated Financial Information has been prepared using the bases, the format and the accounting principles consistent with those adopted in the audited financial statements of PESTECH Group, after giving effect to the proforma adjustments which are considered appropriate.

3.2 The Proforma Consolidated Financial Information has been prepared to illustrate what:-

a) the financial results of the PESTECH Group for the FYE 31 December 2007 to 2011 would have been on the assumption that the group structure had been in place since the beginning of the years being reported on;

b) the financial position of the PESTECH Group as at 31 December 2011 would have been on the assumption that the group structure had been in place on that date, adjusted for the effects of acquisition and incorporation of subsidiaries, IPO and utilisation of proceeds; and

c) the cash flows of the PESTECH Group for the FYE 31 December 2011 would have been on the assumption that the group structure had been in place on that date, adjusted for the effects of acquisition and incorporation of subsidiaries, IPO and utilisation of proceeds.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. **BASIS OF PREPARATION (CONT'D)**

3.3 For illustrative purpose, it is assumed that the acquisition of a subsidiary, PSSB and incorporation of a subsidiary, PTL which were completed after the FYE 31 December 2011 took place prior to 1 January 2007 in arriving at the Proforma Consolidated Financial Information for the FYE 31 December 2011.

3.4 For illustrative purpose, it is assumed that the disposals of a subsidiary, DPJV and an associate, MSB which were completed during the FYE 31 December 2011 took place prior to 1 January 2007 in arriving at the Proforma Consolidated Financial Information for the FYE 31 December 2011.

3.5 The Proforma Consolidated Financial Information has been prepared using the merger method to account for the acquisition of subsidiaries. Under the merger method,

(i) If the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise and be treated as merger reserve under the Proforma Consolidated Statements of Financial Position.

(ii) If the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise and be treated as merger deficit under the Proforma Consolidated Statements of Financial Position.

3.6 The Proforma Consolidated Financial Information has been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, results and cash flows of the PESTECH Group.

3.7 The Proforma Consolidated Financial Information has been prepared in accordance with the Financial Reporting Standards ("FRS") in Malaysia after incorporating adjustments that are appropriate for the preparation of the Proforma Consolidated Financial Information.

3.8 The auditors' report on the respective financial statements included in this letter, where applicable, were not subject to any qualification except for the financial statements of XCELL for the FYE 31 December 2007 to 2009 and the financial statements of FORNIX for the FYE 31 December 2006 which contained modified opinion with an emphasis of matter on the subsidiaries' ability to continue as a going concern in view of their net liabilities position.

Stamped for the purpose of identification on:
2 5 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.9 There were no exceptional items in all the financial years under review.

3.10 The Proforma Consolidated Statements of Financial Position together with the accompanying notes thereon, have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements of the PESTECH Group to illustrate the Consolidated Statements of Financial Position of the PESTECH Group assuming that all the transactions mentioned below had taken place on 31 December 2011:-

3.10.1 **Proforma I : Acquisition and incorporation of subsidiaries**

On 2 April 2012, the PSB acquired the entire issued and paid-up share capital of PSSB comprising 2 ordinary shares of RM1 each for a cash consideration of RM2.

On 9 March 2012, PSB incorporated a wholly-owned subsidiary, PTL in Ghana with a total issued and paid up share capital of GHS96,000.

3.10.2 **Proforma II : IPO**

Public Issue

The Company undertakes a public issue of 12,880,000 new PESTECH Shares, representing approximately 15.00% of the enlarged issued and paid-up share capital of PESTECH, at an issue price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

(i) Malaysian Public

6,000,000 new PESTECH Shares, representing approximately 6.99% of the enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.10 (cont'd):-

3.10.2 Proforma II : IPO (cont'd)

Public Issue (cont'd)

The Shares will be allocated and allotted in the following manner (cont'd):-

(ii) Eligible Directors, employees and persons who have contributed to the success of the Group

5,367,000 new PESTECH Shares, representing approximately 6.25% of the enlarged issued and paid-up share capital, reserved for the eligible Directors, employees and persons who have contributed to the success of the Group.

(iii)Private placement to identified investors

1,513,000 new PESTECH Shares, representing approximately 1.76% of the enlarged issued and paid-up share capital, by way of placement to identified investors.

Upon completion of the Public Issue, the issued and paid-up share capital of the Company will increase to RM42,940,000 comprising 85,880,000 PESTECH Shares.

All the new PESTECH 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.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.10 (cont'd):-

3.10.2 Proforma II : IPO (cont'd)

Offer for Sale

The offerrors undertake an offer for sale of existing 8,588,000 PESTECH Shares ("Offer Shares"), representing 10.00% of the enlarged issued and paid-up share capital of PESTECH, at the offer price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

(i) 6,456,400 Offer Shares, representing approximately 7.52% of the enlarged issued and paid-up share capital, by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"); and

(ii) 2,131,600 Offer Shares, representing approximately 2.48% of the enlarged issued and paid-up share capital, by way of placement to identified investors.

The breakdown of the Offer Shares offered by the respective offerors is as follows:-

Name	Material relationship	No. of Offer Shares	% of enlarged issued and paid-up share capital
Lim Ah Hock	Executive Chairman	5,224,000	6.08
Lim Pay Chuan	Executive Director	3,364,000	3.92
Total		8,588,000	10.00

All the 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 transfer thereof.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.10 (cont'd):-

3.10.3 Proforma III : Listing of and Quotation for PESTECH Shares

PESTECH seeks admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of PESTECH of RM42,940,000 comprising 85,880,000 PESTECH Shares, on the Main Market of Bursa Securities.

The gross proceeds arising from the Public Issue are expected to be fully utilised by the PESTECH Group in the following manner:-

Purpose	RM'000	%
Repayment of bank borrowings	6,000	46.6
Product development and market/business expansion	1,800	14.0
Working capital	2,580	20.0
Estimated listing expenses	2,500	19.4
	12,880	100.0

The listing expenses are estimated at RM2,500,000 and will be set off against the share premium account and profit or loss.

3.10.4 SGP

In conjunction with the Listing, PESTECH will also implement a SGP involving up to 15% of the issued and paid-up share capital of PESTECH at any time during the existence of the SGP, to be granted and/or issued to the eligible Directors and executives of the Group.

The SGP will not have an immediate material effect on the Consolidated NA of the Company. However, the potential effect on the consolidated NA of the Company in the future would depend on the number and price of the shares granted and/or issued.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. HISTORICAL PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

The Historical Proforma Consolidated Statements of Comprehensive Income of the PESTECH Group for the past five (5) years from FYE 31 December 2007 to 2011 are provided for illustrative purposes, extracted from the audited financial statements of PESTECH Group assuming that the PESTECH Group has been in existence throughout the financial years under review.

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	43,381,579	51,596,284	86,547,762	114,982,160	130,946,996
Cost of sales	(35,964,482)	(43,451,850)	(74,865,596)	(90,328,475)	(104,382,813)
Gross profits	7,417,097	8,144,434	11,682,166	24,653,685	26,564,183
Other income	69,272	1,430,458	278,184	296,011	1,852,380
Administration expenses	(3,357,526)	(4,745,922)	(5,648,438)	(8,438,097)	(10,414,617)
Finance costs	(791,214)	(692,381)	(1,098,231)	(1,057,357)	(1,318,864)
Profit before taxation ("PBT")	3,337,629	4,136,589	5,213,681	15,454,242	16,683,082
Taxation	(978,030)	(873,967)	(1,631,596)	(3,962,684)	(4,681,693)
Profit after taxation ("PAT")	2,359,599	3,262,622	3,582,085	11,491,558	12,001,389
Other comprehensive income:- Foreign currency translation differences relating to foreign subsidiaries	-	-	-	(51,784)	35,980
	2,359,599	3,262,622	3,582,085	11,439,774	12,037,369

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4. HISTORICAL PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Gross profit margin (%)	17.10	15.78	13.50	21.44	20.29
PBT margin (%)	7.69	8.02	6.02	13.44	12.74
PAT margin (%)	5.44	6.32	4.14	9.99	9.16
Number of Shares in issue #	73,000,000	3,000,000	73,000,000	73,000,000	73,000,000
Basic EPS (RM)	0.03	0.04	0.05	0.16	0.16

Based on the issued and paid-up share capital of 73,000,000 Shares as at 31 December 2011.

(i) The Historical Proforma Consolidated Statements of Comprehensive Income have been prepared based on the audited financial statements of PESTECH for the financial period from 10 June 2011 to 31 December 2011 and the audited financial statements of the subsidiaries and jointly-controlled entity of PESTECH for the financial years ended 31 December 2007 to 31 December 2011.

(ii) PESTECH Group's results have been restated through appropriate consolidation adjustments to eliminate the inter-company transactions under the existing group structure.

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Proforma Consolidated Statements of Financial Position of the PESTECH Group as at 31 December 2011 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 3.10 above to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2011:-

	Note	Audited as at 31.12.2011 RM	Proforma I RM	Proforma II RM	Proforma III RM
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	10,143,504	10,143,504	10,143,504	10,143,504
Investment in jointly-controlled entity	5.2	-	-	-	-
		10,143,504	10,143,504	10,143,504	10,143,504
Current assets					
Inventories	5.3	17,482,824	17,482,824	17,482,824	17,482,824
Trade receivables	5.4	21,087,680	21,087,680	21,087,680	21,087,680
Other receivables, deposits and prepayments	5.5	2,374,688	2,374,688	2,374,688	1,225,153
Amount due from jointly-controlled entity	5.6	11,086	11,086	11,086	11,086
Fixed deposits with licensed banks	5.7	11,152,761	11,152,761	11,152,761	11,152,761
Cash and bank balances	5.8	15,738,080	15,738,080	28,618,080	21,267,615
		67,847,119	67,847,119	80,727,119	72,227,119
Total assets		77,990,623	77,990,623	90,870,623	82,370,623

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Audited as at 31.12.2011 RM	Proforma I RM	Proforma II RM	Proforma III RM
EQUITY AND LIABILITIES					
Equity					
Share capital	5.9	36,500,000	36,500,000	42,940,000	42,940,000
Share premium	5.10	-	-	6,440,000	5,727,664
Merger reserve	5.11	(33,136,979)	(33,136,979)	(33,136,979)	(33,136,979)
Exchange translation reserve	5.12	(15,807)	(15,807)	(15,807)	(15,807)
Retained earnings	5.13	35,493,880	35,493,880	35,493,880	33,706,216
		38,841,094	38,841,094	51,721,094	49,221,094
Non-controlling interest		(3,378)	(3,378)	(3,378)	(3,378)
Total equity		38,837,716	38,837,716	51,717,716	49,217,716
Non-current liabilities					
Finance lease liabilities	5.14	188,327	188,327	188,327	188,327
Borrowings	5.15	2,404,866	2,404,866	2,404,866	2,054,866
Deferred tax liabilities	5.16	221,000	221,000	221,000	221,000
		2,814,193	2,814,193	2,814,193	2,464,193
Current liabilities					
Trade payables	5.17	14,865,582	14,865,582	14,865,582	14,865,582
Other payables	5.18	2,315,092	2,315,092	2,315,092	2,315,092
Amount due to contract customers	5.19	1,577	1,577	1,577	1,577
Amount due to Directors	5.20	2,445,155	2,445,155	2,445,155	2,445,155
Finance lease liabilities	5.14	54,632	54,632	54,632	54,632
Borrowings	5.15	15,358,048	15,358,048	15,358,048	9,708,048
Provision for taxation	5.21	1,298,628	1,298,628	1,298,628	1,298,628
		36,338,714	36,338,714	36,338,714	30,688,714
Total liabilities		39,152,907	39,152,907	39,152,907	33,152,907
Total equity and liabilities		77,990,623	77,990,623	90,870,623	82,370,623

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Audited as at 31.12.2011 RM	Proforma I RM	Proforma II RM	Proforma III RM
NA (RM)	5.22	38,837,716	38,837,716	51,717,716	49,217,716
Number of Shares in issue		73,000,000	73,000,000	85,880,000	85,880,000
NA per Share (RM)		0.53	0.53	0.60	0.57

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

5.1 PROPERTY, PLANT AND EQUIPMENT

The movement of the property, plant and equipment is as follows:-

	Long leasehold land RM	Building RM	Motor vehicles RM	Motor vehicles under finance lease RM	Computers RM	Renovation RM	Office equipment RM	Total RM
Cost								
At 31 December 2011/Proforma I to III	1,657,403	5,745,374	491,301	636,946	921,473	420,882	2,853,200	12,726,579
Accumulated depreciation								
At 31 December 2011/Proforma I to III	103,588	229,814	242,061	293,054	290,195	83,864	1,340,499	2,583,075
Net carrying amount								
At 31 December 2011/Proforma I to III	1,553,815	5,515,560	249,240	343,892	631,278	337,018	1,512,701	10,143,504

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.2 INVESTMENT IN JOINTLY-CONTROLLED ENTITY

The movement of investment in jointly-controlled entity is as follows:-

	RM
At 31 December 2011/Proforma I to III	-
Represented by:-	
Cost of investment	12,500
Share of losses	(12,500)
	-

The details of jointly-controlled entity are as follows:-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
TPSB	RM25,000	50%	13 July 2001, Malaysia	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

In accordance with paragraph 40 of FRS 131 Interests in Joint Ventures and paragraph 29 of FRS 128 Investments in Associates, the Group has discontinued recognising the share of losses in excess of its investment in TPSB.

5.3 INVENTORIES

The movement of inventories is as follows:-

	RM
At 31 December 2011/Proforma I to III	17,482,824

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.3 INVENTORIES (CONT'D)

The details of the inventories are as follows:-

	RM
At cost:-	
Work-in-progress	15,449,239
General stock	2,033,585
At 31 December 2011/Proforma I to III	17,482,824

5.4 TRADE RECEIVABLES

The movement of trade receivables is as follows:-

	RM
At 31 December 2011/Proforma I to III	21,087,680

The details of the trade receivables are as follows:-

	RM
Trade receivables	7,536,793
Retention sums on contracts	13,550,887
At 31 December 2011/Proforma I to III	21,087,680

Trade receivables are non-interest bearing and are generally on 30 to 60 days term.

The currency analysis of trade receivables is as follows:-

	RM
RM	10,107,577
USD	8,824,781
EURO	1,931,341
LKR	218,495
BND	5,486
	21,087,680

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.5 OTHER RECEIVABLES

The movement of other receivables is as follows:-

	RM
At 31 December 2011/ Proforma I to II	2,374,688
Utilisation of proceeds – Listing expenses	(1,149,535)
Proforma III	1,225,153

The details of other receivables are as follows:-

	RM
Other receivables	657,030
Deposits	431,358
Prepayments	136,765
	1,225,153

The currency analysis of other receivables is as follows:-

	RM
RM	664,986
USD	179,636
BND	53,266
LKR	167,448
PGK	159,817
	1,225,153

5.6 AMOUNT DUE FROM JOINTLY-CONTROLLED ENTITY

The amount due from jointly-controlled entity is unsecured, interest free and repayable on demand.

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.7 FIXED DEPOSITS WITH LICENSED BANKS

The movement of fixed deposits with licensed banks is as follows:-

	RM
At 31 December 2011/Proforma I to III	11,152,761

The fixed deposits interests range from 1.80% to 4.73% per annum.

The fixed deposits are pledged to licensed banks for banking facilities granted to a subsidiary.

5.8 CASH AND BANK BALANCES

The movement of cash and bank balances is as follows:-

	RM
At 31 December 2011/Proforma I	15,738,080
Public issue	12,880,000
Proforma II	28,618,080
Utilisation of proceeds	
- Borrowings	(6,000,000)
- Listing expenses	(1,350,465)
Proforma III	21,267,615

The reconciliation of listing expenses is as follows:-

	RM
Prepayment of listing expenses as at 31 December 2011 (Note 5.5)	1,149,535
Listing expenses payable as at 31 December 2011	1,350,465
Total listing expenses	2,500,000

Bank balances amounting to RM9,379,216 have been pledged to financial institutions for guarantee facilities granted to the Group and hence, are not available for general use.

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.8 CASH AND BANK BALANCES (CONT'D)

The currency analysis of cash and bank balances is as follows:-

	RM
RM	5,717,978
USD	14,557,306
EURO	659,801
LKR	208,100
Others	124,430
	21,267,615

5.9 SHARE CAPITAL

The movement of issued and paid-up share capital is as follows:-

	Number of ordinary shares	RM
At 31 December 2011/Proforma 1	73,000,000	36,500,000
Public Issue	12,880,000	6,440,000
Proforma II to III	85,880,000	42,940,000

5.10 SHARE PREMIUM

The movement of the share premium account is as follows:-

	RM
At 31 December 2011/Proforma I	-
Public Issue	6,440,000
Proforma II	6,440,000
Utilisation of proceeds - Listing expenses	(712,336)
Proforma III	5,727,664

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.10 SHARE PREMIUM (CONT'D)

This is a non-distributable reserve.

The estimated listing expenses for issuance of Shares of **RM712,336** will be written off against the share premium account under Section 60 of the Companies Act, 1965.

The remaining listing expenses of **RM1,787,664** will be expensed off to the Statements of Comprehensive Income and this represents an one-off expenditure pursuant to the IPO.

5.11 MERGER RESERVE

The movement of the merger reserve is as follows:-

	RM
At 31 December 2011/Proforma I to III	(33,136,979)

Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares acquired.

5.12 EXCHANGE TRANSLATION RESERVE

The movement of the exchange translation reserve is as follows:-

	RM
At 31 December 2011/Proforma I to III	(15,807)

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.13 RETAINED EARNINGS

The movement of the retained earnings is as follows:-

	RM
At 31 December 2011/Proforma I to II	35,493,880
Listing expenses	(1,787,664)
Proforma III	33,706,216

Retained earnings represent a distributable reserve.

5.14 FINANCE LEASE LIABILITIES

The movement and details of the finance lease liabilities are as follows:-

	RM
Minimum lease payments	
- less than 1 year	65,916
- 1 to 2 years	65,916
- 2 to 5 years	137,634
	269,466
Less: Interest-in-suspense	(26,507)
At 31 December 2011/Proforma I to III	242,959

Represented by:-

	RM
Present value of minimum lease payments	
- less than 1 year	54,632
- 1 to 2 years	57,744
- 2 to 5 years	130,583
	242,959

Stamped for the purpose of identification on:
2 5 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.15 BORROWINGS

The movement of the borrowings is as follows:-

	RM
Secured:-	
Non-current	
Term loan	2,404,866
Current	
Term loan	297,921
Bankers' acceptance	2,053,000
Trust Receipts	7,883,330
Bank Overdraft	5,123,797
At 31 December 2011/Proforma I to II	17,762,914
Utilisation of proceeds	(6,000,000)
Proforma III	11,762,914

Analysed into:-

	RM
Non-current borrowings	
- less than 1 year	106,074
- 1 to 2 years	357,141
- 2 to 5 years	1,591,651
	2,054,866
Current borrowings	9,708,048
Proforma III	11,762,914

The currency analysis of borrowings is as follows:-

	RM
RM	4,899,005
USD	5,578,488
EURO	559,308
CHF	561,953
Others	164,160
	11,762,914

Stamped for the purpose of identification on:
25 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.16 DEFERRED TAX LIABILITIES

The movement of the deferred tax liabilities is as follows:-

	RM
Deferred tax assets	(8,000)
Deferred tax liabilities	229,000
At 31 December 2011/Proforma I to III	221,000

The deferred tax assets are in respect of deductible temporary difference between the carrying amount and tax base of provisions.

The deferred tax liabilities is made up of temporary differences arising from carrying amount of qualifying property, plant and equipment in excess of their tax base.

5.17 TRADE PAYABLES

The movement of trade payable is as follows:-

	RM
At 31 December 2011/Proforma I to III	14,865,582

The details of the trade payables are as follows:-

	RM
Trade payables	14,079,143
Retention sums on contracts	786,439
	14,865,582

The normal trade credit terms granted by the trade payables ranges from 14 days to 90 days.

Stamped for the purpose of identification on:
2 5 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.17 TRADE PAYABLES (CONT'D)

The currency analysis of trade payables is as follows:-

	RM
RM	5,870,790
USD	6,942,572
EURO	450,985
JPY	1,097,112
LKR	331,869
Others	172,254
	14,865,582

5.18 OTHER PAYABLES

The movement of other payables is as follows:-

	RM
At 31 December 2011/Proforma I to III	2,315,092

The details of other payables are as follows:-

	RM
Other payables	1,458,989
Accruals	856,103
	2,315,092

The currency analysis of other payable is as follow:-

	RM
RM	2,017,726
EURO	129,126
Others	168,240
	2,315,092

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.19 AMOUNT DUE TO CONTRACT CUSTOMERS

The movement of amount due to contracts customers is as follows:-

	RM
At 31 December 2011/Proforma I to III	1,577

The details of amount due to contract customers are as follows:-

	RM
Actual cost incurred to date	115,508,909
Attributable profits	30,428,001
	145,936,910
Progress billings received/receivables	(145,938,487)
	1,577

The entire amount due to contracts customers is denominated in USD.

5.20 AMOUNT DUE TO DIRECTORS

The movement of the amount due to directors is as follows:-

	RM
At 31 December 2011/Proforma I to III	2,445,155

5.21 PROVISION FOR TAXATION

The movement of provision for taxation is as follows:-

	RM
At 31 December 2011/Proforma I to III	1,298,628

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

5. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

5.22 NA PER SHARE

Based on the Proforma Consolidated Financial Position of PESTECH Group as at 31 December 2011, the proforma NA per Share is calculated as follows:-

Proforma NA as per Proforma Consolidated Statements of Financial Position (RM)	49,217,716
Total number of fully issued and paid-up Shares	85,880,000
Proforma NA per Share (RM)	0.57

Stamped for the purpose of identification on: 25 APR 2012 SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS

The following is the Proforma Consolidated Statement of Cash Flows of the PESTECH Group prepared for illustrative purpose based on the audited financial statements of PESTECH Group assuming that the PESTECH Group has been in existence throughout the financial year under review:-

	Note	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		16,683,082
Adjustments for:-		
Depreciation		821,339
Gain on disposal of plant and equipment		(249,999)
Interest income		(222,059)
Interest expenses		1,318,863
Unrealised foreign exchange gain		(354,979)
Operating profit before working capital changes		17,996,247
Changes in working capital:-		
Inventories		(4,332,728)
Receivables		11,308,657
Payables		(20,231,159)
Contract customers		967,370
Directors		1,818,906
Cash generated from operations		7,527,293
Interest paid		(1,318,863)
Interest received		222,059
Tax paid		(5,930,344)
Net cash from operating activities		500,145
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to jointly-controlled entity		(6,086)
Issuance of shares		2
Issuance of shares to non-controlling interest		25
Net movement of fixed deposit pledged to banks		(2,664,848)
Payment of listing expenses		(2,500,000)
Purchases of property, plant and equipment	A	(902,182)
Net cash used in investing activities		(6,073,089)

Stamped for the purpose of identification on:
2 5 APR 2012
SJ Grant Thornton

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Note	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid		(324,975)
Drawndown of borrowings		52,527,167
Net movement of bank balances pledged to banks		(4,729,679)
Payment of finance lease liabilities		(270,043)
Proceeds from public issue		12,880,000
Repayment of borrowings		(52,172,693)
Net cash from financing activities		7,909,777
Effects of foreign exchange		121,852
CASH AND CASH EQUIVALENTS		
Net increase in cash		2,458,685
Cash and cash equivalent brought forward		4,305,917
Cash and cash equivalent carried forward	B	6,764,602

Notes to the Proforma Consolidated Statement of Cash Flows

A. Purchase of Property, Plant and Equipment

Property, plant and equipment were acquired by the following means:-

	RM
Cash payments	902,182
Finance lease liabilities	200,000
	1,102,182

PESTECH INTERNATIONAL BERHAD
Company No: 948035-U
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

6. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Notes to the Proforma Consolidated Statement of Cash Flows (cont'd)

B. Cash and Cash Equivalents

Cash and cash equivalents included in the Proforma Consolidated Statement of Cash Flows comprise the following amounts:-

	RM
Cash and bank balances	21,267,615
Fixed deposits with licensed banks	11,152,761
Bank overdrafts	(5,123,797)
Less: Bank balances and fixed deposits pledged to banks	(20,531,977)
	6,764,602

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited consolidated financial statements of PESTECH and its subsidiaries and jointly-controlled entity as at 31 December 2011, with the assumption that the effects of acquisition and incorporation of subsidiaries, IPO and utilisation of proceeds have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited consolidated financial statements of the PESTECH Group.

← end of report →

11.3 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Section 11.2 and Section 12 of this Prospectus respectively.

The following table shows our Group's capitalisation and indebtedness:-

(i) Based on our Proforma Consolidated Statements of Financial Position as at 31 December 2011; and

(ii) As adjusted for the Public Issue and utilisation of proceeds from the Public Issue.

	As at 31 December 2011 RM	After Public Issue and utilisation of proceeds RM
Indebtedness:-		
Short term		
Borrowings (secured)	15,358,048	9,708,048
Finance lease liabilities	54,632	54,632
Long term		
Borrowings (secured)	2,404,866	2,054,866
Finance lease liabilities	188,327	188,327
Total Indebtedness	18,005,873	12,005,873
Shareholders' equity	38,837,716	49,217,716
Total capitalisation and indebtedness	56,843,589	61,223,589

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 Accountants' Report as set out in Section 12 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

Our Group is an integrated electric power technology company. We are an investment holding company and provide comprehensive power system engineering and technical solutions for the design, procurement and installation of HV and EHV substations, transmission lines and underground cables for electricity transmission and distribution in the local and international markets. We also manufacture proprietary power system components and equipment. Our ability to conduct in-house engineering and development of our own Products and engineering solutions has enabled us to expand our Product base, enhance our competitive strengths as a value added services provider and reduce cost.

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

(a) Segmental analysis

Based on the segmental analysis, our Group's revenue mainly comprises two (2) sources, i.e. Projects and Products.

Projects are currently the core contributor to our Group's revenue. In the breakdown of our revenue, Projects include Products that are used in the execution of our Projects.

Products comprise solely those that are manufactured, value added and sold to third parties (i.e. not for use in our Projects) and is inclusive of the following:-

(i) Our own manufactured proprietary power system components and equipment; and

(ii) Third party equipment integrated with our value added services i.e. configuration (programming and engineering), testing of functionality, after sales services (technical and products support) and where applicable installation of products ("**Third Party Products & Value Added Services**").

The sale of our Products to third parties is generally for use in projects undertaken by the third parties involving installation of substations. As the specifications and budget for each substation project are typically different, our Products are customised and engineered according to the different requirements of our customers.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. FINANCIAL INFORMATION (Cont'd)

The table below sets forth the breakdown of our Group's revenue and gross profit for the respective financial years:-

Revenue analysis:-

(i) Analysis of contribution to revenue by companies:-

	<---FYE 31 December								--->	
	2007		2008		2009		2010		2011	
Company	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
PSB	43,270	99.7	51,596	100.0	86,548	100.0	107,747	93.7	127,541	97.4
Xcell	112	0.3	-	-	-	-	-	-	52	#
Fornix	-	-	-	-	-	-	564	0.5	564	0.4
TPJV	-	-	-	-	-	-	7,709	6.7	12,654	9.7
PBSB	-	-	-	-	-	-	-	-	69	0.1
Total	**43,382**	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**116,020**	**100.9**	**140,880**	**107.6**
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**114,982**	**100.0**	**130,947**	**100.0**

Notes:-

a. *In accordance with paragraph 40 of FRS 131 Interests in Joint Ventures and paragraph 29 of FRS 128 Investments in Associates, our Group has discontinued recognising the share of losses in excess of our investment in our jointly-controlled entity namely, TPSB. Kindly refer to Section 7.7 of the Accountants' Report set out in Section 12 of this Prospectus for the historical performance of TPSB.*

b. *There is no contribution from PSSB and PTL as they are newly incorporated subsidiary companies in 2012.*

\# *Negligible.*

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

	<---FYE 31 December								--->	
	2007		2008		2009		2010		2011	
Activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Projects^	21,583	49.8	38,964	75.5	75,662	87.4	96,852	84.2	128,732	98.3
Products*	21,799	50.2	12,632	24.5	10,886	12.6	18,604	16.2	11,584	8.9
Investment	-	-	-	-	-	-	564	0.5	564	0.4
Total	**43,382**	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**116,020**	**100.9**	**140,880**	**107.6**
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**114,982**	**100.0**	**130,947**	**100.0**

Notes:-

^ *Projects include Products that were used in the execution of our Projects.*

* *Products comprise proprietary Products and Third Party Products & Value Added Services (not for use in our Projects).*

11. FINANCIAL INFORMATION (Cont'd)

(iii) Detailed breakdown of contribution to revenue by core activities:-

	<-----				FYE 31 December					----->
	2007		2008		2009		2010		2011	
Activities	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Projects:-										
Local	21,583	49.8	26,497	51.3	40,691	47.0	40,294	35.1	23,135	17.6
Overseas:-										
- Brunei	-	-	12,467	24.2	14,742	17.0	819	0.7	-	-
- PNG	-	-	-	-	20,229	23.4	3,819	3.3	-	-
- Sri Lanka	-	-	-	-	-	-	4,875	4.2	18,199	13.9
- Ghana	-	-	-	-	-	-	15,090	13.1	2,599	2.0
- Cambodia	-	-	-	-	-	-	31,955	27.8	84,799	64.8
	-	-	12,467	24.2	34,971	40.4	56,558	49.1	105,597	80.7
Total Projects^	21,583	49.8	38,964	75.5	75,662	87.4	96,852	84.2	128,732	98.3
Products:-										
Local	21,621	49.8	10,965	21.3	7,117	8.2	15,535	13.5	7,640	5.9
Overseas:-										
- Brunei	178	0.4	1,667	3.2	3,557	4.1	3,069	2.7	3,944	3.0
- Tanzania	-	-	-	-	212	0.3	-	-	-	-
	178	0.4	1,667	3.2	3,769	4.4	3,069	2.7	3,944	3.0
Total Products*	21,799	50.2	12,632	24.5	10,886	12.6	18,604	16.2	11,584	8.9
Investment	-	-	-	-	-	-	564	0.5	564	0.4
Total	**43,382**	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**116,020**	**100.9**	**140,880**	**107.6**
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**114,982**	**100.0**	**130,947**	**100.0**

Notes:-

^ *Projects include Products that were used in the execution of our Projects.*

* *Products comprise proprietary Products and Third Party Products & Value Added Services (not for use in our Projects).*

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. FINANCIAL INFORMATION (Cont'd)

(iv) Detailed breakdown of Products revenue by proprietary Products and Third Party Products & Value Added Services

	FYE 31 December									
	2007		2008		2009		2010		2011	
Products	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Proprietary Products	9,309	42.7	7,618	60.3	5,161	47.4	12,648	68.0	8,740	64.3
Third Party Products & Value Added Services	12,490	57.3	5,014	39.7	5,725	52.6	5,956	32.0	2,844	36.4
Total	**21,799**	**100.0**	**12,632**	**100.0**	**10,886**	**100.0**	**18,604**	**100.0**	**11,584**	**100.7**
Consolidation adjustment	-	-	-	-	-	-	-	-	(91)	(0.7)
	21,799	**100.0**	**12,632**	**100.0**	**10,886**	**100.0**	**18,604**	**100.0**	**11,493**	**100.0**

(v) Analysis of revenue by geographical location:-

	FYE 31 December									
	2007		2008		2009		2010		2011	
Country	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Malaysia	43,204	99.6	37,462	72.6	47,808	55.2	56,393	49.1	31,339	23.9
Cambodia	-	-	-	-	-	-	31,955	27.8	84,799	64.8
Sri Lanka	-	-	-	-	-	-	4,875	4.2	18,199	13.9
Ghana	-	-	-	-	-	-	15,090	13.1	2,599	2.0
PNG	-	-	-	-	20,229	23.4	3,819	3.3	-	-
Brunei	178	0.4	14,134	27.4	18,299	21.1	3,888	3.4	3,944	3.0
Tanzania	-	-	-	-	212	0.3	-	-	-	-
Total	**43,382**	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**116,020**	**100.9**	**140,880**	**107.6**
Consolidation adjustment	-	-	-	-	-	-	(1,038)	(0.9)	(9,933)	(7.6)
	43,382	**100.0**	**51,596**	**100.0**	**86,548**	**100.0**	**114,982**	**100.0**	**130,947**	**100.0**

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. FINANCIAL INFORMATION (Cont'd)

Gross profit analysis:-

(vi) Analysis of contribution to gross profit by companies:-

	<-----	-----	-----	-----	FYE 31 December	-----	-----	-----	-----	----->
	2007		**2008**		**2009**		**2010**		**2011**	
Company	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
PSB	7,386	99.6	8,144	100.0	11,682	100.0	22,727	92.2	25,470	95.9
Xcell	31	0.4	-	-	-	-	-	-	23	0.1
Fomix	-	-	-	-	-	-	-	-	-	-
TPJV	-	-	-	-	-	-	1,927	7.8	1,001	3.8
PBSB	-	-	-	-	-	-	-	-	70	0.2
Total	**7,417**	**100.0**	**8,144**	**100.0**	**11,682**	**100.0**	**24,654**	**100.0**	**26,564**	**100.0**

Notes:-

a. *In accordance with paragraph 40 of FRS 131 Interests in Joint Ventures and paragraph 29 of FRS 128 Investments in Associates, our Group has discontinued recognising the share of losses in excess of our investment in our jointly-controlled entity namely, TPSB. Kindly refer to Section 7.7 of the Accountants' Report set out in Section 12 of this Prospectus for the historical performance of TPSB.*

b. *There is no contribution from PSSB and PTL as they are newly incorporated subsidiary companies in 2012.*

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

	<-----	-----	-----	-----	FYE 31 December	-----	-----	-----	-----	----->
	2007		**2008**		**2009**		**2010**		**2011**	
Activities ^	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Projects	2,103	28.4	4,288	52.7	7,915	67.8	18,127	73.5	24,228	91.2
Products	5,314	71.6	3,856	47.3	3,767	32.2	6,527	26.5	2,336	8.8
	7,417	**100.0**	**8,144**	**100.0**	**11,682**	**100.0**	**24,654**	**100.0**	26,564	100.0

Note:-

^ *Gross profit for investment holding activity is not applicable.*

(viii) Analysis of gross profit margin by core activities:-

	<-----	-----	FYE 31 December	-----	----->
	2007	**2008**	**2009**	**2010**	**2011**
Activities ^	**%**	**%**	**%**	**%**	**%**
Projects	9.7	11.0	10.5	18.8	20.3
Products	24.4	30.5	34.6	35.1	20.3
Group	17.1	15.8	13.5	21.4	20.3

Note:-

^ *Gross profit for investment holding activity is not applicable.*

11. FINANCIAL INFORMATION (Cont'd)

(b) Financial Commentaries

FYE 31 December 2007

For the financial year under review, our Group recorded revenue of RM43.382 million. Based on the analysis of revenue by core activities, our Projects and Products accounted for RM21.583 million and RM21.799 million, representing 49.8% and 50.2% of our total revenue respectively.

During the financial year, we shifted our Group's marketing focus from the domestic market to the regional market in order to expand our reach. As our growth depends on electricity demand, access to other markets allows us to minimise the risk of dependency on any specific economy. Recognising this situation and as part of our strategic plan to achieve sustainable growth, as well as with the support of comfortable secured order books in hand for our Products, we looked into expanding our presence in the regional markets. With our established position in the Malaysian market, we believe that it was timely for us to focus on our business expansion in the international markets using Malaysia as the platform, particularly in the emerging and developing economies, to tap into the growth potential of these countries. We began to venture overseas into the region focusing on Brunei, Sri Lanka and PNG due to the familiarity in business practices and similarity in culture. We channelled more sales and marketing resources towards securing overseas projects. As such, during the financial year, we participated in bid tenders from countries like Brunei, Sri Lanka, Cambodia and PNG. Our Group's effort paid off when we successfully penetrated a new market in the region with our first overseas contract for the supply of our Products to Brunei, worth RM1.799 million in October 2007 to be delivered in the FYE 31 December 2008.

During the financial year, we were awarded a new project by TNB at Ampang and a private project at Seberang Prai worth RM7.249 million and RM2.074 million respectively to be implemented in the FYE 31 December 2008. In March 2007, we also managed to procure and began the implementation of another new project at Kuala Selangor worth RM11.459 million.

A substantial portion of our Projects billings for the FYE 31 December 2007 included flow over from projects implemented and procured in the previous financial year, namely Muar, Cameron Highlands, Northern & Southern Region and Sabah projects amounting to RM20.885 million representing 96.8% out of total Projects revenue of RM21.583 million.

During the financial year, our Products revenue was contributed by proprietary Products and Third Party Products & Value Added Services of RM9.309 million and RM12.490 million respectively, representing 42.7% and 57.3% of our total Products revenue for the financial year. Our sales of Products in the current financial year consists of supply of products to projects belonging to Siemens AG, a Japanese company and a Sarawak private company for RM11.000 million which contributed 50.5% of the total revenue of RM21.799 million from this segment. The local and foreign Product billings contributed 49.8% and 0.4% respectively to our total Products revenue of 50.2% in the current financial year.

Our Group recorded gross profit of RM7.417 million representing a gross profit margin of 17.1%. For the Products segment, we achieved gross profit margin of 24.4% whilst the Projects segment recorded a gross profit margin of 9.7%. In this financial year, there was a higher proportion of contribution from sale of our Products which carried better gross profit margins as compared to Project segment.

During the financial year, we achieved PBT and PAT of RM3.338 million and RM2.360 million respectively, with a PBT margin and PAT margin of 7.7% and 5.4% respectively for the year.

FYE 31 December 2008

We achieved a major breakthrough for our forays into the overseas markets when we procured two (2) sizeable contracts from Brunei and PNG via our JVs in the FYE 31 December 2008.

For the financial year under review, our revenue increased by RM8.214 million or 18.9% from RM43.382 million in the FYE 31 December 2007 to RM51.596 million in the FYE 31 December 2008. The increase in revenue was partly a result of the successful procurement of an overseas project from Brunei with a total project value of RM24.947 million for the design and construction of 66kV outdoor switchyard at Brunei's LPS, and 66kV underground cable links from LPS to the proposed BMC 66kV electrical substation, via a JV between SLCC of Brunei and us which was awarded by the BMC in Brunei to be completed within two (2) years. We billed a total of RM10.993 million of the total project value in the current financial year.

We also successfully procured a project from PPL in PNG via our JV for the design, manufacture, supply, construction, installation and commissioning of the Erap 132kV Grid Substation in PNG for the Erap – Hidden Valley Gold Mine Electrification Project worth RM22.612 million of which the project billings were only invoiced in the subsequent financial years.

The Projects billings for both local and overseas were RM26.497 million and RM12.467 million respectively representing 51.3% and 24.2% of our total revenue respectively. Projects revenue recorded in the current financial year for local Projects increased by RM4.914 million or 22.8% compared to the previous financial year.

During the financial year, having established ourselves as a key player in the industry, we continued to leverage on our track record and experience in implementing local projects and successfully procured four (4) new local Projects worth a total of RM55.663 million to be completed over a period of two (2) to three (3) years. One (1) of the new Projects were awarded by TNB at Banting, whilst the remaining three (3) were private Projects located at Klang, Tawau & Sandakan and Johor. The billings of Johor Project were only invoiced in the subsequent financial years whilst the billings from Banting, Klang and Tawau & Sandakan Projects contributed a total of RM5.592 million or 21.1% of our total local Projects revenue of RM26.497 million during the financial year. The remaining revenue of RM20.905 million comprise flow over from previous year Projects, where a substantial amount of RM19.042 million was from the Kuala Selangor, Seberang Prai and Ampang projects obtained in the FYE 31 December 2007 representing 71.9% of our local Projects revenue.

During the financial year, most of our Products manufactured were consumed internally and used in our Projects instead of being sold to third parties. Proprietary products and Third Party Products & Value Added Services recorded RM7.618 million and RM5.014 million, representing 60.3% and 39.7% of our total Products revenue respectively. We focused and channelled our resources towards the implementation of the substantial contracts in hand especially for our overseas Projects and as such, we were selective in the sale of Products and priced our Products with decent margins ("**Selective Strategy for Products**"). As such, revenue from Products decreased by RM9.167 million or 42.1% to RM12.632 million as compared to RM21.799 million in the FYE 31 December 2007. The local and foreign Product billings contributed 21.3% and 3.2% respectively to our total revenue.

Our Group's gross profit increased from RM7.417 million in the FYE 31 December 2007 to RM8.144 million in the FYE 31 December 2008 representing an increase of RM0.727 million or 9.8% due to the increase in revenue. However, gross profit margin decreased from 17.1% to 15.8% in the current financial year due to the following:-

(i) lower gross profit margin derived from our Projects in Brunei arising from underestimation of civil construction costs for the Project as a result of the learning curve effect for this maiden overseas project; and

(ii) the increase in the proportion of contribution from the sale of our Projects to 75.5% of total revenue (from 49.8% in the previous FYE 31 December 2007) which carried lower gross profit margin as compared to Products segment which recorded a decrease in revenue.

Based on segmental analysis, we recorded gross profit margin of 30.5% in the Products segment as compared to 24.4% in the previous financial year. The increase in gross profit margin was due to the abovementioned Selective Strategy for Products as we continued our focus on Projects segment. As for the Projects segment, our gross profit margins increased from 9.7% in the previous financial year to 11.0% in the FYE 31 December 2008 due mainly to higher margins recorded for certain local Projects notwithstanding the additional civil construction costs arising from the Brunei project as mentioned above.

Our Group's PBT for the FYE 31 December 2008 was RM4.137 million as compared to RM3.338 million in the FYE 31 December 2007, representing an increase of RM0.799 million or 23.9%. The increase in PBT was mainly due to higher revenue recorded in the FYE 31 December 2008 as compared to the FYE 31 December 2007. In line with the increase in PBT, our Group's PAT also increased to RM3.263 million in the FYE 31 December 2008 from RM2.360 million in the FYE 31 December 2007 which represents an increase of RM0.903 million or 38.3%.

FYE 31 December 2009

For the financial year under review, we registered revenue of RM86.548 million, representing an increase of RM34.952 million or 67.7% as compared to RM51.596 million in the FYE 31 December 2008. The significant increase was mainly due to the increase in Projects billings both locally and overseas. For local project billings, revenue increased by RM14.194 million to RM40.691 million representing 53.6% increase whilst foreign project billings increased by RM22.504 million to RM34.971 million representing 180.5% increase as compared to the previous financial year.

During the financial year, we procured a foreign project from Sri Lanka's electricity board, namely Ceylon Electricity Board amounting to RM26.538 million. Furthermore, we via our JVs were also awarded two (2) local projects from TNB at Kepong 2 and Taiping amounting to RM38.577 million and RM7.696 million respectively. The billings for Sri Lanka and Taiping projects only commenced in the subsequent financial years whilst we began the implementation of Kepong 2 project in the current financial year. Substantial Project revenue was contributed by the flow over of Projects from previous financial years namely from Brunei, PNG, Banting and Tawau & Sandakan projects amounting to RM70.697 million or 93.4% of our total Projects revenue as major milestones were completed this financial year.

Similar to the FYE 31 December 2008, our Products were mainly consumed internally and used in our Group's projects during the financial year. We recorded a slight decrease in Products billings of 13.8% from RM12.632 million in the FYE 31 December 2008 to RM10.886 million in the FYE 31 December 2009. The local and foreign Product billings contributed 8.2% and 4.4% respectively to our total revenue. In addition, we recorded revenue from proprietary Products and Third Party Products & Value Added Services of RM5.161 million and RM5.725 million, representing 47.4% and 52.6% of the total Products revenue respectively. We also procured a significant order from a local customer to supply our Products amounting to RM6.54 million targeted to be delivered in the next financial year.

Our Group's gross profit increased from RM8.144 million in the FYE December 2008 to RM11.682 million in the FYE 31 December 2009 representing an increase of RM3.538

million or 43.4% which was in line with the increase in revenue recorded. We recorded a gross profit margin of 13.5%, a decrease as compared to 15.8% in the FYE 31 December 2008. This was due to the following:-

(i) the increase in our overall factory overhead as a result of the increase in revenue especially arising from the implementation of more Projects. This has in turn increased costs relating to Projects such as duty and sales tax, freight charges, insurance premium for projects and marine transportation and professional fees during the financial year; and

(ii) the increase in the proportion of contribution from the sale of Projects to 87.4% of total revenue (from 75.5% in the previous FYE 31 December 2008) which carried lower gross profit margin as compared to Products segment.

Based on segmental analysis, we recorded gross profit margin of 34.6% in the Products segment which was higher than 30.5% achieved in the previous financial year due to our Selective Strategy for Products as we continued our focus on Projects segment. As for the Projects segment, our gross profit margins decreased slightly from 11.0% in the previous financial year to 10.5% in the FYE 31 December 2009 mainly due to the underestimation of civil construction costs for the Project in Brunei as mentioned in the FYE 31 December 2008.

Our Group's PBT for the FYE 31 December 2009 was RM5.214 million, an increase of RM1.077 million or 26.0% from RM4.137 million for the FYE 31 December 2008. The increase in PBT was mainly contributed by higher revenue recorded. Our Group's PAT increased by RM0.319 million or 9.8% to RM3.582 million from RM3.263 million recorded in the previous financial year despite the substantial increase in revenue due to higher taxation.

FYE 31 December 2010

For the financial year under review, we achieved a record high in our Group's revenue and profits with the contributions of two (2) new overseas projects in Cambodia and Ghana.

For the FYE 31 December 2010, our revenue significantly increased by RM28.434 million or 32.9% to RM114.982 million as compared to RM86.548 million in the FYE 31 December 2009. This was primarily due to the procurement and implementation of major overseas Projects and the increase in Products billings.

In respect of our revenue, our Projects billings increased by RM21.190 million or 28.0%. The local and foreign Projects billings amounted to RM40.294 million and RM56.558 million respectively. Local Project billings remained relatively stagnant whilst the billings from foreign Projects contributed a major portion with a substantial increase of RM21.587 million or 61.7% compared to previous financial year of RM34.971 million.

Having successfully executed the Projects in the abovementioned overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more overseas projects for our Group moving forward. During the financial year, we successfully procured the following two (2) major foreign Projects from Cambodia and Ghana:-

(i) The Cambodia project involves the establishment of substations and a transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia by Cambodian Transmission Limited to be completed by 2013. During the financial year, this Project contributed RM31.955 million to our revenue; and

(ii) As for the Ghana project, we are responsible for the design, supply, erect, test and commission of a 161kV single busbar substation at Ayanfuri to be completed in 2011. During the financial year, this Project contributed RM15.090 million to our revenue.

In addition, our Group also procured two (2) local projects from TNB at Georgetown and Muar (Extension) with a project value of RM6.988 million and RM3.360 million respectively. The billings of the new projects procured during the financial year contributed RM49.125 million or 50.7% of our total Projects revenue. The remaining billings of RM47.727 million comprise flow over from previous year projects, where a substantial amount of RM46.715 million was from the Kepong 2, Taiping, PNG, Sri Lanka and Banting projects.

Our Products billings significantly increased by RM7.718 million or 70.9% from RM10.886 million in the FYE 31 December 2009 to RM18.604 million in the FYE 31 December 2010. This was mainly due to the orders obtained for the supply of Products procured in the FYE 31 December 2009 which were supplied in the FYE 31 December 2010 as well as billings of Products for orders obtained during the financial year. The local and foreign product billings contributed 13.5% and 2.7% respectively to our total revenue. Furthermore, proprietary Products and Third Party Products & Value Added Services contributed RM12.648 million and RM5.956 million, representing 68.0% and 32.0% of our total Products revenue for the financial year.

The abovementioned increase in revenue coupled with our improved operating efficiencies had contributed to the increase in our profits. Our Group's gross profit increased from RM11.682 million in the FYE December 2009 to RM24.654 million in the FYE 31 December 2010 representing an increase of RM12.972 million or 111.0%. Our Group recorded a PBT of RM15.455 million in the FYE 31 December 2010, representing an increase of RM10.241 million or 196.4% as compared to previous financial year of RM5.214 million. Our PAT also increased by RM7.910 million or 220.8% to RM11.492 million in the FYE 31 December 2010 compared to RM3.582 million in the previous financial year.

In addition, our Group also registered an increase in gross profit margin from 13.5% in the FYE 31 December 2009 to 21.4% in the FYE 31 December 2010. The increase was mainly attributable to the following:-

(i) higher margins gained by our Group in our overseas Projects in Cambodia, Ghana, PNG and Sri Lanka arising from better pricing which represented a substantial portion of our revenue. In the FYE 31 December 2010, we had extended our engineering responsibility for overseas Projects to include civil engineering for optimisation of design for both civil and electrical portions of the Project, as compared to the previous years where such civil portion was undertaken by our JV partners. This had contributed to the increase in gross profit margins for Projects from 10.5% in the previous financial year to 18.8% in the FYE 31 December 2010; and

(ii) increase in our Product sales to 16.2% of total revenue (from 12.6% in the previous FYE 31 December 2009) which carried higher gross profit margins as compared to Projects segment. We recorded a slight increase in gross profit margin to 35.1% in the Products segment from 34.6% achieved in the previous financial year. Our strategy in the financial year remained the same as the previous years with Selective Strategy for Products as undertaking Projects would create a higher value for our Group.

FYE 31 December 2011

For the financial year under review, our Group registered another record high in revenue and profits mainly due to contributions from our existing Projects in Cambodia and Sri Lanka.

For the FYE 31 December 2011, we recorded a revenue of RM130.947 million representing an increase of RM15.965 million or 13.9% as compared to RM114.982 million in the FYE 31 December 2010. The significant increase in our revenue was primarily due to billings from the implementation of our major overseas Projects during the financial year.

During the financial year, our Projects billings have significantly increased from RM96.852 million in the previous financial year to RM128.732 million, representing an increase of RM31.880 million or 32.9%. The total local and overseas Projects billings amounted to RM23.135 million and RM105.597 million respectively for the financial year. Our local Projects billings decreased by RM17.159 million or 42.6% as compared to FYE 31 December 2010, whilst our overseas Projects billings contributed a substantial increase of RM49.039 million or 86.7% as compared to previous financial year of RM56.558 million. This was in line with our Group's focus to expand our reach to the overseas markets.

The substantial increase in our overseas Projects' revenue was mainly due to implementation and commissioning of our two (2) major overseas Projects in Cambodia and Sri Lanka which our Group has procured in the previous financial years. Our Projects in Cambodia and Sri Lanka have contributed RM84.799 million and RM18.199 million representing 64.8% and 13.9% of the total overseas Project billings respectively during the financial year. In addition, our overseas Projects billings from Ghana which was procured in 2010, recorded RM2.599 million or 2.0% of our total overseas Project billings for the financial year.

The billings from our local Projects were mainly flow over from Projects procured in previous financial years, with substantial contributions from Projects in Kepong 2, Georgetown and Muar amounting to RM18.548 million, representing 88.2% of our local Projects billings for the financial year. In the FYE 31 December 2011, our Group also managed to procure a new project in Gua Musang worth RM20.482 million to be implemented in FYE 31 December 2012.

For our Products billings, our Group recorded a decrease of RM7.020 million or 37.7% from RM18.604 million in the FYE 31 December 2010 to RM11.584 million in the FYE 31 December 2011. The decrease was due to a substantial portion of our Products being consumed internally and used in our Projects during the financial year instead of being sold as finished products to third parties. Our local and foreign Products billings contributed RM7.640 million and RM3.944 million or 5.8% and 3.0% of our total revenue respectively. In addition, we recorded revenue from proprietary Products and Third Party Products & Value Added Services of RM8.740 million and RM4.955 million, representing 63.8% and 36.2% of our total Products revenue respectively for the financial year.

Our Group's gross profit increased from RM24.654 million in the FYE 31 December 2010 to RM26.564 million in the FYE 31 December 2011, representing an increase of RM1.910 million or 7.7% which was in line with the increase in our total revenue. However, our Group recorded a decrease of 1.1% in gross profit margin from 21.4% in the FYE 31 December 2010 to 20.3% for the FYE 31 December 2011.

The decrease in the gross profit margin for Products segment from 35.1% in the previous financial year to 20.3% in the FYE 31 December 2011 was mainly attributable to:-

(i) lower economies of scale due to a decrease in the volume of Products manufactured; and

(ii) the general price increase of raw material used in the manufacturing of our Products.

Our Group recorded a PBT of RM16.683 million in the FYE 31 December 2011, representing an increase of RM1.228 million or 7.9% from previous financial year, in line with higher revenue recorded during the financial year. Similarly, our Group's PAT in the current financial year also increased by RM0.509 million to RM12.001 million as compared to FYE 31 December 2010.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

Other key factors affecting the profitability of our Group

The other 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:-

Cost of Sales

The components of our costs of sales are direct materials, direct labour and factory overhead. A breakdown of the components of our cost of sales for the past five (5) FYE 31 December 2007 to 2011 are as follows:-

	FYE 31 December									
	2007		2008		2009		2010		2011	
Components	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Projects:-										
Direct materials	18,435	51.3	30,439	70.1	58,711	78.4	68,710	76.1	93,398	89.5
Direct labour	459	1.3	1,450	3.3	2,626	3.5	3,737	4.1	4,974	4.7
Factory overhead	586	1.6	2,787	6.4	6,410	8.6	6,287	7.0	5,637	5.4
	19,480	54.2	34,676	79.8	67,747	90.5	78,734	87.2	104,009	99.6
Products:-										
Direct materials	15,429	42.9	7,402	17.0	5,819	7.8	10,141	11.2	8,227	7.9
Direct labour	465	1.3	470	1.1	378	0.5	722	0.8	479	0.5
Factory overhead	591	1.6	904	2.1	922	1.2	1,214	1.3	542	0.5
	16,485	45.8	8,776	20.2	7,119	9.5	12,077	13.3	9,248	8.9
Total	**35,965**	**100.0**	**43,452**	**100.0**	**74,866**	**100.0**	**90,811**	**100.5**	**113,257**	**108.5**
Consolidation adjustment	-	-	-	-	-	-	(483)	(0.5)	(8,874)	(8.5)
Total	**35,965**	**100.0**	**43,452**	**100.0**	**74,866**	**100.0**	**90,328**	**100.0**	**104,383**	**100.0**

Direct material

Our direct material cost represents the largest components of our cost of sales which primarily consists of equipment such as transformers, cables, circuit breaker, steel structures, surge arrestors, relays, earthing materials, RTU, NER and CRP. The civil engineering work consists of services performed such as foundation, civil engineering, design consultancy, erection, testing and commissioning of project. Our Group's direct material contributed 94.2%, 87.1%, 86.2%, 87.3% and 97.4% of our total cost of sales for the FYE 31 December 2007 to 2011 respectively.

The trend movement in the direct material was in line with the movement of our total revenue for the financial years under review where an increase in our revenue would result in an increase in our direct material and vice versa.

Direct labour

Our Group's direct labour primarily comprises salary and staff-related expenses for our staff that are directly involved in the projects and manufacturing and sales of products.

The total direct labour costs constituted approximately 2.6%, 4.4%, 4.0%, 4.9% and 5.2% of the total cost of sales for the FYE 31 December 2007 to 2011 respectively.

Factory overhead

Our factory overhead mainly comprises the following:-

(i) Direct project expenses;
(ii) Duty and sales tax;
(iii) Freight charges; and
(iv) Insurance premium for projects and marine transportation.

Factory overhead constituted RM1.177 million, RM3.691 million, RM7.332 million, RM7.501 million and RM6.179 million of our total cost of sales for the FYE 31 December 2007 to 2011 respectively.

The significant increase in factory overhead for the FYE 31 December 2009 and the FYE 31 December 2010 was mainly due to higher duty and sales tax, freight charges, insurance premium for projects and marine transportation and professional fees attributed to our Projects during the said financial years mainly arising from the implementation of more Projects during the aforementioned financial years.

Notwithstanding the increase in our revenue for the FYE 31 December 2011, our total factory overhead decreased by RM1.322 million or 17.6% to RM6.179 million from RM7.501 million in the previous financial year mainly due to the following:-

(i) Lower insurance premium for marine transportation as certain insurance requirement were borne by the suppliers;
(ii) Lower duty and sales tax arising from lower revenue recorded from our local Projects during the financial year as compared to previous financial years; and
(iii) Lower performance bond charges during the year.

Other Income

Our Group's other income were recorded at approximately RM0.069 million, RM1.431 million, RM0.278 million, RM0.296 million and RM1.852 million for the FYE 31 December 2007 to 2011 respectively. Our other income comprise mainly realised foreign exchange gain, unrealised foreign exchange gain and interest income on fixed deposit arising from the ordinary course of business.

The significant increase in our other income for the FYE 31 December 2008 was mainly attributable to realised foreign exchange gain on our foreign projects and interest income on fixed deposit. For the FYE 31 December 2011, our Group's other income increased significantly as compared to FYE 31 December 2010 mainly due to the following:-

(i) Realised gain on foreign exchange of RM0.662 million;
(ii) Unrealised gain on foreign exchange of RM0.355 million;.
(iii) Fixed deposit interest received of RM0.192 million; and
(iv) Gain on disposal of fixed asset of RM0.250 million.

Administrative Expenses

Our Group's administrative expenses amounted to RM3.357 million, RM4.746 million, RM5.648 million, RM8.438 million and RM10.414 million for the FYE 31 December 2007 to 2011 respectively and mainly comprise depreciation of PPE, realised loss on foreign exchange, travelling and accommodation expenses, and salary and other staff related expenses.

(i) Salary and staff related expenses

Salary and staff related expenses amounted to approximately RM1.37 million, RM1.75 million, RM3.04 million, RM3.07 million and RM4.94 million for the FYE 31 December 2007 to 2011 respectively. The continuous increase in salary and staff related expenses from the FYE 31 December 2007 to the FYE 31 December 2011 were mainly due to additional recruitment of employees to cater for the increase in our Group's business activities locally and overseas as well as increase in employees' remuneration.

(ii) Realised loss on foreign exchange

Our Group's realised loss on foreign exchange amounted to approximately RM1.41 million and RM1.31 million of our total administrative expenses for the FYE 31 December 2009 and 2010 respectively. The realised loss on foreign exchange was due to conversion loss of USD and EURO on the purchase of raw components and sales generated from overseas projects and products arising from the strengthening of RM against the USD and EURO. However, for the FYE 31 December 2011, our Group recorded a realised gain on foreign exchange of RM0.66 million arising from the strengthening of USD and EURO against RM which was recognised under our Group's other income as mentioned above.

(iii) Depreciation of PPE

Depreciation of PPE amounted to approximately RM0.32 million, RM0.32 million, RM0.39 million, RM0.55 million and RM0.83 million for the FYE 31 December 2007 to 2011. The gradual increase in depreciation of PPE for the financial years under review was in line with the capital expenditure incurred during the aforesaid financial years. The increase in the depreciation of PPE in the FYE 31 December 2010 was due to commencement of depreciation of our new corporate office comprising our present factory and office building which was completed towards the end of the FYE 31 December 2009. Accordingly, we incurred further capital expenditure in the FYE 31 December 2010 for office equipment, tools and equipment as well as to accommodate our Group's business expansions which contributed to the increase in the depreciation of PPE for the FYE 31 December 2010. In the FYE 31 December 2011, the increase in depreciation was due to additions in our Group's motor vehicles and tools and equipment during the financial year. Our capital expenditure for the past three (3) FYE 31 December 2011 is disclosed in Section 5.6 of this Prospectus.

(iv) Travelling and accommodation expenses

We incurred travelling and accommodation expenses of RM0.29 million, RM0.30 million, RM0.16 million, RM0.34 million and RM0.52 million for the FYE 31 December 2007 to 2011 respectively. These expenses primarily comprise, amongst others, travelling expenses to project sites or overseas assignments and accommodation for staff assigned to overseas projects.

Apart from the major components above, the increase in our administrative expenses was also due to increase in various other items such as professional fees, withholding tax, insurance premium, upkeep of premises and entertainment expenses.

Finance Costs

Our Group's finance costs were mainly attributable to the interest expenses and bank charges arising from the utilisation of our financing facilities such as term loan, bank overdraft, trust receipt, letter of credit, bankers' acceptance, bank guarantee and finance lease interest from approved financial institutions. The utilisation of our bank borrowings were for the purchase of our raw components such as transformers, relays and switchgears for our projects.

Taxation

The Malaysian statutory tax rates applicable to the FYE 31 December 2007 and 2008 were 27% and 26% respectively whilst FYE 31 December 2009 to 2011 was 25%.

For the FYE 31 December 2008, our Group recorded a lower effective tax rate as compared to the statutory tax rate due to non-assessable foreign income.

For the FYE 31 December 2007 and 2010, our Group's effective tax rates were higher than the statutory tax rates mainly due to effect of expenses not deductible for tax purposes and deferred tax liabilities. For the FYE 31 December 2009 and 2011, our effective tax rate of 31.3% and 28.1% respectively were significantly higher than the statutory tax rate mainly due to effect of higher expenses not deductible for tax purposes.

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

Foreign Exchange

Based on the segmental information of our total revenue by geographical area disclosed in Section 11.4.1(a) of this Prospectus, our Group's revenue contribution from overseas markets (after taking into consideration consolidation adjustment) to total revenue increased for the past five (5) financial years under review from 0.4% in the FYE 31 December 2007 to 76.5% in the FYE 31 December 2011. Our overseas sales transactions were mainly conducted in the currencies of USD and EURO. In addition, we also sourced key components such as transformers, relay panels, cables and circuit breakers from overseas suppliers, which were mostly denominated in USD, EURO or Japanese Yen.

Starting from 2011, we do, from time to time, enter into currency forward hedging for certain transactions against any fluctuation in the foreign exchange. We maintain foreign currency bank accounts to handle foreign currency transactions i.e. EURO and USD. Some of our foreign currency earnings are maintained in the respective foreign currency accounts, which are later used to make payments in the respective foreign currencies. This approach reduces the cost of currency conversions, and forms a natural hedge to protect our Company against being materially affected by any unfavourable foreign currency movements. As at 31 December 2011, our Group has hedged approximately RM8.825 million representing 80.0% of our foreign currency denominated trade receivables using foreign currency forward contract. In addition, we also leverage on the natural hedge through the matching of our sales and purchases which are mostly denominated in EURO and USD. For the FYE 31 December 2011, our total foreign currency bank borrowings amounted to RM6.864 million of which RM5.578 million is denominated in USD.

Our Directors will continue to constantly monitor our Group's foreign currency exposure and may hedge our material foreign exchange transactions after considering the foreign currency amount, exposure period and transaction costs. Notwithstanding the above, there is no assurance that such aforementioned hedging would totally or significantly mitigate the risk that arises from foreign currency fluctuation which may have material adverse impact on our financial condition or operating results.

In the FYE 31 December 2009 and 2010, our Group incurred realised foreign exchange loss of RM1.41 million and RM1.31 million respectively, whilst for the FYE 31 December 2011, our Group recorded a realised foreign exchange gain of RM0.662 million. Save for FYE 31 December 2009 and 2010, our Group has not experienced any material adverse effect on our financial condition or operating results arising from foreign currency fluctuations.

For further details on our exposure to foreign exchange risk, please refer to Section 4.1.2 of this Prospectus. In addition, please refer to the above commentaries on Administrative

Expenses for further information on our Group's realised loss on foreign exchange for the relevant financial years under review.

Interest Rates

As at 31 December 2011, our Group's total bank borrowings amounted to RM18.006 million comprising term loans, bank overdrafts, trust receipts and finance lease at the effective interest rates ranging from 2.71% to 8.35% per annum. Although our Group intends to utilise approximately RM6.000 million from the proceeds of the Public Issue for the repayment of outstanding bank borrowings, we may still incur additional bank borrowings in the future to facilitate our working capital and future projects.

Our Group's interest rate management objective is to manage the interest rate expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuations. To achieve such objective, our Group targets a mixture of floating and fix debts based on assessment of our existing exposure and desired interest rate profile.

There is no material impact of the fluctuations of interest rate on our historical profits for the past five (5) FYE 31 December 2007 to 2011.

Inflation

There was no material impact of inflation on our Group's financial results for the past five (5) FYE 31 December 2007 to 2011.

(d) Exceptional and Extraordinary Items

There were no exceptional and extraordinary items for the past five (5) FYE 31 December 2007 to 2011.

(e) 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. Save as disclosed in Section 4, Section 6 and Section 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past five (5) FYE 31 December 2007 to 2011.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11.4.2 Liquidity and capital resources

Our operations are funded by a combination of internal and external source of funds. Our Group's internal source of funds comprise cash generated from our operating activities and cash and bank balances, while external source of funds comprise mainly bank borrowings from financial institutions. The interest rates for our floating rate bank loans are based on the prevailing base lending rate or cost of funds plus a margin agreed upon with our bankers. The principal use of these funds is for our Group's working capital purposes such as purchase of raw components for our projects, payment of trade payables and operating expenses.

The table below sets out the proforma consolidated statement of cash flows of our Group for the FYE 31 December 2011:-

	Proforma consolidated statement of cash flows for the FYE 31 December 2011 RM'000
Net cash from operating activities	500
Net cash used in investing activities	(4,723)
Net cash from financing activities	1,030
Effects of foreign exchange rate changes on cash and cash equivalents	122
Net decrease in cash and cash equivalents	(3,071)
Cash and cash equivalents at beginning of year	4,306
Cash and cash equivalents at end of year	1,235
Represented by:-	
Cash and bank balances	15,738
Fixed deposits with financial institutions	11,153
Less: Bank overdrafts	(5,124)
Less: Amount pledged to financial institutions	(20,532)
	1,235

There are no legal, financial or economic restrictions on the ability of our subsidiary to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligations of our Company.

Net cash from operating activities

For the FYE 31 December 2011, the amount generated from operations before working capital changes were approximately RM17.996 million. After accounting for items such as below, our net cash generated from operating activities was approximately RM0.500 million:-

(i) a decrease in payables (i.e. higher repayment) of approximately RM20.231 million;
(ii) a decrease in receivables (i.e. lower collection) and amount due to contract customers of approximately RM11.309 million and RM0.967 million respectively;
(iii) interest and tax paid of approximately RM1.139 million and RM5.930 million respectively; and
(iv) an increase in inventories of approximately RM4.333 million.

Net cash used in investing activities

For the FYE 31 December 2011, our Group recorded net cash used in investing activities of approximately RM4.723 million. The net cash used in investing activities was mainly due to net movement of fixed deposit pledged to banks and payment of our listing expenses of approximately RM2.665 million and RM1.150 million respectively as well as capital expenditure incurred for the purchase of property, plant and equipment of approximately RM0.902 million during the financial year.

Net cash from financing activities

For the FYE 31 December 2011, our Group registered net cash used in financing activities of approximately RM1.030 million comprising mainly net repayment of our bank borrowings, drawdown of borrowings and bank balances pledged to financial institutions amounting to RM46.173 million, RM52.527 million and RM4.730 million respectively.

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

11.4.3 Borrowings and financial instruments

As at 31 December 2011, our total outstanding bank borrowings consist of term loans, bank overdrafts, trust receipts, bankers' acceptances and finance lease which amounted to approximately RM18.006 million.

Our total borrowings, all of which interest-bearing can be analysed further as follows:-

	Payable within 12 months RM'000	**Payable after 12 months RM'000**	**Total RM'000**
Bank borrowings (secured):-			
- Term loan	298	2,405	2,703
- Bank overdrafts	5,124	-	5,124
- Trust receipts and bankers' acceptances	9,936	-	9,936
Finance lease liabilities	55	188	243
Total	15,413	2,593	18,006
Gearing ratio as at 31 December 2011 (times)			**0.46**

For the FYE 31 December 2011, our foreign currency bank borrowings are as follows:-

Currency	RM'000
USD	5,578
Euro	559
Swiss Franc	562
Singapore Dollar	137
British Pound	28
Total	**6,864**

Our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any financing facilities in order to meet repayment obligations. As at 31 December 2011, a total of RM15.413 million of our borrowings are to be repaid within 12 months whilst the remaining RM2.593 million is to be repaid after 12 months.

Our Group intends to utilise approximately RM6.000 million from the proceeds of Public Issue for the repayment of our bank borrowings. Hence, this will reduce our Group's gearing ratio.

Our Group has not defaulted on payments of either interest and/or principal sum in respect of any bank borrowings throughout the past one (1) financial year and up to the LPD. As at 31 December 2011, our Group has hedged approximately RM8.825 million representing 80.0% of our foreign currency denominated trade receivables using foreign currency forward contract.

11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan

To the best of our Directors' knowledge, as at the LPD, neither us nor our subsidiary companies and jointly-controlled entity are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

11.4.5 Material Commitment

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.

11.4.6 Contingent Liabilities

As at the LPD, there is no indirect and/or 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

(a) Business and financial prospects

In respect of the FYE 31 December 2012 and 2013, our Directors have observed the following trends based on the revenue and operations of our Group based on our track records for the past financial years under review:-

(i) We recorded significant growth in revenue for the past four (4) FYE 31 December 2011. Going forward, we believe that we are in a position to sustain and grow our revenue in view of, inter-alia, the following:-

- Promising industry prospects for system design, engineering and infrastructure in the power transmission and distribution industry of the countries in which we operate as set out in Section 6 of this Prospectus. It is important to note that electricity is the foundation for modernisation and the industry is expected to continue growing concurrent to the continuous modernisation of the region which we are operating in. This is especially prevalent in the developing countries where there is a demand to develop, improve and build up the electricity transmission and distribution assets towards modernisation of the country.

- As at the LPD, our outstanding secured contracts in hand amounted to RM82.203 million. Subsequent to the LPD, we received two (2) letters of award amounting to a total of RM105.729 million via JV arrangements.

- Our continuous sales and marketing efforts to secure new projects and orders in line with our Group's future plan to expand our presence to other developing countries where there is a demand for the development, improvement and build up of electricity transmission and distribution assets.

Having successfully executed various Projects in the overseas markets, we have enhanced our profile substantially which has facilitated the procurement of more projects for our Group moving forward. We will leverage on our competitive strengths to procure more jobs in the industry.

Nonetheless, we take cognisant of the challenges moving forward in respect of, amongst others, project risk, operation risks, foreign exchange risk as well as changes in economic, political and regulatory risk that we may encounter which could impact our Group's performance and operations. Notwithstanding the above, we believe that we are well positioned to diversify the above risks taking into consideration our increasing market reach which may render us less reliant on any particular country. In addition, we believe we are equipped with project experiences that have provided us with the relevant technical and execution know-how to undertake complex projects.

(ii) Generally, our cost of materials for primary equipment which comprise a major portion of our direct materials are based on market prices not within our control. However, we believe that we are able to manage the cost of primary equipment with the availability of many alternative reliable suppliers where we can source the primary equipment at competitive price. In addition, we will continue to focus on the E&D and expansion of our secondary equipments product base. This will enable us to better control project margins as we will be able to manage a portion of the cost through the manufacturing and usage of our own secondary equipment Products in our Projects. Our Directors expect such trend to continue in the near future moving forward; and

(iii) Our main components of administrative expenses include salary and staff related expenses, depreciation of PPE and travelling and accommodation expenses. Such expenses are generally expected to move in line with the growth of our business, as we increase our expenditure on recruitment of staff, increasing sales and marketing activities and penetrating new markets.

(b) Outstanding contracts

As at the LPD, we have procured outstanding contracts amounting to RM82.203 million. Subsequent to the LPD, we received two (2) letters of award amounting to RM105.729 million via JV arrangements. However, the contracts are subject to cancellation, deferral or re-scheduling by our customers. As such, our outstanding contracts as at any particular date may not be indicative of our Group's revenue for any succeeding period.

As at the LPD, the financial performance, position and operations of our Group are not affected by any one of the following:-

(i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this section and Section 4 and Section 5 of this Prospectus;

(ii) Material capital expenditure commitments save as disclosed in Section 11.4.5 of this Prospectus;

(iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and Section 4 of this Prospectus; and

(iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, significant trends in sales, costs and selling prices is set out in this section, Section 4 and Section 5 of this Prospectus. Given the outlook of the industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 and our Group's dedication to implement the future plans and strategies as set out in Section 5.8.1 of this Prospectus, our Board is optimistic about the future prospects of our Group.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. FINANCIAL INFORMATION (Cont'd)

11.4.8 Other key financial ratios

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

	<--	FYE 31 December		-->	
	2007	**2008**	**2009**	**2010**	**2011**
Trade receivables					
Revenue (RM'000)	43,382	51,596	86,548	114,982	130,947
Trade receivables (RM'000)	14,926	21,310	31,851	29,860	21,088
Less: Retention sum (RM'000)	(892)	(2,768)	(5,455)	(9,196)	(13,551)
Trade receivables (excluding retention sum) (RM'000)	14,034	18,542	26,396	20,664	7,537
Trade receivables (excluding retention sum) turnover period (months)	**3.88**	**4.31**	**3.66**	**2.16**	**0.69**
Trade payables					
Cost of sales (RM'000)	35,965	43,452	74,866	90,328	104,383
Trade payables (RM'000)	3,854	11,598	27,617	28,948	14,866
Less: Retention sum (RM'000)	-	-	-	(913)	(786)
Trade payables (excluding retention sum) (RM'000)	3,854	11,598	27,617	28,035	14,080
Trade payables turnover period (months)	**1.29**	**3.20**	**4.43**	**3.72**	**1.62**
Inventories					
Cost of sales (RM'000)	35,965	43,452	74,866	90,328	104,383
Closing inventories (RM'000)	5,133	7,789	11,216	13,150	17,483
Inventories turnover period (months)	**1.71**	**2.15**	**1.80**	**1.75**	**2.01**
Current ratio (times) ^ #	**1.46**	**1.35**	**1.20**	**1.43**	**1.87**
Gearing ratio (times) ^ * #	**0.50**	**1.60**	**1.03**	**0.40**	**0.46**

Notes:-

^ *The ratios are computed based on proforma consolidated financial information which has been prepared based on the audited financial statements of our subsidiaries and jointly-controlled entity for the FYE 31 December 2007 to 2011 using the bases, format and accounting principles consistent with those adopted in the financial statements of our Group, after giving effect to the proforma adjustments which are considered appropriate.*

* *Borrowings include short-term and long-term bank borrowings and finance lease liabilities.*

For the purpose of better comparison and in view that the amount due to directors was eventually converted into share capital, a proforma adjustment has been made to capitalise the amount due to directors in that year as share capital for each year under review.

Trade receivables

As at 31 December 2011, the trade receivables (excluding retention sum) of our Group amounted to RM7.537 million, the ageing of which can be analysed as follows:-

	Within credit period 1-60 days	Exceed credit period	Total
Trade receivables (excluding retention sum) (RM'000)	7,390	147	7,537
% of total trade receivables	98.0	2.0	100.0

Trade receivables are non-interest bearing and the normal credit term granted to regular customers ranges from 30 to 60 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case by case basis. In deciding whether credit shall be extended, our Group will take into consideration factors such as the relationship with our customer, its payment history and credit worthiness. Our Group subjects new customers to credit verification procedures. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually. In addition, debt monitoring procedures are performed in an on-going basis and as a result that our Group's exposure to bad debts is not significant.

Our Group's trade receivables turnover period increased from 3.88 months in the FYE 31 December 2007 to 4.31 months in the FYE 31 December 2008 mainly due to higher invoices issued towards the end of the financial year which increased total trade receivables. This was the result of certain milestones in our Projects which were completed towards the end of the relevant financial years. The billings with respect of the aforementioned milestones amounted to RM12.397 million.

For the FYE 31 December 2010, the trade receivables decreased by 21.7% from RM26.396 million in the FYE 31 December 2009 to RM20.664 million. This has also significantly improved our trade receivables turnover period from 3.66 months to 2.16 months in the FYE 31 December 2010 as compared to the FYE 31 December 2009. As at 31 December 2011, our Group's trade receivables decreased by RM13.127 million or 63.5% as compared to the FYE 31 December 2010 of RM20.664 million. The substantial decrease has resulted in an improved trade receivables turnover period from 2.16 months to 0.69 month for the current financial year due to higher revenue recorded from foreign Projects. The decreasing trend of our trade receivables turnover period for the FYE 31 December 2009 to 2011 was due mainly to higher revenue generated from foreign Projects over the financial years as most of our foreign Projects have specific payment and/or credit terms, e.g. payment through letter of credit.

Our Group seeks to maintain a strict control over our outstanding trade receivables and to monitor our debtors aging regularly. In addition, our outstanding balances of trade receivables are reviewed regularly by our management.

As at 31 December 2011, 98.0% of our trade receivables fall within the credit period granted whilst only 2.0% has exceeded the credit period granted. As at the LPD, 66.6% representing RM5.017 million of the trade receivables of RM7.537 million has been collected.

It is our Group's policy to make provision for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful.

Trade payables

As at 31 December 2011, the trade payables (excluding retention sum) of our Group amounted to RM14.080 million the ageing of which can be analysed as follows:-

	<-------Within credit period			--------------->		
	1-30 days	**31-60 days**	**61-90 days**	**>90 days (Others)***	**Exceed credit period**	**Total**
Trade payables (excluding retention sum) (RM'000)	4,477	1,326	2,601	4,164	1,512^	14,080
% of total trade payables	31.8	9.4	18.5	30.6	9.7	100.0

Notes:-

* *Consisting transactions of longer credit terms with certain suppliers.*

^ *Consisting RM1.150 million which was related to an agreement established with our supplier to align the timing of payment with the warranty services provided by the supplier.*

Our trade payables consist mainly of amount due to suppliers of components and power equipments such as transformers, relays, surge arrestors and others components. Trade payables are non-interest bearing and the normal trade credit term granted by our Group's suppliers ranges from 14 to 90 days whilst there were other longer credit terms granted for some transactions.

During the past five (5) financial years under review, our Group's trade payables turnover period ranges between 1.29 months to 4.43 months. As at 31 December 2011, our Group's trade payables decreased mainly due to repayment made to suppliers during the financial year.

As at 31 December 2011, 90.3% of our trade payables falls within the credit period granted. As at the LPD, RM0.329 million of the trade payables that exceeded credit period has been paid. After excluding the amount related to an established agreement of RM1.150 million set out in Note ^ above, the remaining RM0.362 million of the trade payables that exceeded credit period consists of the following:-

(i) Amount owing to related parties for supply of products and services of RM0.226 million; and

(ii) Payment to suppliers of RM0.136 million which were put on hold due to ongoing discussion on the accuracy of the claims, which represents delay damages as the supplier could not meet the customer's requirements within a reasonable timeframe and hence resulted in a delay in our implementation schedule.

No legal or other actions have been taken against us due to our non-payment or late payment in amount owed to our suppliers.

Inventories

Our inventories comprise consumable goods and work in progress for our Products and Projects. Work in progress mainly consist of primary equipment such as transformers, cables, circuit breakers and surge arrestors as well as secondary equipment such as relays, RTU, NER and CRP. There is no specific trend in respect of inventories turnover period as our inventory level is dependent on the project cycle and relevant milestones.

For the FYE 31 December 2007, our inventories turnover period stood at 1.71 months as fewer purchases were made towards year end in tandem with the project cycle.

In the FYE 31 December 2008, our inventories turnover period increased from 1.71 months in the previous year to 2.15 months due to higher purchase of inventories made during the year end of the financial year which has also resulted in higher trade payables recorded during the financial year. However, in the FYE 31 December 2009 and 2010, our inventories turnover period gradually decreased to 1.80 months and 1.75 months respectively as compared to 2.15 months in the FYE 31 December 2008 as fewer purchases were made towards year end in tandem with the project cycle. In the FYE 31 December 2011, our inventories turnover period increased from 1.75 months in the previous year to 2.01 months mainly due to higher purchase of inventories made towards the end of the financial year .
We generally maintain inventory turnover of not more than three (3) months depending on the nature of the inventory and to maintain additional equipment for our projects in the event of faulty equipments or replacement required.

Current ratio

For the financial years under review, our current ratio was fairly consistent ranging between 1.20 times and 1.87 times.

Our current ratio decreased from 1.5 times in the FYE 31 December 2007 to 1.4 times in the FYE 31 December 2008 as a result of a proportionately higher increase in trade payables and borrowings as compared to the increase in trade receivables. Similarly in the FYE 31 December 2009, our current ratio decreased to 1.2 times due to a higher increase in trade and other payables as compared the increase in inventories, trade receivables and cash and bank balances.

In the FYE 31 December 2010 and 2011, our current ratio gradually increased to 1.4 times and 1.8 times arising from an increase in inventories and fixed deposits pledged whilst the increase in borrowings was offset by decrease in trade and other payables.

Gearing ratio

Our borrowings comprise mainly:-

(i) bankers' acceptances and trust receipts, that are generally utilised as project financing for the purchase of equipment for our Projects e.g. transformers and circuit breakers;

(ii) bank overdraft, for working capital purposes;

(iii) term loans, for the construction of our Shah Alam headquarters; and

(iv) finance lease liabilities, for purchase of motor vehicles.

The utilisation of project financing for purchase of equipment are dependent on the relevant milestones in our Projects as at the end of the respective financial year. Accordingly, there was no identifiable trend in the level of our borrowings as compared to revenue recorded for the year.

In the FYE 31 December 2007, our gearing ratio stood at 0.50 time due to a reduction in financing required for the Projects in the financial year as most projects are flow over from the previous year. In the FYE 31 December 2008, our gearing ratio increased to 1.60 time as there was a substantial increase in trust receipts and bankers' acceptances compared to the previous financial year arising from implementation of projects which required financing in the purchase of equipment in the form of trust receipts normally requested by equipment suppliers.

Subsequent thereto, our gearing ratio decreased to 1.03 time in the FYE 31 December 2009 mainly due to a reduction in trust receipts. In the FYE 31 December 2010, our gearing ratio substantially decreased to 0.4 time due to the reduction in borrowings as well as a substantial increase in the shareholders' funds of our Group as a result of the profit after tax recorded in the financial year. The gearing ratio improvement for FYE 31 December 2010 was also due to more favourable payment schedule for Ghana and Cambodia project which supported our working capital requirements. In FYE 31 December 2011, our gearing ratio marginally increased to 0.46 time as compared to 0.40 time in FYE 31 December 2010.

11.5 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Notwithstanding the above, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration amongst others the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:-

(i) The availability of adequate reserves and cash flows;

(ii) Our operating cash flow requirements and financing commitments;

(iii) Our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and

(iv) Any material impact of tax laws and other regulatory requirements.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There is no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

GrantThornton

(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

25 April 2012

The Board of Directors
PESTECH International Berhad
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Dear Sirs,

PESTECH INTERNATIONAL BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITY

ACCOUNTANTS' REPORT

1. INTRODUCTION

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of PESTECH International Berhad on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and should not be relied upon for any other purposes.

2. ABBREVIATIONS

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:-

AUS	Australian Dollar
BND	Bruneian Dollar
CHF	Swiss Franc
EPS	Earnings per share
EURO	Euro
FORNIX	Fornix Sdn. Bhd.
FPE	Financial period ended
FYE	Financial year ended
GHS	Ghanaian Cedi
JPY	Japanese Yen
LAT	Loss after tax
LBT	Loss before tax
LKR	Sri Lanka Rupee
LPS	Loss per share
NA	Net assets
NL	Net liabilities

GrantThornton

2. ABBREVIATIONS (CONT'D)

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (cont'd):-

PAT	Profit after tax
PBT	Profit before tax
PBSB	Pestech (Brunei) Sdn. Bhd.
PESTECH or Company	PESTECH International Berhad
PESTECH Group or Group	PESTECH, PSB Group and XCELL, collectively
PESTECH Share(s) or Share(s)	Ordinary shares of RM0.50 each in PESTECH
PGK	Papua New Guinean Kina
PSB	Pestech Sdn. Bhd.
PSB Group	PSB and its subsidiaries, namely FORNIX, TPJV, PSSB, PTL, PBSB, and its jointly-controlled entity, namely TPSB
PSSB	Pestech (Sarawak) Sdn. Bhd.
PTL	Pestech Transmission Limited
RM	Ringgit Malaysia
SGD	Singapore Dollar
SGP	Share grant plan
TPJV	Tajri-Pestech JV Ltd.
TPSB	Tajri-Pestech JV Sdn. Bhd.
USD	USD Dollar
XCELL	Xcell ATS (M) Sdn. Bhd.

3. GENERAL INFORMATION

3.1 Background

PESTECH was incorporated in Malaysia under the Companies Act, 1965 on 10 June 2011 as a private limited company under the name of Pestech International Sdn. Bhd.. The Company was subsequently converted to a public limited liability company on 9 September 2011 and assumed its present name to facilitate its listing on the Main Market of Bursa Securities. PESTECH is principally engaged in the business of investment holding, general trading and provision of management services.

3.2 Floatation Exercise and SGP

In conjunction with, and as an integral part of the listing of PESTECH on the Main Market of Bursa Securities, the Company undertakes the following:-

3.2.1 Acquisition and Incorporation of Subsidiaries

On 2 April 2012, PSB acquired the entire issued and paid-up share capital of PSSB comprising 2 ordinary shares of RM 1 each for a cash consideration of RM2.

On 9 March 2012, PSB incorporated a wholly-owned subsidiary, PTL in Ghana with a total issued and paid up share capital of GHS96,000.

3. **GENERAL INFORMATION (CONT'D)**

3.2 **Floatation Exercise and SGP (cont'd)**

3.2.2 **Public Issue (cont'd)**

The Company undertakes a public issue of 12,880,000 new PESTECH Shares, representing approximately 15.00% of the enlarged issued and paid-up share capital of PESTECH, at an issue price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

a) Malaysian Public

   6,000,000 new PESTECH Shares, representing approximately 6.99% of the enlarged issued and paid-up share capital, made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside strictly for Bumiputera investors.

b) Eligible Directors, employees and persons who have contributed to the success of the Group

   5,367,000 new PESTECH Shares, representing approximately 6.25% of the enlarged issued and paid-up share capital, reserved for the eligible Directors, employees and persons who have contributed to the success of the Group.

c) Private placement to identified investors

   1,513,000 new PESTECH Shares, representing approximately 1.76% of the enlarged issued and paid-up share capital, by way of placement to identified investors.

Upon completion of the Public Issue, the issued and paid-up share capital of the Company will increase to RM42,940,000 comprising 85,880,000 PESTECH Shares.

All the new PESTECH 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.

3.2.3 **Offer for Sale**

The offerors undertake an offer for sale of existing 8,588,000 PESTECH Shares ("Offer Shares"), representing 10.00% of the enlarged issued and paid-up share capital of PESTECH, at an offer price of RM1.00 per Share, payable in full on application.

The Shares are to be allocated and allotted in the following manner:-

a) 6,456,400 Offer Shares, representing approximately 7.52% of the enlarged issued and paid-up share capital, by way of placement to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI"); and

b) 2,131,600 Offer Shares, representing approximately 2.48% of the enlarged issued and paid-up share capital, by way of placement to identified investors.

3. GENERAL INFORMATION (CONT'D)

3.2 Floatation Exercise and SGP (cont'd)

3.2.3 Offer for Sale (cont'd)

The breakdown of the Offer Shares offered by the respective offerors is as follows:-

Name	Material relationship	No. of Offer Shares	% of enlarged issued and paid-up capital
Lim Ah Hock	Executive Chairman	5,224,000	6.08
Lim Pay Chuan	Executive Director	3,364,000	3.92
Total		8,588,000	10.00

All the 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 transfer thereof.

3.2.4 Listing of and Quotation for PESTECH Shares

PESTECH seeks admission and the listing of and quotation for the entire enlarged issued and paid-up share capital of PESTECH of RM42,940,000 comprising 85,880,000 PESTECH Shares, on the Main Market of Bursa Securities.

3.2.5 SGP

In conjunction with the Listing, PESTECH will also implement a SGP involving up to 15% of the issued and paid-up share capital of PESTECH at any time during the existence of the SGP, to be granted and/or issued to the eligible Directors and executives of the Group.

3.3 Share Capital History of the Company

The changes in the Company's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM0.50 each	Cumulative total	
		No. of ordinary shares	RM
10 June 2011	4	4	2
17 August 2011	99,999,996	100,000,000	50,000,000

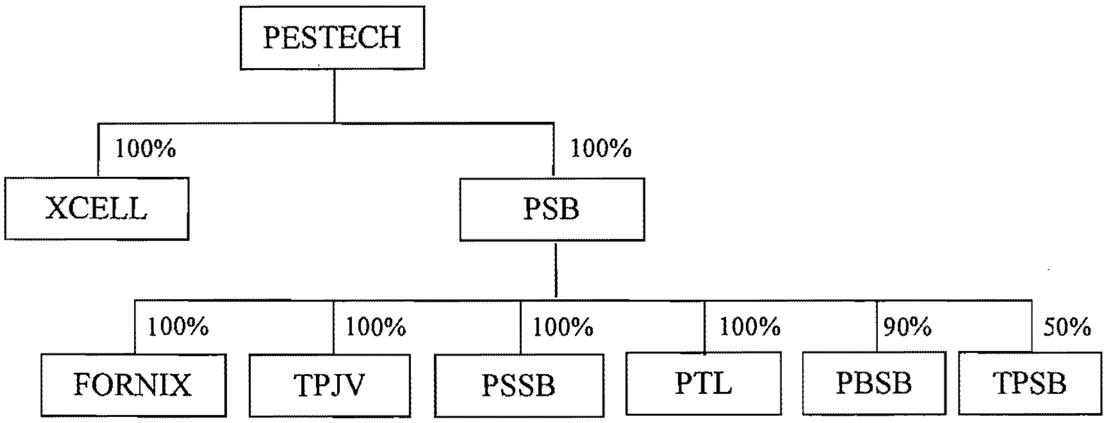
The changes in the Company's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM0.50 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 June 2011	4	Cash	4	2
17 August 2011	72,999,996	Otherwise than cash (Acquisition of PSB)	73,000,000	36,500,000
Upon listing	12,880,000	Cash (Public Issue)	85,880,000	42,940,000

3. GENERAL INFORMATION (CONT'D)

3.4 The Structure of PESTECH Group

As at the date of this report, the structure of the Company and its subsidiaries and joint-controlled entity is as follows:-



The details of the subsidiaries and jointly-controlled entity are as follows:-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
Direct				
PSB	RM3,333,000	100%	10 July 1991, Malaysia	Investment holding, provision of comprehensive power system engineering and technical solutions for the design, procurement and installation of substations, transmission lines and underground cables for electricity transmission and distribution, and also manufacturing of proprietary power system components and equipment.
XCELL	RM300,000	100%	25 January 2000, Malaysia	Provision of design and supply of remote control system and data communication products.
Indirect - held through PSB				
FORNIX	RM100,000	100%	4 August 2005, Malaysia	Investment holding.
TPJV	KHR4,000,000	100%	5 February 2010, Cambodia	Construction of electrical substation and transmission line.
PSSB	RM2	100%	10 February 2012, Malaysia	Provision of electrical mechanical and civil engineering, subcontracting and engineering. It is currently inactive.
PTL	GHS96,000	100%	9 March 2012, Ghana	Provision of project management, electrical substations, transmission lines erection and installation, supervision of testing and commission and civil works. It is currently inactive.

3. GENERAL INFORMATION (CONT'D)

3.4 The Structure of PESTECH Group (cont'd)

The details of the subsidiaries and jointly-controlled entity are as follows (cont'd):-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
Indirect - held through PSB (cont'd)				
PBSB	BND100	90%	17 March 2011, Brunei	Provision of electrical engineering services, specialising in transmission and distribution specifically but not limited to include the design, manufacturing, trading, installing, commissioning and testing, repairs, and maintenance of equipment at substations for public and private amenities.
TPSB	RM25,000	50%	13 July 2001, Malaysia	Provision of electrical, mechanical and civil engineering, subcontracting and engineering consultancy. It is currently inactive.

3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity

3.5.1 PSB

The changes in PSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
10 July 1991	25,000	25,000	25,000
15 May 2000	475,000	500,000	500,000
25 February 2003	500,000	1,000,000	1,000,000
29 December 2010	4,000,000	5,000,000	5,000,000

The changes in PSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 July 1991	2	2 (Cash)	2	2
17 February 1993	9,998	9,998 (Cash)	10,000	10,000
28 March 1997	15,000	15,000 (Cash)	25,000	25,000
15 May 2000	195,000	195,000 (Cash)	220,000	220,000
26 February 2003	330,000	330,000 (Cash)	550,000	550,000
22 December 2004	275,000	275,000 (Bonus Issue)	825,000	825,000
23 December 2004	175,000	175,000 (Cash)	1,000,000	1,000,000
29 December 2010	2,333,000	2,333,000 (Cash)	3,333,000	3,333,000

3. **GENERAL INFORMATION (CONT'D)**

3.5 **Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)**

3.5.2 **XCELL**

The changes in XCELL's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
25 January 2000	100,000	100,000	100,000
31 December 2000	400,000	500,000	500,000

The changes in XCELL's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
25 January 2000	10	10 (Cash)	10	10
22 February 2001	199,990	199,990 (Cash)	200,000	200,000
15 May 2001	50,000	50,000 (Cash)	250,000	250,000
15 August 2001	50,000	50,000 (Cash)	300,000	300,000

3.5.3 **FORNIX**

The changes in FORNIX's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
4 August 2005	100,000	100,000	100,000

The changes in FORNIX's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
4 August 2005	2	2 (Cash)	2	2
12 October 2007	99,998	99,998 (Cash)	100,000	100,000

3. GENERAL INFORMATION (CONT'D)

3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)

3.5.4 TPJV

The changes in TPJV's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of KHR4,000 each	Cumulative total	
		No. of ordinary shares	USD
5 February 2010	1,000	1,000	1,000

The changes in TPJV's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of KHR4,000 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	USD
5 February 2010	1,000	USD1,000 (Cash)	1,000	1,000

3.5.5 PSSB

The changes in PSSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
10 February 2012	100,000	100,000	100,000

The changes in PSSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
10 February 2012	2	2 (Cash)	2	2

Grant Thornton

3. GENERAL INFORMATION (CONT'D)

3.5 Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)

3.5.6 PTL

The changes in PTL's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares	Cumulative total	
		No. of ordinary shares	GHS
9 March 2012	1,000,000	1,000,000	1,000,000

The changes in PTL's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	GHS
9 March 2012	96,000	96,000 (Cash)	96,000	96,000

3.5.7 PBSB

The changes in PBSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of BND1.00 each	Cumulative total	
		No. of ordinary shares	BND
17 March 2011	500,000	500,000	500,000

The changes in PBSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of BND1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	BND
17 March 2011	100	100 (Cash)	100	100

3. **GENERAL INFORMATION (CONT'D)**

3.5 **Share Capital History of the Subsidiaries and Jointly-Controlled Entity (cont'd)**

3.5.8 **TPSB**

The changes in TPSB's authorised share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Cumulative total	
		No. of ordinary shares	RM
13 July 2001	100,000	100,000	100,000

The changes in TPSB's issued and fully paid-up share capital since its date of incorporation and up to the date of this report were as follows:-

Date of allotment	No. of ordinary shares at par value of RM1.00 each	Consideration (cash/share split/ acquisition of subsidiary)	Cumulative total	
			No. of ordinary shares	RM
13 July 2001	2	2 (Cash)	2	2
16 November 2001	24,998	24,998 (Cash)	24,998	25,000

4. **FINANCIAL STATEMENTS AND AUDITORS**

PSSB and PTL were incorporated on 10 February 2012 and 9 March 2012 respectively. Hence, there is no audited financial statements have been prepared.

The auditors of the Company, its subsidiaries and jointly-controlled entity for the relevant financial years/periods are as follows:-

Company	FYE/FPE	Auditors	Auditors' report
PESTECH	FYE 2011	SJ Grant Thornton	Appendix I
PSB	FYE 2007	Deloitte KassimChan	Appendix II
	FYE 2008	Deloitte KassimChan	
	FYE 2009	Deloitte KassimChan	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	
XCELL	FYE 2007	WH Hau & Co	Appendix III
	FYE 2008	WH Hau & Co	
	FYE 2009	WH Hau & Co	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	
FORNIX	FYE 2007	WH Hau & Co	Appendix IV
	FYE 2008	WH Hau & Co	
	FYE 2009	WH Hau & Co	
	FYE 2010	SJ Grant Thornton	
	FYE 2011	SJ Grant Thornton	

4. **FINANCIAL STATEMENTS AND AUDITORS (CONT'D)**

The auditors of the Company, its subsidiaries and jointly-controlled entity for the relevant financial years/periods are as follows (cont'd):-

Company	FYE/FPE	Auditors	Auditors' report
TPJV	FPE 2010 FYE 2011	Grant Thornton Law & Associate Grant Thornton Cambodia	Appendix V
PBSB	FPE 2011	Lee & Raman	Appendix VI
TPSB	FYE 2007 FYE 2008 FYE 2009 FYE 2010 FYE 2011	WH Hau & Co WH Hau & Co WH Hau & Co SJ Grant Thornton SJ Grant Thornton	Appendix VII

The auditors' report on the respective financial statements included in this report, where applicable, were not subject to any qualification except for the financial statements of XCELL for the FYE 31 December 2007 to 2009 and the financial statements of FORNIX for the FYE 31 December 2006 which contained modified opinion with an emphasis of matter on the subsidiaries' ability to continue as a going concern in view of their net liabilities position.

There were no exceptional items in all the financial years under review.

5. **FOREIGN EXCHANGE RATE**

In preparing this report, the Group has converted all figures stated in USD and BND into RM based on the following exchange rate:-

	Statement of Financial Position at closing rate	Statement of Comprehensive Income at average rate
FPE 2010	USD1 : RM3.0860	USD1 : RM3.2169
FPE 2011	USD1 : RM3.1685 BND1 : RM2.4378	USD1 : RM3.0542 BND1 : RM2.4372

The translation from USD and BND in this report is to comply with the requirements of Prospectus Guidelines - Paragraph 13.12 where all financial statements prepared in currency other than RM must be translated into RM.

6. ACCOUNTING STANDARDS AND POLICIES

6.1 Basis of Preparation

6.1.1 Statement of compliance

Except for the audited financial statements of PSB, XCELL, FORNIX and TPSB for the FYE 31 December 2007 to 2009, the financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs"), the approved accounting framework issued by the Malaysian Accounting Standards Board ("MASB") and the Companies Act, 1965 in Malaysia as disclosed in Section 6.1.4 of this report.

The audited financial statements of PSB, XCELL, FORNIX and TPSB for the FYE 31 December 2007 to 2009 have been previously prepared in accordance with Private Entity Reporting Standards ("PERSs"), the approved accounting framework issued by the MASB and the Companies Act, 1965 in Malaysia. These subsidiaries and jointly-controlled entity have adopted FRS effective FYE 31 December 2010 and reflected such adoption of the FRS for the FYE 31 December 2007 to 2010 in this report. There is no material difference as compared to FRS which required adjustments to the audited figures. PIB, TPJV, PBSB and PSSB have adopted FRSs since their incorporation.

6.1.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

6.1.3 Functional and presentation currency

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

6.1.4 Adoption of FRSs and IC Interpretations ("IC Int")

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011:-

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 4	Insurance Contracts
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 107	Statement of Cash Flows

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.1 **Basis of Preparation (cont'd)**

6.1.4 **Adoption of FRSs and IC Int (cont'd)**

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011 (cont'd):-

FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Reporting Period
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 123	Borrowing Costs
FRS 124	Related Party Disclosures
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 133	Earnings Per Share
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets
FRS 139	Financial Instruments: Recognition and Measurement
FRS 140	Investment Property
FRS 201 2004	Property Development Activities
FRS 204 2004	Accounting for Aquaculture
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance - No Specific Relation to Operating Activities
IC Int 112	Consolidation - Special Purpose Entities
IC Int 113	Jointly Controlled Entities - Non Monetary Contributions by Venturers
IC Int 115	Operating Leases - Incentives
IC Int 121	Income Taxes - Recovery of Revalued Non-Depreciable Assets
IC Int 125	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Disclosure - Service Concession Arrangements
IC Int 131	Revenue - Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets - Web Site Costs
IC Int 201	Preliminary and pre-operating Expenditure

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.1 Basis of Preparation (cont'd)

6.1.4 Adoption of FRSs and IC Int (cont'd)

The Group and the Company have adopted the following FRSs and IC Int, including their related amendments and annual improvements of FRSs and IC Int which are mandatory for financial periods beginning on or after 1 January 2011(cont'd):-

IC Int 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Int 4	Determining Whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation
IC Int 6	Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment
IC Int 7	Applying the Restatement Approach under FRS 129 2004 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers

FRS 4, 6, 120, 129, 201 2004, 204 2004, IC Int 110, 131, 7 and 13 are not relevant to the operations of the Group and the Company.

6.1.5 Standards issued but not yet effective

New MASB Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for the financial period beginning on or after 1 January 2012.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.1 Basis of Preparation (cont'd)

6.1.5 Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

Below are the lists of MFRSs and IC Int issued but not yet effective and have not been early adopted by the Group and the Company :

MFRSs effective on 1 January 2012:

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 4	Insurance Contracts
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations
MFRS 6	Exploration for and Evaluation of Mineral Resources
MFRS 7	Financial Instruments: Disclosures
MFRS 8	Operating Segments
MFRS 101	Presentation of Financial Statements
MFRS 102	Inventories
MFRS 107	Statement of Cash Flows
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110	Events after the Reporting Period
MFRS 111	Construction Contracts
MFRS 112	Income Taxes
MFRS 116	Property, Plant and Equipment
MFRS 117	Leases
MFRS 118	Revenue
MFRS 119	Employee Benefits
MFRS 120	Accounting for Government Grants and Disclosure of Government Assistance
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 123	Borrowing Costs
MFRS 124	Related Party Disclosures
MFRS 126	Accounting and Reporting by Retirement Benefit Plans
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investment in Associates
MFRS 129	Financial Reporting in Hyperinflationary Economies
MFRS 131	Interest in Joint Ventures
MFRS 132	Financial Instruments: Presentation
MFRS 133	Earnings Per Share
MFRS 134	Interim Financial Reporting
MFRS 136	Impairment of Assets
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 138	Intangible Assets
MFRS 139	Financial Instruments: Recognition and Measurement
MFRS 140	Investment Property
MFRS 141	Agriculture

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.1 Basis of Preparation (cont'd)

6.1.5 Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

IC Int 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Int 4	Determining whether an Arrangement contains a Lease
IC Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Int 7	Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies
IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impaiment
IC Int 12	Service Concession Arrangements
IC Int 13	Customer Loyalty Programmes
IC Int 14	MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IC Int 15	Agreements for the Construction of Real Estate
IC Int 16	Hedges of a Net Investment in a Foreign Operation
IC Int 17	Distributions of Non-cash Assets to Owners
IC Int 18	Transfers of Assets from Customers
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments
IC Int 107	Introduction of the Euro
IC Int 110	Government Assistance – No Specific Relation to Operating Activities
IC Int 112	Consolidation – Special Purpose Entities
IC Int 113	Jointly controlled Entities – Non – Monetary Contribution by Ventures
IC Int 115	Operating Leases – Incentives
IC Int 125	Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
IC Int 127	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IC Int 129	Service Concession Arrangements: Disclosures
IC Int 131	Revenue – Barter Transactions Involving Advertising Services
IC Int 132	Intangible Assets – Web Site Costs

Amendments to MFRSs effective on 1 March 2012

MFRS 7	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (International Financial Reporting Standards ("IFRS") 9 issued by International Accounting Standards Board ("IASB") in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.
MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures. Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.1 Basis of Preparation (cont'd)

6.1.5 Standards issued but not yet effective (cont'd)

New MASB Approved Accounting Standards (cont'd)

Amendments to MFRS effective on 1 July 2012:

MFRS 101	Presentation of Financial Statements. Amendments in Relation to Presentation of Items of Other Comprehensive Income.

MFRSs effective on 1 January 2013:

MFRS 9	Financial Instruments IFRS 9 issued by International Accounting Standards Board ("IASB") in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (International Accounting Standard ("IAS") 19 as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in 2011)
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS effective on 1 January 2013

MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS effective on 1 January 2014

MFRS 132	Offsetting Financial Assets and Financial Liabilities

MFRSs effective on 1 January 2015

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Group and the Company has not selected which optional exemption from the retrospective application to be applied under MFRS 1-First-time Adoption of Malaysian Financial Reporting Standards. As such, the Directors are unable to anticipate the effects of the adoption of MFRS 1 and the other relevant MFRSs and IC Int on the financial statements.

GrantThornton

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.1 **Basis of Preparation (cont'd)**

6.1.5 **Standards issued but not yet effective (cont'd)**

New MASB Approved Accounting Standards (cont'd)

A number of new standards, amendments to standards and IC Int are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Int to have a significant effect on the financial statements of the Group and of the Company, except for the followings:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)

MFRS 9 replaces the parts of FRS 139 that relate to the classification and measurement of financial instruments. It addresses the classification, measurement and recognition of financial assets and financial liabilities with only two classification categories: fair value and amortised cost.

The Group and the Company expect changes to arise from the adoption of MFRS in terms of the classification and measurement of the financial assets. However, the extent of the impact has not been determined.

MFRS 10 Consolidated Financial Statements

MFRS 10 supersedes the requirements relating to consolidated financial statements in FRS 127 Consolidated and Separate Financial Statements and IC Int 112 Consolidation – Special Purpose Entities. It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary. However, the requirements and mechanics of consolidation and the accounting for any non-controlling interests and changes in control remain the same.

MFRS 11 Joint Arrangements

MFRS 11 supersedes the FRS 131 Interest in Joint Ventures. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, FRS 131's option of using proportionate consolidation for joint ventures has been eliminated. MFRS 11 now requires the use of the equity accounting method, which is currently used for investment in associates.

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.1 **Basis of Preparation (cont'd)**

6.1.5 **Standards issued but not yet effective (cont'd)**

New MASB Approved Accounting Standards (cont'd)

A number of new standards, amendments to standards and IC Int are effective for annual periods beginning after 1 January 2013. The Group and the Company do not expect the adoption of these new standards, amendments to standards and IC Int to have a significant effect on the financial statements of the Group and of the Company, except for the followings (cont'd):

MFRS 13 Fair Value Measurement

MFRS 13 does not affects which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced the disclosures about fair value measurements. The enhanced disclosure requirements are similar to those in MFRS 7 Financial Instruments: Disclosures, but apply to all assets and liabilities measured at fair value, not just financial ones.

MFRS 127 Separate Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

MFRS 127 now only deals with separate financial statements, whereby the consolidated financial statements have been included in the new MFRS 10. MFRS 128 includes investments in associates and investments in joint ventures, to be equity accounted following the issue of MFRS 11.

6.1.6 **Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual result may differ from these estimates.

(a) **Key sources of estimation uncertainty**

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

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.1.6 **Significant accounting estimates and judgements (cont'd)**

(a) **Key sources of estimation uncertainty (cont'd)**

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 2 to 96 years and review the useful lives of depreciable assets at each reporting date. At 31 December 2011 management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

Impairment of non-financial assets

The Group and the Company carry out the impairment test based on a variety of estimation including the value-in-use of the cash-generating units to which the non-financial assets are allocated. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

Impairment of loans and receivable

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Income tax/Deferred tax liabilities

The Group and the Company are exposed to income taxes. Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.1.6 Significant accounting estimates and judgements (cont'd)

(b) Judgements made in applying accounting policies

The following is the significant judgement in applying the accounting policies of the Group that have the most significant effect to the financial statements:-

<u>Construction contracts</u>

The carrying amount of construction contracts and revenue recognised from construction contracts reflects management's best estimate about each contract's outcome and stage of completion. The Group's management assesses the profitability of ongoing construction contracts and the order backlog at least monthly, using extensive project management procedures. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

6.2 Significant Accounting Policies

6.2.1 Basis of consolidation

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries and jointly-controlled entity, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.1 Basis of consolidation (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of the non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 6.2.5 In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Common control business combination

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.2 Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

All property, plant and equipment, except for land and building, are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives (determined by reference to comparable owned assets) or over the term of the lease, if shorter.

Depreciation is recognised on the straight line method in order to write off the cost. Leasehold land with finite life is depreciated over its estimated useful life. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Long-term leasehold land	96 years
Buildings	2%
Motor vehicles	20%
Tools and equipment	10%
Office equipment	10% - 30%
Renovation	10%

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually 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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.3 Leases

(a) **Finance leases**

In accordance with FRS 117 *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit or loss over the period of the lease.

(b) **Operating leases**

Leased payments for operating leases, where substantially all the risk and benefits remain with the lessor, are charged as expenses in the financial year in which they incurred.

6.2.4 Investment property

Investment properties, including the investment property under construction, are treated as long-term investment and are measured initially at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost in incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.2 **Significant Accounting Policies (cont'd)**

6.2.5 **Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition. Goodwill arising on the acquisition of subsidiary companies is presented separately in the statement of financial position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative fair values of the operations disposed off and portion of the cash-generating unit retained.

6.2.6 **Subsidiaries**

A subsidiary is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is included in profit or loss.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.7 Jointly-controlled entities

Jointly-controlled entities are corporations, partnership of other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operating decisions relating to the entities require unanimous consent of the parties sharing control.

The Company's interests in jointly controlled entities are brought to account in the consolidated financial statements using the equity method. Under the equity method of accounting, the Group's share of profits less losses of jointly controlled entities during the financial year is included in the consolidated statement of comprehensive income. The Group's interest in jointly controlled entities is carried in the consolidated statement of financial position at cost plus the Group's share of post-acquisition unappropriated profits or accumulated losses and other reserves as well as goodwill on acquisition.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly-controlled entity.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

In the Company's statement of financial position, investments in jointly-controlled entities are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in the profit or loss.

6.2.8 Impairment of non-financial assets

At each reporting date, the Group and the Company review the carrying amounts of their non-financial assets to determine whether there is any indication of impairment by comparing the carrying amount with the recoverable amount. Recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flow (cash generating units).

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a cash-generating unit or groups of cash-generating units are allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rate basis.

An impairment loss is recognised as an expense in the profit or loss immediately.

6. **ACCOUNTING STANDARDS AND POLICIES (CONT'D)**

6.2 **Significant Accounting Policies (cont'd)**

6.2.8 **Impairment of non-financial assets (cont'd)**

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset recoverable amount since the last impairment loss was recognised. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill shall not be reversed in a subsequent period.

6.2.9 **Financial instruments**

Financial assets and financial liabilities are recognised when the Group or the Company become a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets and financial liabilities are measured subsequently as described below.

(a) **Financial assets**

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:-

(a) loans and receivables;
(b) financial assets at fair value through profit or loss;
(c) held to maturity investments; and
(d) available-for-sale financial assets.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which described below.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or when the financial assets and all substantial risks and rewards are transferred.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group or the Company commits to purchase or sell the asset.

At the reporting date, the Group and the Company carried only loans and receivables on its statements of financial position.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. The Group's and the Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Financial liabilities

After the initial recognition, financial liability is classified as financial liability at fair value through profit or loss or other financial liabilities measure at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished, discharged, cancelled or expired, or through amortisation process. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.9 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Other financial liabilities

The Group's and the Company's financial liabilities include loans and borrowings, trade and other payables.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(c) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivatives designated as hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as below :-

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedge forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in other comprehensive income until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity or profit or loss.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.10 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

6.2.11 Inventories

Inventories comprising work-in-progress and general stock are stated at the lower of cost and net realisable value after adequate specific allowance has been made by the management for deteriorated, obsolete and slow-moving inventories.

Cost of general inventories is determined on a first-in-first-out method. The cost of work-in-progress comprises the cost of raw materials, direct labour and a proportion of production overheads.

The cost of general stock comprise the original purchase price plus the costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd).

6.2.12 Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the percentage of completion of the contract activity at the reporting date. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of the contract by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they are incurred.

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit/loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts under current liabilities.

6.2.13 Cash and cash equivalents

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

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the reporting date are classified as non-current asset.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd).

6.2.14 Equity, reserves and dividend payments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period retained profits.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transaction with owners of the parent are recorded separately within equity.

6.2.15 Foreign currency transactions and translation

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at year-end exchange rates, whether realised or unrealised, are recognised in profit or loss except for exchange differences arising from monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profits or loss 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.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.15 **Foreign currency transactions and translation (cont'd)**

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the RM (the Group's presentation currency) are translated into RM upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into RM at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity.

On disposal of a foreign operation the cumulative translation differences recognised in equity (the exchange translation reserve) are reclassified to profit or loss and recognised as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into RM at the closing rate.

6.2.16 **Provisions**

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

6.2.17 **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.17 Financial guarantee contracts (cont'd)

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statement of comprehensive income over the period of the guarantee. If the receivables fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate to the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

6.2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the qualifying asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

6.2.19 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company, and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) **Construction contracts**

Revenue relating to rendering of services under a contract is recognised when the outcome of a contract can be estimated reliably, by reference to the stage of completion of the services. Any anticipated loss will be recognised in full.

(b) **Sale of goods**

Revenue from sale of goods is recognized upon the transfer of significant risk and rewards of ownership of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) **Interest income**

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.20 Employees benefits

(a) **Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

(b) **Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution 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 recongised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

(c) **Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

6.2.21 Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) **Current tax**

Current tax expense is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised in statement of financial position as liability (or asset) to the extent that it is unpaid (or refundable). Current tax is recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.21 Income tax (cont'd)

(b) Deferred tax

Deferred tax liabilities are recognised for all temporary differences, except:-

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward unused tax credits and unused tax losses can be utilised except :

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of a deferred tax asset is reviewed at each end of the reporting period. If it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to 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 by the end of the reporting period.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.21 Income tax (cont'd)

(b) **Deferred tax (cont'd)**

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation.

6.2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

6.2.23 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs and such outflow is probable and can be measured reliably, they will then be recognised as a provision.

6.2.24 Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

6.2.25 Financial Risk Management Objective and Policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit risks, liquidity risks, foreign currency risks and interest rate risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.25 Financial Risk Management Objective and Policies (cont'd)

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

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:

<u>Receivables</u>

As at the end of the reporting periods under review, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statements of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses aging analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.25 Financial Risk Management Objective and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) **Credit risk (cont'd)**

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):

Intercompany balances

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group provides unsecured advances to related parties and monitors the results of the related parties regularly.

As at the end of the reporting period, there was no indication that the advances to the related parties are not recoverable.

(b) **Liquidity risk**

Liquidity and cash flow risks are the risks that the Group or the Company will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing their exposures to liquidity and cash flow risks arises principally from their various payables, loans and borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar (USD), Singapore Dollar (SGD), EURO (EUR), Langka Rupee (LKR), Papua New Guinea (Kina), Brunei Dollar (BND), Great Britain Pound (GBP), Swiss Franc (CHF) and Japanese Yen (JPY).

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2 Significant Accounting Policies (cont'd)

6.2.25 Financial Risk Management Objective and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) **Foreign currency risk (cont'd)**

The Group hedges approximate 80% of its foreign currency denominated trade receivables. At any point in time the Group also hedges its estimated foreign currency exposure in respect of forecast sales and purchases over the following six months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary' the forward exchange contacts are rolled over at maturity.

(d) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's investments in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The Group's and the Company's exposure of the above financial statement risks are disclosed in the respective notes the financial statements of individual sections, presented in Section 7.1 to 7.7 of this report.

6.2.26 Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

It was not practicable to estimate the fair value of the Company's investment in subsidiaries and jointly-controlled entity due to the lack of comparable quoted prices in active market. In addition, it is impracticable to use valuation technique to estimate the fair value reliably as a result of significant variability in the inputs of the valuation technique. The Company does not intend to dispose of its investment in the subsidiaries and jointly-controlled entity in the near future.

GrantThornton

6. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

6.2.26 Fair value of financial instruments (cont'd)

Annually, the Company reviews the carrying amount of its investment in subsidiaries and jointly-controlled entity for impairment in accordance with note 6.2.8.

6.2.27 Capital Management

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

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

There were no changes in the Group's approach to capital management during the financial years under review.

7. FINANCIAL INFORMATION

The financial information of PESTECH, PSB, XCELL, FORNIX, TPJV, PBSB and TPSB presented in Section 7.1 to Section 7.7 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

There is no audited financial statements prepared for PSSB and PTL as they were incorporated after FYE 31 December 2011.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except those in italics which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

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

7.1 PESTECH

7.1.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PESTECH for FPE from 10 June 2011 to 31 December 2011.

FPE	Note	2011 RM
Revenue	1	-
Costs of sales		-
Gross profit		-
Administration expenses		(75,467)
Loss before taxation	2	(75,467)
Taxation	3	-
Loss after taxation		(75,467)
Total comprehensive loss for the financial period		(75,467)
Weighted average number of ordinary shares issued		20,500,000
Gross EPS (RM)#		(0.00)
Net EPS (RM) #		(0.00)

\# *Based on weighted average number of ordinary shares issued during the financial period*

7. FINANCIAL INFORMATION (CONT'D)

7.1 PESTECH (CONT'D)

7.1.2 Statements of Financial Position

FPE	Note	2011 RM
ASSETS		
Non-current assets		
Investment in subsidiaries	4	36,500,003
Current assets		
Prepayments		1,149,535
Cash and bank balances		2
		1,149,537
Total assets		37,649,540
EQUITY AND LIABILITIES		
Equity		
Share capital	5	36,500,000
Accumulated loss		(75,467)
Total equity		36,424,533
Current liabilities		
Accrual		15,000
Amount due to a subsidiary	6	1,210,002
Amount due to directors	7	5
Total liabilities		1,225,007
Total equity and liabilities		37,649,540
NA		36,424,533
Number of ordinary shares		36,500,000
NA per share		1.00

7.1.3 Statements of Changes in Equity

FPE	Share capital RM	Accumulated loss RM	Total RM
At date of incorporation	2	-	2
Issuance of share capital:			
- Acquisition of subsidiary	36,499,998	-	36,499,998
Total comprehensive loss for the financial period	-	(75,467)	(75,467)
Balance at 31 December 2011	36,500,000	(75,467)	36,424,533

7. FINANCIAL INFORMATION (CONT'D)

7.1 PESTECH (cont'd)

7.1.4 Statements of Cash Flows

FPE	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(75,467)
Operating profit before working capital changes	
Payables	15,000
Net cash used in operating activities	(60,467)
Cash flows from investing activities	
Share issuance expenses paid	
Advances from subsidiary	(1.149,535)
	1,210,002
Net cash from investing activities	60,467
Cash flows from financing activities	
Proceeds from issuance of ordinary shares/Net cash from financing activities	2
Cash at bank	
Net increase	2
At date of incorporation	-
Carried forward	2

7.1.5 Notes to the financial statements

1. Revenue

There was no revenue generated by PESTECH for the financial period under review.

2. Loss before taxation

Loss before taxation has been determined after charging amongst other items the following:-

FPE	2011 RM
Audit fee	15,000

3. Taxation

There was no provision for taxation for the financial period under review as PESTECH has no chargeable income.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.1 PESTECH (cont'd)

7.1.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE	2011 RM
Loss before taxation	(75,467)
Income tax at rate of 25%	18,867
Tax effect in respect of: Non-allowable expenses	(18,867)
	-

4. Investment in subsidiaries

FPE	2011 RM
Unquoted shares, at cost	36,500,003

Name of Company	Country of incorporation	Effective interest 2011
Pestech Sdn. Bhd.	Malaysia	100%
Xcell ATS (M) Sdn. Bhd.	Malaysia	100%

Acquisition of subsidiaries

On 17 August 2011, the Company acquired the entire issued and paid-up share capital of PSB comprising 3,333,000 ordinary shares of RM1 each for a total purchase consideration of RM36,499,998 to be satisfied through the issuance of 72,999,996 new PESTECH shares.

On the same day, the Company acquired the entire issued and paid-up share capital of XCELL comprising 300,000 ordinary shares of RM1 each for a cash consideration of RM5.

The above business combinations involved entities under common control and hence were accounted for in the consolidated financial statements of PESTECH Group by using the merger method.

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

5. Share capital

FPE	2011 RM
Authorised:-	
100,000,000 ordinary shares of RM0.50 each	
Created upon incorporation/At 31 December	50,000,000
Issued and fully paid:-	
73,000,000 ordinary shares of RM0.50 each	
Allotment during the period:	
Upon incorporation	2
Acquisition of a subsidiary	36,499,998
At 31 December	36,500,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry only one vote per share without restrictions and rank equally with regard to the company residual assets.

6. Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

7. Amount due to directors

Amount due to directors is unsecured, interest free and repayable on demand.

GrantThornton

7.2 PSB (cont'd)

7.2.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PSB for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	43,270,379	51,596,284	86,547,762	107,747,033	127,540,993
Cost of sales		(35,884,482)	(43,451,850)	(74,865,596)	(85,593,153)	(102,573,423)
Gross profit		7,385,897	8,144,434	11,682,166	22,153,880	24,967,570
Other income		69,272	1,430,458	278,184	747,759	2,289,895
Administration expenses		(3,320,860)	(4,714,118)	(5,618,071)	(7,939,556)	(9,443,877)
Finance cost		(791,214)	(692,379)	(1,098,231)	(1,057,357)	(1,315,208)
Profit before taxation	2	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Taxation	3	(978,030)	(873,967)	(1,631,596)	(3,628,879)	(4,498,987)
Profit after tax		2,365,065	3,294,428	3,612,452	10,275,847	11,999,393
Total comprehensive income for the financial year		2,365,065	3,294,428	3,612,452	10,275,847	11,999,393
Gross profit margin (%)		*17.07*	*15.78*	*13.50*	*20.56*	*19.58*
PBT margin (%)		*7.73*	*8.08*	*6.34*	*12.89*	*12.94*
PAT margin (%)		*5.47*	*6.39*	*4.37*	*9.52*	*9.41*
Effective tax rate (%)		*29.26*	*20.97*	*31.11*	*26.10*	*27.27*
Weighted average number of ordinary shares issued		*1,000,000*	*1,000,000*	*1,000,000*	*1,019,175*	*3,333,000*
Gross EPS (RM)#		*3.34*	*4.17*	*5.24*	*13.64*	*4.95*
Net EPS (RM) #		*2.37*	*3.29*	*3.61*	*10.08*	*3.60*

\# *Based on weighted average number of ordinary shares issued during the financial year*

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non-current asset						
Property, plant and equipment	4	734,971	925,675	2,311,161	2,488,848	2,813,211
Investment in subsidiaries	5	-	1	60,001	63,163	63,384
Investment in associates	6	60,000	60,000	90,000	90,000	-
Investment in a jointly-controlled entity	7	12,500	12,500	12,500	12,500	12,500
		807,471	998,176	2,473,662	2,654,511	2,889,095
Current assets						
Inventories	8	5,132,559	7,788,834	11,216,442	13,150,096	17,995,535
Trade receivables	9	14,817,826	21,309,679	31,851,923	29,509,620	20,451,007
Other receivables	10	1,277,698	5,809,229	445,439	933,940	1,019,967
Amount due from contract customers	11	-	-	2,044,983	-	-
Amount due from holding company	12	-	-	-	-	1,210,002
Amount due from subsidiaries	12	-	-	7,320,768	8,347,777	6,579,756
Amount due from a related company	12	-	-	-	-	253,704
Amount due from an associate	12	218,699	234,540	245,347	249,503	-
Amount due from a jointly controlled entity	12	-	-	5,000	5,000	11,086
Fixed deposits with licensed banks	13	511,682	4,596,747	7,088,144	8,487,913	11,152,761
Cash and bank balances	14	245,813	1,722,284	1,783,992	12,782,360	15,240,343
		22,204,277	41,461,313	62,002,038	73,466,209	73,914,161
Total assets		23,011,748	42,459,489	64,475,700	76,120,720	76,803,256
EQUITY AND LIABILITIES						
Equity						
Share capital	15	1,000,000	1,000,000	1,000,000	3,333,000	3,333,000
Retained earnings		6,046,875	9,267,303	12,804,755	23,005,602	34,755,020
Total equity		7,046,875	10,267,303	13,804,755	26,338,602	38,088,020
Non-current liabilities						
Deferred tax liabilities	16	-	-	151,000	221,000	221,000
Borrowings	17	-	590,126	3,033,971	2,708,860	2,404,866
Finance lease liabilities	18	311,502	346,739	224,292	174,586	188,327
		311,502	936,865	3,409,263	3,104,446	2,814,193

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.2 Statements of Financial Position (cont'd)

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Current liabilities						
Trade payables	19	3,746,256	11,517,524	27,536,623	27,680,951	14,175,616
Other payables	20	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829
Amount due to contract customers	11	-	-	-	47,708	-
Amount due to a subsidiary	12	-	-	-	469,331	1,826,914
Amount due to directors	21	737,000	823,000	1,552,703	44,403	1,410,224
Borrowings	17	3,292,885	16,089,266	12,583,423	7,898,768	15,358,048
Finance lease liabilities	18	106,711	138,072	131,533	138,416	54,632
Provision for taxation		185,089	62,549	668,278	2,281,085	978,780
		15,653,371	31,255,321	47,261,682	46,677,672	35,901,043
Total liabilities		15,964,873	32,192,186	50,670,945	49,782,118	38,715,236
Total Equity and Liabilities		23,011,748	42,459,489	64,475,700	76,120,720	76,803,256
NA		*7,046,875*	*10,267,303*	*13,804,755*	*26,338,602*	*38,088,020*
Number of ordinary shares		*1,000,000*	*1,000,000*	*1,000,000*	*3,333,000*	*3,333,000*
NA per share		*7.05*	*10.27*	*13.80*	*7.90*	*11.43*

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.3 Statements of Changes in Equity

	Note	Share capital RM	Retained earnings RM	Total RM
Balance at 1 January 2007		1,000,000	3,681,810	4,681,810
Total comprehensive income for the financial year		-	2,365,065	2,365,065
Balance at 31 December 2007		1,000,000	6,046,875	7,046,875
Total comprehensive income for the financial year		-	3,294,428	3,294,428
Dividends	22	-	(74,000)	(74,000)
Balance at 31 December 2008		1,000,000	9,267,303	10,267,303
Total comprehensive income for the financial year		-	3,612,452	3,612,452
Dividends	22	-	(75,000)	(75,000)
Balance at 31 December 2009		1,000,000	12,804,755	13,804,755
Issuance of share capital	15	2,333,000	-	2,333,000
Total comprehensive income for the financial year		-	10,275,847	10,275,847
Dividends	22	-	(75,000)	(75,000)
Balance at 31 December 2010		3,333,000	23,005,602	26,338,602
Total comprehensive income for the financial year		-	11,999,393	11,999,393
Dividends	22	-	(249,975)	(249,975)
Balance at 31 December 2011		3,333,000	34,755,020	38,088,020

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit before taxation	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Adjustments for:-					
Depreciation	323,156	322,345	392,600	548,040	635,963
(Gain)/Loss on disposal of property, plant and equipment	(29,302)	(17,000)	11,396	-	(249,999)
Loss on disposal of an associate	-	-	-	-	59,999
Interest income	(26,652)	(134,889)	(102,345)	(662,547)	(659,574)
Interest expense	791,214	692,379	1,098,231	1,057,357	1,315,208
Unrealised gain on foreign exchange	-	(131,998)	(252)	(13,505)	(692,333)
Tax penalty	-	-	15,133	-	-
Operating profit before working capital changes	4,401,511	4,899,232	6,658,811	14,834,071	16,907,644
Inventories	6,796,505	(2,656,275)	(3,427,608)	(1,933,654)	(4,845,439)
Receivables	(9,987,091)	(11,042,133)	(6,732,554)	1,627,629	11,510,486
Payables	5,338,161	2,991,091	18,183,311	3,636,894	(19,704,211)
Contract customers	-	-	(2,044,983)	2,092,691	(47,708)
Subsidiaries	-	-	(5,831,668)	(557,678)	1,664,987
Associate	89,934	(15,841)	(10,807)	(4,156)	-
Directors	345,200	86,000	699,703	824,700	1,465,821
Cash generated from/(used in) operations	6,984,220	(5,737,926)	7,494,205	20,520,497	6,951,580
Interest paid	(791,214)	(692,379)	(1,098,231)	(1,057,357)	(1,315,208)
Interest received	26,652	134,889	102,345	662,547	659,574
Tax paid	(1,045,323)	(996,507)	(890,000)	(1,946,072)	(5,801,292)
Net cash from/(used in) operating activities	5,174,335	(7,291,923)	5,608,319	18,179,615	494,654
Cash flows from investing activities					
Acquisition of a subsidiary	-	(1)	-	(3,162)	(222)
Advances to holding company	-	-	-	-	(1,210,002)
Advances to a jointly-controlled entity	-	-	-	-	(6,086)
Advances to a related company	-	-	-	-	(4,201)
Proceeds from disposal of a subsidiary	-	-	-	-	1
Proceeds from disposal of an associate	-	-	-	-	30,001
Fixed deposits pledged to financial institutions	195,833	(4,085,065)	(2,491,397)	(1,399,769)	(2,664,848)
Proceeds from disposal of property, plant and equipment	330,000	33,000	55,000	-	-
Purchase of property, plant and equipment ("A")	(69,649)	(329,049)	(1,844,230)	(638,410)	(857,806)
Net cash from/(used in) investing activities	456,184	(4,381,115)	(4,280,627)	(2,041,341)	(4,713,163)

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.4 Statements of Cash Flows (cont'd)

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from financial activities					
Bank balance pledged to a financial institution	391,774	(496,665)	(1,123,212)	(3,029,660)	(4,729,679)
Repayment of finance lease liabilities	(408,445)	(133,402)	(128,986)	(132,823)	(270,043)
Drawndown from borrowings	10,440,137	29,573,599	2,813,265	14,701,155	52,527,167
Repayment of borrowings	(17,257,591)	(16,587,191)	(8,097,198)	(17,013,757)	(46,172,693)
Dividends paid	-	(74,000)	(75,000)	-	(324,975)
Net cash (used in)/from financing activities	(6,834,125)	12,282,341	(6,611,131)	(5,475,085)	1,029,777
Cash and cash equivalents					
Net (decrease)/increase	(1,203,606)	609,303	(5,283,439)	10,663,189	(3,188,732)
Effect of exchange differences	-	(29,596)	-	2,683	70,740
At beginning of year	(903,212)	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322
At end of year ("B")	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322	737,330

Notes to the Statements of Cash Flows

A. Purchase of Property, Plant and Equipment

Property, plant and equipment were acquired by the following means:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash payments	69,649	329,049	1,844,230	638,410	857,806
Finance lease liabilities	-	200,000	-	90,000	200,000
	69,649	529,049	1,844,230	728,410	1,057,806

B. Cash and Cash Equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash and bank balances	245,813	1,722,284	1,783,992	12,782,360	15,240,343
Fixed deposits with licensed institutions	511,682	4,596,747	7,088,144	8,487,913	11,152,761
Bank overdrafts	(2,352,631)	(2,752,730)	(6,974,665)	(4,277,501)	(5,123,797)
	(1,595,136)	3,566,301	1,897,471	16,992,772	21,269,307
Less: Amount pledged to banks	(511,682)	(5,093,412)	(8,708,021)	(13,137,450)	(20,531,977)
	(2,106,818)	(1,527,111)	(6,810,550)	3,855,322	737,330

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

7.2 **PSB (cont'd)**

7.2.4 **Statements of Cash Flows (cont'd)**

Commentaries on Statements of Cash Flows

Cash flows from Operating Activities

In FYE2007, the Company's inventories registered a decrease of RM6.797 million and payables registered an increase of RM5.338 million. The abovementioned movements were offset by the increase in movement in receivables amounted to RM9.987 million. During the year, the Company completed a couple of major projects resulting in lower project work in progress which led to a significant reduction in inventories and increase in receivables. The increase in payables was due mainly to the increase in other payables arising from the provision of project material cost incurred. The above had contributed to the positive operating cash flow of RM5.174 million.

In year 2007, the Company started to switch its marketing focus in Project division from local market into regional market and channel more sales and marketing resources towards securing overseas jobs and to prepare the Company to penetrate into new markets. The regional expansion efforts were paid off when the Company eventually secured their first overseas contract in Brunei towards the end of FYE2007. During FYE2008, the Company continued its venture into overseas project market and at the same time successfully secured a few projects in the local market. Together with the flow over of projects secured in prior years, the Company recorded higher revenue from Project division, which represented 75.5% of its total revenue for the financial year, and this has resulted in a higher trade receivables (including retention sum) compared to FYE2007. The increase in receivables was also due to higher invoices issued towards the end of financial year. These invoices were subsequently settled by March 2009. The Company registered operating cash outflow in FYE2008.

The year 2007 recorded the Company's first venture into the overseas market. With the sustainability plans in place and continuous efforts, the Company began to reap fruitful results in the FYE2009 and FYE2010, as can be seen by the high net cash inflows from operating activities. During FYE 2009, the Company secured new projects in both local and regional markets and this has caused the increase in the revenue and operating expenses of the Company. Accordingly, the Company had also exercised a better capital management policy, resulting in an increase in the movements of payables by RM18.183 million. This movement was offset by the decrease in the movements of receivables of RM6.733 million, and the advances to the Company's subsidiary which was mainly for its capital expenditure purpose of RM4.213 million. As a result, these had contributed to a positive operating cash flows position for the FYE 2009.

The Company recorded a positive cash flow from operating activities for the FYE 2010 by virtue of the increased in business volume and better capital management policy.

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

7.2 **PSB (cont'd)**

7.2.4 **Statements of Cash Flows (cont'd)**

Commentaries on Statements of Cash Flows (cont'd)

Cash flows from Operating Activities (cont'd)

In FYE2011, the Company's inventories registered an increase of RM4.845 million and payables registered a decrease of RM19.704 million. The abovementioned movements were offset by the decrease in movement in receivables amounted to RM11.510 million. Arising from the few major projects which were completed in FYE 2010, the Company's collections from the receivables increased significantly. This is off-set by the significant amount of payments made to the suppliers as well. The decrease of payables in FYE 2011 was also due to the utilisation of advances collected from the contract customers in FYE 2010. The Company had made tax payment and instalments amounting to RM5.801 million in FYE 2011. The above had contributed to the operating cash flows of RM0.495 million.

Cash flows from Investing Activities

Company recorded net cash inflows for the FYE2007, mainly due to cash receipts from the withdrawal of fixed deposits with licensed bank (which were pledged to financial institutions for banking facilities secured) and proceeds from disposal of property, plant and equipment.

From FYE2008 to FYE2011, with the increasing borrowing facilities obtained from financial institutions to finance the expanding business operations, the Company is required to place certain amount of cash or fixed deposits as securities for the banking facilities granted. As such, placement of fixed deposits increased and net cash outflows were recorded. In addition, increased in advances to the holding company for FYE 2011 is mainly due to expenses paid on behalf.

Cash flows from Financing Activities

Financing activities mainly consists of drawdown or repayment of borrowings and repayment of finance lease liabilities. For FYE2008, net cash inflows from financing activities recorded, mainly due to higher drawdown of borrowings being offset with repayment of borrowings and finance lease liabilities.

For FYE2007, FYE2009 and FYE2010, the repayment of borrowings and finance lease liabilities are higher compared to the drawdown of borrowings. In addition, bank balances which were pledged to financial instructions for banking facilities granted increased from FYE2008 to FYE2010, causing the net cash outflows from financing activities.

In FYE 2011, bank balances which were pledged to financial institutions for banking facilities granted had further increased during the year. Company's drawdown of borrowings is higher as compared to its repayment of borrowings and finance lease liabilities, causing net cash inflows from its financial activities.

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

7.2 **PSB (cont'd)**

7.2.4 **Statements of Cash Flows (cont'd)**

Commentaries on Statements of Cash Flows (cont'd)

Year-end cash and cash equivalents balances

As collaterals for banking facilities granted, the Company is required to pledge its bank balances and fixed deposits to the financial institutions. The bank balances pledged is for amongst others, bank guarantee facilities, comprising advance payment bond, performance bond and tender/bid bond, which are commonly required in the course of submitting tenders or as security to job completion once a project is awarded.

The amounts pledged to financial institutions are not considered cash and cash equivalents in accordance with FRS 107 Statement of Cash Flows, as the Company is barred from utilising the bank balances and fixed deposits unless approved by the financial institutions.

With the exclusion of the amounts pledged to financial institutions, the Company recorded a negative year-end cash and cash equivalents balances for FYE2007 to FYE2009.

For the FYE2010, supported by strong cash flows generated from operating activities, the effect of non-liquidity of bank and fixed deposits pledged to financial institutions was offset and resulted in a positive year-end cash and cash equivalents balances.

For FYE 2011, the increase of the total cash and cash equivalents was offset by the higher increase in the bank balances and fixed deposits pledged to financial institutions, resulting in a decrease in total cash and cash equivalents.

7.2.5 **Notes to the financial statements**

1. **Revenue**

Revenue of the Company was derived from engineering, procurement, manufacturing, construction and commissioning of power substations, which also consist of sales of equipment and rendering of services under contract.

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

2. Profit before taxation

Profit before taxation has been determined after charging/(crediting) amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee					
- Current year	18,000	18,000	45,000	45,000	50,000
- Under provision in prior year	-	-	25,000	-	-
Depreciation	323,156	322,345	392,600	548,040	635,963
Directors' remuneration	523,052	616,140	589,308	843,379	1,347,348
Hire of equipment	-	27,520	21,076	26,312	15,009
Interest expenses	791,214	692,379	1,098,231	1,057,357	1,315,208
Loss on disposal of an associate	-	-	-	-	59,999
Realised (gain)/loss on foreign exchange	(7,318)	1,139,571	(1,268,389)	1,279,471	(662,097)
Rental expenses:					
- office	122,630	130,080	184,105	628,211	623,026
- motor vehicles	-	-	14,388	-	-
Staff costs	2,397,228	3,601,538	5,342,936	8,164,764	10,937,080
Unrealised loss/(gain) on foreign exchange	-	131,998	252	(13,505)	(692,333)
Interest income	(26,652)	(134,889)	(102,345)	(662,547)	(659,574)
Rental refund	-	-	-	(1,000)	-
(Gain)/Loss on disposal of property, plant and equipment	(29,302)	(17,000)	11,396	-	(249,999)

The details of staff costs are as follows:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries, wages, bonuses and other emoluments	1,909,562	2,939,030	4,772,055	7,039,922	8,973,596
Social security contributions	22,687	29,612	37,937	60,264	77,088
Defined contribution plans	254,661	360,725	417,754	668,697	972,637
Other benefits	210,318	272,171	205,190	395,881	913,759
	2,397,228	3,601,538	5,432,936	8,164,764	10,937,080

Included in the staff costs are the following director emoluments:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries, wages, bonuses and other emoluments	323,600	371,000	357,680	580,380	945,400
Social security contributions	620	620	620	465	620
Defined contribution plans	38,832	44,520	31,008	62,534	41,328
Fee	160,000	200,000	200,000	200,000	360,000
	523,052	616,140	589,308	843,379	1,347,348

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

3. Taxation

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Income tax:-					
- Current tax	958,000	873,967	1,469,000	3,517,000	4,419,415
- Deferred tax	-	-	124,000	70,000	-
	958,000	873,967	1,593,000	3,587,000	4,419,415
Under provision in prior years:-					
- Current tax	20,030	-	11,596	41,879	79,572
- Deferred tax	-	-	27,000	-	-
	20,300	-	38,596	41,879	79,572
	978,030	873,967	1,631,596	3,628,879	4,498,987

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit before taxation	3,343,095	4,168,395	5,244,048	13,904,726	16,498,380
Tax at Malaysian statutory tax rate	868,000	1,084,000	1,311,000	3,476,181	4,124,595
Tax effect in respect of:-					
Non-taxable income	-	(254,000)	-	(82,825)	(648)
Non-allowable expenses	81,000	76,967	307,000	123,644	320,468
Differential in tax rate	1,000	(33,000)	(25,000)	-	(25,000)
Transferred to deferred tax liabilities	-	-	-	70,000	-
Deferred tax liabilities not recognised	8,000	-	-	-	-
Under provision of income tax in prior years	20,030	-	11,596	41,879	79,572
Under provision of deferred tax in prior year	-	-	27,000	-	-
	978,030	873,967	1,631,596	3,628,879	4,498,987

The amount of estimated deferred tax liabilities of the Company arising from the taxable temporary differences on property, plant and equipment, calculated at applicable tax rate, which is not recognised in the financial statements, was RM4,000 for the financial year 2007.

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its retained profits as at 31 December 2011.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2010 will be available to the Company until such time the credit is fully utilized or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

4. Property, plant and equipment

	Motor vehicles RM	Motor vehicles under finance lease RM	Factory equipment RM	Office equipment RM	Renovation RM	Total RM
Cost						
At 1 January 2007	103,000	582,100	211,727	577,562	4,319	1,478,708
Additions	-	400,478	21,073	48,568	-	470,119
Disposals	-	(375,872)	-	-	-	(375,872)
At 31 December 2007	103,000	606,706	232,800	626,130	4,319	1,572,955
Additions	101,092	250,000	40,199	137,758	-	529,049
Disposals	(80,000)	-	-	-	-	(80,000)
At 31 December 2008	124,092	856,706	272,999	763,888	4,319	2,022,004
Additions	217,129	-	195,148	1,162,611	269,342	1,844,230
Translation differences	-	-	-	280	-	280
Disposals	(68,685)	-	-	-	-	(68,685)
At 31 December 2009	272,536	856,706	468,147	1,926,779	273,661	3,797,829
Additions	-	117,918	82,610	418,661	109,221	728,410
Translation difference	(2,028)	-	-	(555)	(612)	(3,195)
At 31 December 2010	270,508	974,624	550,757	2,344,885	382,270	4,523,044
Additions	4,100	312,800	278,515	424,821	37,570	1,057,806
Disposals	-	(655,344)	-	-	-	(655,344)
Written-off	-	-	-	(2,800)	-	(2,800)
Translation difference	3,452	4,866	-	1,378	1,043	10,739
At 31 December 2011	278,060	636,946	829,272	2,768,284	420,883	4,933,445

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

4. Property, plant and equipment (cont'd)

	Motor vehicles RM	Motor vehicles under finance lease RM	Factory equipment RM	Office equipment RM	Renovation RM	Total RM
Accumulated depreciation						
At 1 January 2007	52,600	140,391	70,828	324,455	1,728	590,002
Charge for the year	20,600	121,341	23,279	157,504	432	323,156
Disposals	-	(75,174)	-	-	-	(75,174)
At 31 December 2007	73,200	186,558	94,107	481,959	2,160	837,984
Charge for the year	24,818	171,341	27,299	98,455	432	322,345
Disposal	(64,000)	-	-	-	-	(64,000)
At 31 December 2008	34,018	357,899	121,406	580,414	2,592	1,096,329
Charge for the year	39,029	171,341	50,193	126,002	6,035	392,600
Disposals	(2,289)	-	-	-	-	(2,289)
Translation differences	-	-	-	28	-	28
At 31 December 2009	70,758	529,240	171,599	706,444	8,627	1,486,668
Charge for the year	54,193	153,265	47,164	257,272	36,146	548,040
Translation differences	(337)	-	313	(423)	(65)	(512)
At 31 December 2010	124,614	682,505	219,076	963,293	44,708	2,034,196
Charge for the year	50,324	161,026	56,833	328,815	38,965	635,963
Disposals	-	(550,477)	-	-	-	(550,477)
Written-off	-	-	-	(1,120)	-	(1,120)
Translation differences	1,092	-	-	364	216	1,672
At 31 December 2011	176,030	293,054	275,909	1,291,352	83,889	2,120,234
Net carrying amount						
31 December 2011	102,030	343,892	553,363	1,476,932	336,994	2,813,211
31 December 2010	145,894	292,119	331,681	1,381,592	337,562	2,488,848
31 December 2009	201,778	327,466	296,548	1,220,335	265,034	2,311,161
31 December 2008	90,074	498,807	151,593	183,474	1,727	925,675
31 December 2007	29,800	420,148	138,693	144,171	2,159	734,971

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

5. Investment in subsidiaries

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	-	1	60,001	63,163	63,384

Name of company	Country of incorporation	Effective interest 2007 %	2008 %	2009 %	2010 %	2011 %
Fornix Sdn. Bhd.	Malaysia	-	-	60	60	100
Dayen-Pestech JV Ltd	Papua New Guinea	-	100	100	100	-
Tajri-Pestech JV Ltd	Cambodia	-	-	-	100	100
Pestech (Brunei) Sdn. Bhd.	Brunei	-	-	-	-	90

6. Investment in associates

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	60,000	60,000	90,000	90,000	-

Name of company	Country of incorporation	Effective interest 2007 %	2008 %	2009 %	2010 %	2011 %
Xcell ATS (M) Sdn Bhd.	Malaysia	20	20	20	20	-
Mercula Sdn Bhd	Malaysia	-	-	16	16	-

7. Investment in jointly-controlled entity

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	12,500	12,500	12,500	12,500	12,500

Name of company	Country of incorporation	Effective interest 2007 %	2008 %	2009 %	2010 %	2011 %
Tajri-Pestech JV Sdn. Bhd.	Malaysia	50	50	50	50	50

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

8. Inventories

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
At cost:-					
General stocks	122,962	755,137	1,652,146	2,468,802	2,033,585
Work-in-progress	5,009,597	7,033,697	7,067,852	10,681,294	15,961,950
Goods-in-transit	-	-	2,496,444	-	-
	5,132,559	7,788,834	11,216,442	13,150,096	17,995,535

9. Trade receivables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Trade receivables	13,925,537	18,541,461	26,396,373	20,664,474	7,404,571
Retention sum	892,289	2,768,218	5,455,550	8,845,146	13,046,436
	14,817,826	21,309,679	31,851,923	29,509,620	20,451,007

The currency analysis of the trade receivables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	14,802,627	19,689,193	26,140,760	22,126,238	10,107,577
USD	-	1,567,578	5,627,144	4,706,613	8,188,108
EURO	13,510	4,927	45,817	2,122,467	1,931,341
SGD	-	-	-	461,784	-
LKR	-	-	-	86,568	218,595
Others	1,689	47,981	38,202	5,950	5,486
	14,817,826	21,309,679	31,851,923	29,509,620	20,451,007

Trade receivables are non-interest bearing and the normal credit terms granted by the Company ranges from 30 days to 60 days (2007 to 2010: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Company has pledged trade receivables amounting to approximately RM1,820,797 (2010:RM3,136,033, 2007 to 2009: Nil) as security for bank borrowings.

As at 31 December 2011, trade receivables of the Company arising from export sales amounting to RM3,422,533 have been arranged for settlement via letter of credit issued by financial institutions in countries where the customer located.

Grant Thornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

9. Trade receivables (cont'd)

The ageing analysis of trade receivables other than retention sum is as follows:-

	2010 * RM	2011 * RM
Not past due	20,385,933	7,257,620
Past due 61-90 days	98,223	-
Past due for more than 120 days	180,318	146,951
	20,664,474	7,404,571

* The comparative disclosures of 2007 to 2009 have not been presented by virtue of the exemption given in paragraph 44AA of FRS 7 Financial Instruments: Disclosures.

The trade receivables of past due but not impaired were related to a number of independent customers from whom there is no recent history of default.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

10. Other receivables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other receivables	1,182,887	3,639,629	63,000	355,808	565,619
Deposits	66,615	268,199	290,572	417,841	370,837
Prepayments	28,196	1,901,401	91,867	160,291	83,511
	1,277,698	5,809,229	445,439	933,940	1,019,967

The currency analysis of the other receivables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	1,277,698	5,788,897	370,403	749,677	617,457
LKR	-	-	-	144,857	167,448
PGK	-	-	32,316	-	159,817
Others	-	20,332	42,720	39,406	75,244
	1,277,698	5,809,229	445,439	933,940	1,019,967

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

11. Amount due from/(to) contract customers

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Contract costs incurred	-	1,246,144	4,652,016	4,053,026	106,626,449
Attributable profits	-	609,547	1,661,303	3,212,012	28,227,290
	-	1,855,691	6,313,319	7,265,038	134,853,739
Progress billings received and receivable	-	(1,855,691)	(4,268,336)	(7,312,746)	(134,853,739)
	-	-	2,044,983	(47,708)	-

12. Amount due from/(to) holding company, related company, subsidiaries, associate, and jointly-controlled entity

Amounts due from/(to) holding company, related company, subsidiaries, associate and jointly-controlled entity are unsecured and repayable on demand.

Interest expenses incurred by the Company on borrowings in providing the advances to FORNIX would be reimbursed. The amounts due from other subsidiaries are interest free.

13. Fixed deposits with licensed banks

Fixed deposits have been pledged to financial institutions for guarantee facilities granted to the Company and one of its subsidiaries and hence, are not available for general use.

The effective interest rates on fixed deposits ranged from 1.80% to 4.73% (2010: 1.80% to 4.73%, 2009: 2.00% to 3.10%, 2008: 2.99% to 3.70%, 2007: 1.53% to 1.72%) per annum. The average maturity period of the fixed deposits is 1 month (2010: 1 month, 2009: 1 month, 2008: 1 month, 2007: 1 month).

14. Cash and bank balances

The currency exposure profile of cash and bank balances of the company are as follows:

	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	235,930	811,963	1,718,545	1,936,306	153,195
USD	2,169	883,383	53,504	10,463,642	14,177,178
EURO	7,714	26,938	11,943	234,283	659,801
LKR	-	-	-	62,352	208,100
Others	-	-	-	85,777	42,069
	245,813	1,722,284	1,783,992	12,782,360	15,240,343

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

14. Cash and bank balances (cont'd)

Bank balances amounting to RM9,379,216 (2010: RM4,649,537, 2009: RM1,619,877, 2008: RM496,665, 2007: Nil) have been pledged to financial institutions for guarantee facilities granted to the Company and hence, are not available for general use.

15. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Created during the year	-	-	-	4,000,000	-
At 31 December	1,000,000	1,000,000	1,000,000	5,000,000	5,000,000
Issued and fully paid:-					
Ordinary shares of RM1 each					
At 1 January	1,000,000	1,000,000	1,000,000	1,000,000	3,333,000
Allotment during the year	-	-	-	2,333,000	-
At 31 December	1,000,000	1,000,000	1,000,000	3,333,000	3,333,000

16. Deferred tax liabilities

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
At 1 January	-	-	-	151,000	221,000
Transferred from profit or loss	-	-	151,000	70,000	-
At 31 December	-	-	151,000	221,000	221,000
Analysed into:					
Deferred tax assets	-	-	-	(8,000)	(8,000)
Deferred tax liabilities	-	-	151,000	229,000	229,000
	-	-	151,000	221,000	221,000

The deferred tax assets are in respect of deductible temporary difference between the carrying amount and tax base of provisions.

The deferred tax liabilities are in respect of taxable temporary differences between the carrying amount and tax base of property, plant and equipment and unrealised gain on foreign exchange.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

17. Borrowings

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Non-current liabilities					
Secured:-					
Term loans	-	590,126	3,033,971	2,708,860	2,404,866
Current liabilities					
Secured:-					
Term loans	-	-	268,896	291,545	297,921
Bank overdrafts	2,352,631	1,601,967	4,976,221	4,277,501	5,123,797
Bankers' acceptances	586,000	2,519,300	3,290,000	-	2,053,000
Trust receipts	354,254	10,817,236	2,049,862	3,329,722	7,883,330
	3,292,885	14,938,503	10,584,979	7,898,768	15,358,048
Unsecured:-					
Bank overdrafts	-	1,150,763	1,998,444	-	-
	3,292,885	16,089,266	12,583,423	7,898,768	15,358,048
Total borrowings	3,292,885	16,679,392	15,617,394	10,607,628	17,762,914

The currency analysis of the borrowings is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	3,292,885	16,679,392	15,617,394	9,920,071	10,899,005
USD	-	-	-	-	5,578,488
CHF	-	-	-	-	561,953
EURO	-	-	-	687,557	559,308
Others	-	-	-	-	164,160
Total borrowings	3,292,885	16,679,392	15,617,394	10,607,628	17,762,914

The details of the term loans are:-

(a) Fifteen (15) years term loan of RM1,000,000 which is repayable by equal monthly installments commencing 1 May 2009.

(b) Fifteen (15) years term loans of RM1,400,000 which is repayable by equal monthly installments commencing 9 August 2009.

(c) Five (5) years term loan of RM1,000,000 which is repayable by equal monthly installments commencing 19 October 2009.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

17. Borrowings (cont'd)

The maturity profile of the term loans is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Not later than one year	-	128,393	268,896	291,545	297,921
Later than one year but less that five years	-	298,713	1,102,703	973,976	813,215
Later than five years	-	163,020	1,931,268	1,734,884	1,591,651
	-	590,126	3,302,867	3,000,405	2,702,787

The borrowings obtained from local banks bear interest ranging from 2.71% to 8.35% (2010: 2.22% to 7.35%, 2009: 3.72% to 7.55%, 2008: 3.22% to 7.65%, 2007:1.5% to 8.8%) per annum.

As at 31 December 2011, the term loans of the Company are secured by:-

(a) Facilities Agreements;
(b) Third party chares over landed properties;
(c) Certain fixed deposits with licensed banks and bank balances of the Company;
(d) Subordinate of amount due to Directors; and
(e) Jointly and severally guaranteed by the Directors of the Company.

As at 31 December 2011, the other borrowings are secured by:-

(a) Facilities Agreements;
(b) Existing third party all monies legal charge over the property;
(c) Existing third party letter of set-off over fixed deposits;
(d) Certain deposits with licensed bank and bank balances of the Company;
(e) Subordinate of amount due to Directors; and
(f) Jointly and severally guaranteed by the Directors of the Company.

18. Finance lease liabilities

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Minimum lease payments					
- not later than one year	126,711	158,064	145,044	150,540	65,916
- later than one year but less than five years	335,881	379,336	234,292	185,084	203,550
	462,592	537,400	379,336	335,624	269,466
Less: Future finance charges	(44,379)	(52,589)	(23,511)	(22,622)	(26,507)
	418,213	484,811	355,825	313,002	242,959

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

18. Finance lease liabilities (cont'd)

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Present value of finance lease liabilities:-					
- not later than one year	106,711	138,072	131,533	138,416	54,632
- later than one year but less than five years	311,502	346,739	224,292	174,586	188,327
	418,213	484,811	355,825	313,002	242,959

Finance lease liabilities bears average interest of 2.65% to 2.90% (2010: 2.56%, 2009: 2.56%, 2008: 5.03%, 2007: 5.10%).

19. Trade payables

	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Trade payables	3,746,256	11,517,524	27,536,623	26,767,864	13,803,620
Retention sum on contracts	-	-	-	913,087	371,996
	3,746,256	11,517,524	27,536,623	27,680,951	14,175,616

The normal trade credit terms granted by the trade payables range from 14 days to 90 days (2010: 14 days to 90 days, 2009: 14 days to 90 days; 2008: 14 days to 90 days, 2007: 14 days to 90 days) term.

The currency analysis of the trade payables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	2,471,581	4,298,291	8,850,588	16,713,680	5,870,790
USD	707,088	5,146,156	16,508,116	3,227,981	6,252,606
JPY	-	595,505	832,304	3,659,136	1,097,112
EURO	5,970	366,458	617,031	2,797,778	450,985
AUS	561,617	3,065	205,505	-	-
BND	-	882,784	17,442	-	155,432
CHF	-	-	-	729,331	-
LKR	-	-	-	-	331,869
PGK	-	-	-	536,437	16,559
SGD	-	-	260,008	-	-
Others	-	225,265	245,629	16,608	263
	3,746,256	11,517,524	27,536,623	27,680,951	14,175,616

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

20. Other payables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	7,330,745	2,591,487	4,542,142	1,045,389	979,698
Advances received from contracts customers	-	19,972	39,200	6,279,969	322,972
Accruals	254,685	13,451	207,780	716,652	794,159
Dividend payable	-	-	-	75,000	-
	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829

The currency analysis of the other payables is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
RM	433,630	1,254,692	3,614,890	1,378,900	1,886,726
USD	7,151,800	1,366,400	-	3,577,857	3,753
EURO	-	-	-	2,907,872	129,126
PGK	-	-	876,107	-	-
LKR	-	-	296,886	231,970	59,367
Others	-	3,818	1,239	20,411	17,857
	7,585,430	2,624,910	4,789,122	8,117,010	2,096,829

21. Amount due to directors

Amount due to directors is unsecured, interest free and no fixed terms of repayment.

22. Dividends

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Final dividend of 10%, less tax for financial year 2007	-	74,000	-	-	-
Final dividend of 10%, less tax for financial year 2008	-	-	75,000	-	-
Final dividend of 10%, less tax for financial year 2009	-	-	-	75,000	-
Final dividend of 10% less tax for financial year 2010	-	-	-	-	249,975
	-	74,000	75,000	75,000	249,975

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

23. Related party transactions

Significant transactions with related companies are as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Sales to subsidiaries	-	-	-	26,789,311	61,452
Sales to a related company	-	-	-	-	29,403
Purchases from a subsidiary	-	-	-	164,760	9,278,483
Rental charges from a subsidiary	-	-	-	564,000	564,000
Interest charges to subsidiary	-	-	-	443,438	437,515

Significant transactions with related parties are as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Sales to related parties:-					
Mercula Systems Sdn. Bhd.	295,777	39,032	-	-	-
Merit Power Engineering Ltd.	150,596	1,474,333	4,262,498	-	-
Vestech Projects Sdn. Bhd.	-	-	1,232,825	-	-
Wylis Corporation Sdn. Bhd.	1,025,500	-	1,065,000	-	-
Purchases from related parties:-					
Itech Marketing & Services Sdn. Bhd.	1,287,025	1,363,552	1,380,570	2,585,075	-
Silver Mountain Engineering Sdn. Bhd.	70,000	300,000	210,000	370,000	31,800
Mercula Systems Sdn. Bhd.	604,847	461,494	643,090	779,577	283,423
Perunding CPM Services Sdn. Bhd.	-	-	-	1,020,622	1,740,900
Merit Power Engineering Ltd.	-	-	4,552,637	1,561,983	4,062,125
Vestech Engineering Sdn. Bhd.	18,000	-	-	-	-
Vestech Projects Sdn. Bhd.	-	548,900	2,210,593	6,032,462	3,242,709
Wylis Corporation Sdn. Bhd.	1,486,000	875,000	1,556,000	420,627	-
Rental expenses:-					
Ngow Yeng Mei	14,400	14,400	14,400	14,400	-

The Directors of Pestech Sdn. Bhd. are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

The remuneration of directors and other members of management personnel during the financial year were as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Salaries and other short-term employee benefits	523,052	616,140	589,308	843,379	1,347,348

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.2 PSB (cont'd)

7.2.5 Notes to the financial statements (cont'd)

24. Contingencies

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unsecured:-					
Corporate guarantees given to suppliers by the Company for supply of goods to a related party	-	200,000	200,000	-	-

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL

7.3.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of XCELL for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	111,200	-	-	-	52,000
Cost of sales		(80,000)	-	-	-	(29,403)
Gross Profit		31,200	-	-	-	22,597
Administration expenses		(18,602)	(13,739)	(12,302)	(3,921)	(11,324)
Profit/(Loss) before taxation	2	12,598	(13,739)	(12,302)	(3,921)	11,273
Taxation	3	-	-	-	-	-
Profit/(Loss) after taxation		12,598	(13,739)	(12,302)	(3,921)	11,273
Total comprehensive income/(loss) for the financial year		12,598	(13,739)	(12,302)	(3,921)	11,273
Gross profit margin (%)		*28.06*	-	-	-	*43.46*
PBT margin (%)		*11.33*	-	-	-	*21.68*
PAT margin (%)		*11.33*	-	-	-	*21.68*
Effective tax rate (%)		-	-	-	-	-
Weighted average number of ordinary shares issued		*300,000*	*300,000*	*300,000*	*300,000*	*300,000*
Gross EPS/(LPS) (RM)#		*0.04*	*(0.05)*	*(0.04)*	*(0.01)*	*(0.04)*
Net EPS/(LPS) (RM) #		*0.04*	*(0.05)*	*(0.04)*	*(0.01)*	*(0.04)*

\# *Based on weighted average number of ordinary shares issued during the financial years*

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL

7.3.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non -current assets						
Property, plant and equipment	4	2,226	991	496	2	2
Current assets						
Trade receivables	5	108,000	-	-	-	-
Deposits		3,050	3,050	3,050	3,350	1,050
Cash at bank		9,281	9,266	9,266	10,695	27,467
		120,331	12,316	12,316	14,045	28,517
Total assets		122,557	13,307	12,812	14,047	28,519
EQUITY AND LIABILITIES						
Equity						
Share capital	6	300,000	300,000	300,000	300,000	300,000
Accumulated losses		(618,494)	(632,233)	(644,535)	(648,456)	(637,183)
Total equity		(318,494)	(332,233)	(344,535)	(348,456)	(337,183)
Current liabilities						
Trade payables	7	108,394	80,000	80,000	80,000	-
Accruals		4,500	3,000	4,000	5,000	4,000
Amount due to holding company	8	300,157	234,540	245,347	249,503	-
Amount due to a related company	8	-	-	-	-	253,702
Amount due to a director	9	28,000	28,000	28,000	28,000	108,000
Total liabilities		441,051	345,540	357,347	362,503	365,702
Total equity and liabilities		122,557	13,307	12,812	14,047	28,519
NL		*(318,494)*	*(332,233)*	*(344,535)*	*(348,456)*	*(337,183)*
Number of ordinary shares		*300,000*	*300,000*	*300,000*	*300,000*	*300,000*
NL per share		*(1.06)*	*(1.11)*	*(1.15)*	*(1.16)*	*(1.12)*

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL (cont'd)

7.3.3 Statements of Changes in Equity

	Share capital RM	Accumulated losses RM	Total RM
Balance as at 1 January 2007	300,000	(631,092)	(331,092)
Total comprehensive income for the financial year	-	12,598	12,598
Balance at 31 December 2007	300,000	(618,494)	(318,494)
Total comprehensive loss for the financial year	-	(13,739)	(13,739)
Balance at 31 December 2008	300,000	(632,233)	(332,233)
Total comprehensive loss for the financial year	-	(12,302)	(12,302)
Balance at 31 December 2009	300,000	(644,535)	(344,535)
Total comprehensive loss for the financial year	-	(3,921)	(3,921)
Balance as at 31 December 2010	300,000	(648,456)	(348,456)
Total comprehensive income for the financial year	-	11,273	11,273
Balance as at 31 December 2011	300,000	(637,183)	(337,183)

7.3.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit/(Loss) before taxation	12,598	(13,739)	(12,302)	(3,921)	11,273
Adjustments for:-					
Depreciation	1,365	1,235	495	494	-
Operating profit/(loss) before working capital changes	13,963	(12,504)	(11,807)	(3,427)	11,273
Receivables	(108,000)	108,000	-	2,000	2,300
Payables	97,216	(95,511)	11,807	(1,300)	(81,000)
Net cash generated from/(used in) operating activities	3,179	(15)	-	(2,727)	(67,427)
Cash flows from financing activity					
Advances received from directors	-	-	-	-	80,000
Advance received from holding company	-	-	-	4,156	-
Advances received from a related company	-	-	-	-	4,199
Net cash from financing activities	-	-	-	4,156	84,199
Cash at bank					
Net increase/(decrease)	3,179	(15)	-	1,429	16,772
Brought forward	6,102	9,281	9,266	9,266	10,695
Carried forward	9,281	9,266	9,266	10,695	27,467

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL (cont'd)

7.3.5 Notes to the financial statements

1. **Revenue**

There was no revenue generated by XCELL during the financial years 2008 to 2010. For the financial year 2007 and 2011, revenue represents total sales during the financial year after discounts allowed and goods returned.

2. **Profit/(Loss) before taxation**

Profit/(Loss) before taxation has been determined after charging amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee	2,000	1,000	1,000	1,000	2,000
Depreciation	1,365	1,235	495	494	-
Rental of office	6,000	6,000	6,000	-	-

3. **Taxation**

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

There was no provision for taxation for the five (5) financial years as XCELL has no chargeable income.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit/(Loss) before taxation	12,598	(13,739)	(12,302)	(3,921)	11,273
Tax at Malaysian statutory tax rate	2,520	(2,948)	(2,660)	(980)	2,818
Tax effect in respect of:-					
Non-allowable expenses	596	2,701	2,561	980	2,046
Deferred tax (assets)/ liabilities not recognised	(3,116)	247	99	-	-
Utilisation or previously unrecognised tax losses	-	-	-	-	(4,864)
	-	-	-	-	-

The unutilsed tax losses which can be carried forward for offset against future taxable profit amounted to approximately RM426,000 (2010: RM446,000, 2009: RM446,000, 2008: RM434,000, 2007: RM421,000). However the amount is subject to the approval of the Inland Revenue Board Malaysia.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL ATS (M) SDN BHD (cont'd)

7.3.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

Deferred tax assets have not been recognised in respect of the unutilized tax losses due to the Company has a recent history of losses and therefore the Directors of the Company do not expect its utilisation in the foreseeable future.

4. Property, plant and equipment

	Office equipment RM	Computers RM	Signboard RM	Total RM
Cost				
At 1 January 2007 to 31 December 2011	8,696	25,915	4,950	39,561
Accumulated depreciation				
At 1 January 2007	7,085	25,915	2,970	35,970
Charge for the year	870	-	495	1,365
At 31 December 2007	7,955	25,915	3,465	37,335
Charge for the year	740	-	495	1,235
At 31 December 2008	8,695	25,915	3,960	38,570
Charge for the year	-	-	495	495
At 31 December 2009	8,695	25,915	4,455	39,065
Charge for the year	-	-	494	494
At 31 December 2010/31 December 2011	8,695	25,915	4,949	39,559
Net carrying amount				
31 December 2007	741	-	1,485	2,226
31 December 2008	1	-	990	991
31 December 2009	1	-	495	496
31 December 2010	1	-	1	2
31 December 2011	1	-	1	2

5. Trade receivables

Trade receivables were non-interest bearing and were generally on 30 to 60 days term.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.3 XCELL ATS (M) SDN BHD (cont'd)

7.3.5 Notes to the financial statements (cont'd)

6. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January/31 December	500,000	500,000	500,000	500,000	500,000
Issued and fully paid:-					
Oridinary shares of RM1 each					
At 1 January/31 December	300,000	300,000	300,000	300,000	300,000

7. Trade payables

The normal trade credit terms granted by the trade payables range from 30 days to 90 days term.

8. Amount due to holding company/a related company

Amount due to holding company/a related company is unsecured, interest free and repayable on demand.

9. Amount due to a director

Amount due to a director is unsecured, interest free and repayable on demand.

10. Related party disclosure

During the FYE 2011, the Company purchased materials amounting to RM29,405 from its related company PSB.

The Directors are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial years under review.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX

7.4.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of FORNIX for FYE from 31 December 2007 to 31 December 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	-	-	-	564,000	564,000
Other income		-	-	-	-	1,298,454
Administration expenses		(18,064)	(18,067)	(18,065)	(151,383)	(29,262)
Finance costs		-	-	-	(443,438)	(437,515)
(Loss)/Profit before taxation	2	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677
Taxation	3	-	-	-	(20,270)	(21,442)
(Loss)/Profit after taxation		(18,064)	(18,067)	(18,065)	(51,091)	1,374,235
Total comprehensive loss/(income) for the financial year		(18,064)	(18,067)	(18,065)	(51,091)	1,374,235
LBT/PBT margin (%)		-	-	-	*(5.46)*	*247.46*
LAT/PAT margin (%)		-	-	-	*(9.06)*	*243.66*
Effective tax rate (%)		-	-	-	*65.77*	*(1.53)*
Weighted average number of ordinary shares issued		*22,193*	*100,000*	*100,000*	*100,000*	*100,000*
Gross LPS/EPS(RM)#		*(0.81)*	*(0.18)*	*(0.18)*	*(0.31)*	*13.96*
Net LPS/EPS (RM) #		*(0.81)*	*(0.18)*	*(0.18)*	*(0.51)*	*13.74*

\# *Based on weighted average number of ordinary shares issued during the financial period/years*

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Non-current assets						
Property, plant and equipment	4	1,713,249	3,171,999	7,333,718	-	-
Investment properties	5	-	-	-	7,201,546	8,500,000
Investment in an associate	6	30,000	30,000	30,000	30,000	-
		1,743,249	3,201,999	7,363,718	7,231,546	8,500,000
Current assets						
Deposits		12,480	12,480	46,480	46,480	46,480
Cash in hand		4,566	2,314	2,314	31,814	7,778
		17,046	14,794	48,794	78,294	54,258
Total assets		1,760,295	3,216,793	7,412,512	7,309,840	8,554,258
EQUITY AND LIABILITIES						
Equity						
Share capital	7	100,000	100,000	100,000	100,000	100,000
(Accumulated losses)/Retained earning		(39,059)	(57,126)	(75,191)	(126,282)	1,247,953
Total equity		60,941	42,874	24,809	(26,282)	1,347,953
Current liabilities						
Other payables and accruals	8	1,600	2,400	3,200	112,200	112,000
Amount due to holding company	9	1,055,908	2,529,673	6,742,657	6,549,806	6,466,209
Amount due to directors	10	641,846	641,846	641,846	653,846	623,846
Provision for taxation		-	-	-	20,270	4,250
Total liabilities		1,699,354	3,173,919	7,387,703	7,336,122	7,206,305
Total equity and liabilities		1,760,295	3,216,793	7,412,512	7,309,840	8,554,258
NA/NL		*60,941*	*42,874*	*24,809*	*(26,282)*	*1,347,953*
Number of ordinary shares		*100,000*	*100,000*	*100,000*	*100,000*	*100,000*
NA/NL per share		*0.61*	*0.43*	*0.25*	*(0.26)*	*13.48*

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.3 Statements of Changes in Equity

	Note	Share capital RM	Accumulated Losses/Retained Earning RM	Total RM
Balance at 1 January 2007		2	(20,995)	(20,993)
Issuance of share capital	7	99,998	-	99,998
Total comprehensive loss for the financial year		-	(18,064)	(18,064)
Balance at 31 December 2007		100,000	(39,059)	60,941
Total comprehensive loss for the financial year		-	(18,067)	(18,067)
Balance at 31 December 2008		100,000	(57,126)	42,874
Total comprehensive loss for the financial year		-	(18,065)	(18,065)
Balance at 31 December 2009		100,000	(75,191)	24,809
Total comprehensive loss for the financial year		-	(51,091)	(51,091)
Balance at 31 December 2010		100,000	(126,282)	(26,282)
Total comprehensive income for the financial year		-	1,374,235	1,374,235
Balance at 31 December 2011		100,000	1,247,953	1,347,953

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
(Loss)/Profit before taxation	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677
Adjustment for:-					
Interest expenses	-	-	-	443,438	437,515
Depreciation	17,264	17,265	17,265	-	-
Fair value gain of investment properties	-	-	-	-	(1,298,454)
Impairment of investment properties	-	-	-	132,172	-
Operating (loss)/profit before working capital changes	(800)	(802)	(800)	544,789	534,738
Deposits	(12,480)	-	(34,000)	-	-
Payables	800	1,417,043	800	5,000	(200)
Holding company	21,764	57,522	4,212,984	(88,851)	(83,597)
Directors	(9,998)	-	-	12,000	(30,000)
Cash (used in)/generated from operating activities	(714)	1,473,763	4,178,984	472,938	420,941
Interest paid	-	-	-	(443,438)	(437,515)
Tax paid	-	-	-	-	(37,462)
Net cash (used in)/ from operating activities	(714)	1,473,763	4,178,984	29,500	(54,036)
Cash flows from investing activities					
Progress payment to building development	(69,284)	(1,476,015)	(4,178,984)	-	-
Investment in an associate	(30,000)	-	-	-	-
Proceeds from disposal of an associate	-	-	-	-	30,000
Net cash (used in)/ from investing activities	(99,284)	(1,476,015)	(4,178,984)	-	30,000
Cash flows from financing activity					
Proceeds from issuance of shares/Net cash from financing activities	99,998	-	-	-	-
Cash at bank					
Net increase/(decrease)	-	(2,252)	-	29,500	(24,036)
Brought forward	4,566	4,566	2,314	2,314	31,814
Carried forward	4,566	2,314	2,314	31,814	7,778

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements

1. Revenue

There was no revenue generated by Fornix during the financial years 2007 to 2009. For the financial years 2010 and 2011, revenue represents rental income received from its holding company, PSB.

2. (Loss)/Profit before taxation

(Loss)/Profit before taxation has been determined after charging amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee					
- Current year	800	800	800	5,000	8,000
- Under provision in prior year	-	-	-	-	200
Depreciation	17,264	17,265	17,265	-	-
Fair value gain of investment properties	-	-	-	-	(1,298,454)
Impairment of investment properties	-	-	-	132,172	-
Interest on advances from the holding company	-	-	-	443,438	437,515

3. Taxation

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Income tax:-					
- Current	-	-	-	(20,270)	(20,000)
- Underprovision in prior year	-	-	-	-	(1,442)
	-	-	-	(20,270)	(21,442)

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
(Loss)/Profit before taxation	(18,064)	(18,067)	(18,065)	(30,821)	1,395,677

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows (cont'd):-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Tax at Malaysian statutory tax rate	(3,613)	(3,613)	(3,613)	(7,705)	348,919
Tax effect in respect of:-					
Non-taxable income	-	-	-	-	(324,613)
Non-deductible expense	3,613	3,613	3,613	33,043	2,408
Reduction in statutory tax rate on chargeable income up to RM500,000	-	-	-	(5,068)	(6,714)
Under provision of taxation in prior years	-	-	-	-	1,442
	-	-	-	20,270	21,442

4. Property, plant and equipment

	Long leasehold land RM	Building RM	Total RM
Cost			
At 1 January 2007	1,657,403	21,091	1,678,494
Additions	-	69,284	69,284
At 31 December 2007	1,657,403	90,375	1,747,778
Additions	-	1,476,015	1,476,015
At 31 December 2008	1,657,403	1,566,390	3,223,793
Additions	-	4,178,984	4,178,984
At 31 December 2009	1,657,403	5,745,374	7,402,777
Reclassified to investment properties	(1,657,403)	(5,745,374)	(7,402,777)
At 31 December 2010/31 December 2011	-	-	-
Accumulated depreciation			
At 1 January 2007	17,265	-	17,265
Charge for the year	17,264	-	17,264
At 31 December 2007	34,529	-	34,529
Charge for the year	17,265	-	17,265
At 31 December 2008	51,794	-	51,794
Charge for the year	17,265	-	17,265
At 31 December 2009	69,059	-	69,059
Reclassified to investment properties	(69,059)	-	(69,059)
At 31 December 2010/31 December 2011	-	-	-

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements (cont'd)

4. Property, plant and equipment (cont'd)

	Long leasehold land RM	Building RM	Total RM
Net carrying amount			
31 December 2011/31 December 2010	-	-	-
31 December 2009	1,588,344	5,745,374	7,333,718
31 December 2008	1,605,609	1,566,390	3,171,999
31 December 2007	1,622,874	90,375	1,713,249

5. Investment properties

	Long leasehold land RM	Building RM	Total RM
2011			
Fair value			
Reclassified from property, plant and equipment/At 31 December 2010	1,588,344	5,745,374	7,333,718
Fair value gain of investment properties	1,228,140	70,314	1,298,454
31 December 2011	2,816,484	5,815,688	8,632,172
Accumulated impairment			
Impairment for the year/At 31 December 2010/31 December 2011	17,265	114,907	132,172
Net carrying amount			
31 December 2011	2,799,219	5,700,781	8,500,000
31 December 2010	1,571,079	5,630,467	7,201,546

6. Investment in an associate

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Unquoted shares, at cost	30,000	30,000	30,000	30,000	-

Name of company	Country of incorporation	Effective interest 2007 %	2008 %	2009 %	2010 %	2011 %
Mercula Sdn. Bhd.	Malaysia	16	16	16	16	-

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.4 FORNIX (cont'd)

7.4.5 Notes to the financial statements (cont'd)

7. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January/31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid:-					
Ordinary shares of RM1 each					
At 1 January	2	100,000	100,000	100,000	100,000
Allotment during the year	99,998	-	-	-	-
At 31 December	100,000	100,000	100,000	100,000	100,000

8. Other payables

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	-	-	-	104,000	104,000
Accruals	1,600	2,400	3,200	8,200	8,000
	1,600	2,400	3,200	112,200	112,000

9. Amount due to holding company

The amount due to holding company is unsecured and payable on demand. Interest expenses incurred by the holding company on borrowings in providing the advances to the Company would be reimbursed.

10. Amount due to directors

Amount due to directors is unsecured, interest free and repayable on demand.

11. Related party disclosures

Significant transactions with the holding company were as follows:

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Holding companies:-					
Rental income	-	-	-	564,000	564,000
Interest expenses	-	-	-	443,438	437,515

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial years under review.

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

7.4 **FORNIX (cont'd)**

7.4.5 **Notes to the financial statements (cont'd)**

12. **Contingencies**

A third party fixed charge and a basic factory debenture over the Company's properties have been created in favor of a bank as securities for the bank facilities granted to the holding company amounting to RM3,500,000.

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV

7.5.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of TPJV for FPE from 5 September 2010 to 31 December 2011 and FYE 31 December 2011:-

FPE/FYE	Note	2010 RM	2011 RM
Revenue	1	7,709,352	12,653,882
Costs of sales		(5,781,857)	(11,157,695)
Gross profit		1,927,495	1,496,187
Administration expenses		(343,236)	(739,952)
Finance cost		-	(3,656)
Profit before taxation	2	1,584,259	752,579
Taxation	3	(313,535)	(161,264)
Profit after taxation		1,270,724	591,315
Other comprehensive income:- Foreign currency translation		(51,785)	2,415
Total comprehensive income for the financial year		1,218,939	593,730
Gross profit margin (%)		*25.00*	*11.82*
PBT margin (%)		*20.55*	*5.95*
PAT margin (%)		*16.48*	*4.67*
Effective tax rate (%)		*19.79*	*21.43*
Weighted average number of ordinary shares issued		*1,000*	*1,000*
Gross EPS (RM)#		*1,584.27*	*752.58*
Net EPS (RM) #		*1,270.43*	*591.32*

\# *Based on weighted average number of ordinary shares issued during the financial period/years*

Grant Thornton

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV

7.5.2 Statements of Financial Position

FPE/FYE	Note	2010 RM	2011 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	263,035	260,916
Current assets			
Trade receivables	5	350,492	636,675
Other receivables and deposits	6	156,667	154,002
Amount due from contract customers	7	1,023,049	-
Amount due from holding company	8	469,331	1,826,913
Cash and bank balances		408,086	380,128
		2,407,625	2,997,718
Total assets		2,670,660	3,258,634
EQUITY AND LIABILITIES			
Equity			
Share capital	9	3,162	3,162
Retained earnings		1,270,724	1,862,039
Foreign translation reserve	10	(51,785)	2,415
Total equity		1,222,101	1,867,616
Current liabilities			
Trade payables	11	1,187,036	691,544
Accruals		24,472	79,218
Amount due to customer		-	1,578
Amount owing to a director	12	-	303,080
Provision for taxation		237,051	315,598
Total liabilities		1,448,559	1,391,018
Total equity and liabilities		2,670,660	3,258,634
NA		*1,222,101*	*1,867,616*
Number of ordinary shares		*1,000*	*1,000*
NA per share		*1,222.10*	*1,867.62*

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV (cont'd)

7.5.3 Statements of Changes in Equity

	Share capital RM	Foreign translation reserve RM	Retained earnings RM	Total RM
At date of incorporation	3,162	-	-	3,162
Total comprehensive income for the financial period	-	(51,785)	1,270,724	1,218,939
Balance at 31 December 2010	3,162	(51,785)	1,270,724	1,222,101
Total comprehensive income for the financial year	-	54,200	591,315	645,515
Balance as at 31 December 2011	3,162	2,415	1,862,039	1,867,616

7.5.4 Statements of Cash Flows

FPE/FYE	2010 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,584,259	752,579
Adjustments for:-		
Depreciation	35,270	53,204
Interest expense	-	3,656
Operating profit before working capital changes	1,619,529	809,439
Receivables	(507,159)	(260,473)
Payables	1,211,508	(467,215)
Contract customer	(1,023,049)	1,015,078
Holding company	(469,331)	(1,297,789)
Amount due to directors	-	303,080
Cash generated from operating activities	831,498	102,119
Interest paid	-	(3,656)
Tax paid	(76,484)	(91,590)
Net cash generated from/(used in) operating activities	755,014	6,874
Cash flows from investing activities		
Purchase of property, plant and equipment/Net cash used in investing activities	(296,873)	(44,376)
Cash flows from financing activities		
Proceeds from issuance of shares/Net cash from financing activities	3,162	-
Effects of foreign currency translation	(53,217)	9,544
Cash at bank		
Net increase/(decrease)	408,086	(27,958)
Brought forward	-	408,086
Carried forward	408,086	380,128

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV (cont'd)

7.5.5 Notes to the financial statements

1. **Revenue**

Revenue relating to sale of retails goods is recognised net of returns and discounts when the transfer of risks and rewards has been completed.

2. **Profit before taxation**

Profit before taxation has been determined after charging amongst other items the following:-

FPE/FYE	2010 RM	2011 RM
Audit fee	12,868	16,815
Depreciation	35,270	53,204
Rental of premises	26,732	96,057

3. **Taxation**

According to Cambodian Law on Taxation, the Company has an obligation to pay either Tax on Profit at the rate of 20% or Prepayment of Tax on Profits whichever is higher. Prepayment of Tax on Profits equal to 1% of monthly turnover inclusive of all taxes excepts Value Added Tax.

FPE/FYE	2010 RM	2011 RM
Income tax:-		
Current year	313,535	161,264

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE/FYE	2010 RM	2011 RM
Profit before taxation	1,584,258	752,579
Income tax at rate of 25%	396,065	188,145
Tax effect in respect of:		
Non-taxable income	(15,474)	(19,154)
Non-allowable expenses	12,157	29,902
Difference of tax rate	(79,213)	(37,629)
	313,535	161,264

The taxation system in Cambodia is relatively new and is characterized by numerous taxes and frequently changing legislation, which are subject to interpretation. Often, differing interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges.

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV (cont'd)

7.5.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

These facts may create tax risks in Cambodia, substantially more significant than that in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have differing interpretations and the effects could be significant since the incorporation of the Company.

4. Property, plant and equipment

	Tools and equipment RM	Motor vehicles RM	Office equipment RM	Total RM
Cost				
Additions/At 31 December 2010	89,802	182,383	24,688	296,873
Additions	-	25,982	20,006	45,988
Foreign translation differences	2,401	4,875	660	7,936
At 31 December 2011	92,203	213,240	45,354	350,797
Accumulated depreciation				
Charge for the year/At 31 December 2010	5,238	26,128	2,472	33,838
Charge for the year	8,897	37,807	6,500	53,204
Foreign translation differences	464	2,075	299	2,838
At 31 December 2011	14,599	66,010	9,271	89,880
Net carrying amount				
31 December 2011	77,604	147,230	36,083	260,917
31 December 2010	84,564	156,255	22,216	263,035

5. Trade receivables

FPE/FYE	2010 RM	2011 RM
Trade receivables	-	132,221
Retention sum on construction contracts	350,492	504,454
	350,492	636,675

Trade receivables are non-interest bearing and are generally on 30 to 60 days term. They are recognized at their original invoice amounts which represent their fair values n initial recognition.

The entire trade receivables are denominated in USD.

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV (cont'd)

7.5.5 Notes to the financial statements (cont'd)

5. Trade receivables (cont'd)

As at the reporting date, trade receivables of past due for 0 to 30 days but not impaired amounting to RM132,221 (2010: RM Nil), and were related to a number of independent customers from whom there is no recent history of default.

The net carrying amount of trade receivables is considered a reasonable approximate of fair value. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above.

6. Other receivables and deposits

FPE/FYE	2010 RM	2011 RM
Other receivables	146,483	91,414
Deposits	10,184	12,991
Prepayments	-	49,597
	156,667	154,002

Other receivables and deposits are denominated in USD.

7. Amount due from/(to) contract customers

FPE/FYE	2010 RM	2011 RM
Contract cost incurred	5,738,460	8,882,460
Attributable profit	1,927,496	2,200,710
	7,665,956	11,083,170
Progress billings received and receivables	(6,642,907)	(11,084,748)
	1,023,049	(1,578)

Amount due from/(to) contract customers is denominated in USD.

7. FINANCIAL INFORMATION (CONT'D)

7.5 TPJV (cont'd)

7.5.5 Notes to the financial statements (cont'd)

8. Amount due from holding company

Amount due to from holding company is unsecured, interest free, repayable on demand and is denominated in USD.

9. Share capital

FPE/FYE	2010 RM	2011 RM
Authorised:-		
1,000 ordinary shares of USD1 each		
Upon incorporation/1 January	-	3,162
Issued during the period	3,162	-
At 31 December	3,162	3,162
Issued and fully paid:-		
1,000 ordinary shares of USD1 each		
Upon incorporation/1 January	-	3,162
Allotment during the period	3,162	-
At 31 December	3,162	3,162

10. Foreign translation reserve

The foreign translation reserve represents foreign exchange differences arising from translation of the financial statements from its functional currency, USD into the presentation currency, RM.

11. Trade payables

The normal trade credit terms granted by the trade payables range from 30 to 90 days term and is denominated in USD.

12. Amount due to directors

Amount due to directors is unsecured, interest free, repayable on demand and is denominated in USD.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB

7.6.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of PBSB for FPE from 17 March 2011 to 31 December 2011

FPE	Note	2011 RM
Revenue	1	69,460
Costs of sales		(60,930)
Gross profit		8,530
Administration expenses		(42,561)
Loss before taxation	2	(34,031)
Taxation	3	-
Loss after taxation		(34,031)
Other comprehensive income:- Foreign currency translation		(10)
Total comprehensive loss for the year		(34,041)
LBT margin (%)		*(48.99)*
LAT margin (%)		*(48.99)*
Effective tax rate (%)		-
Weighted average number of ordinary shares issued		*100*
Gross LPS (RM)#		*(340.31)*
Net LPS (RM) #		*(340.31)*

\# *Based on weighted average number of ordinary shares issued during the financial period/years*

7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB (CONT'D)

7.6.2 Statements of Financial Position

FPE	Note	2011 RM
ASSETS		
Current assets		
Prepayment	4	3,657
Cash and bank balances	4	82,361
		86,018
Total assets		86,018
EQUITY AND LIABILITIES		
Equity		
Share capital	5	246
Accumulated loss		(34,031)
Foreign translation reserve	6	(10)
Total equity		(33,795)
Current liabilities		
Accruals	7	6,472
Amount due to holding company	8	85,323
Amount due to a related company	8	28,018
Total liabilities		119,813
Total equity and liabilities		86,018
NL		*(33,795)*
Number of ordinary shares		*100*
NL per share		*(337.95)*

7.6.3 Statements of Changes in Equity

	Share capital RM	Foreign translation reserve RM	Accumulated loss RM	Total RM
Balance at date of incorporation	246	-	-	246
Total comprehensive loss for the financial period	-	(10)	(34,031)	(34,041)
Balance at 31 December 2011	246	(10)	(34,031)	(33,795)

7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB (cont'd)

7.6.4 Statements of Cash Flows

FPE	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(34,031)
Operating loss before working capital changes	
Receivables	(3,657)
Payables	6,472
Holding company	88,963
Net cash generated from operating activities	57,747
Cash flows from financing activities	
Proceeds from issuance of shares	246
Related party	24,378
Net cash generated from financing activities	24,624
Exchange translation differences	(10)
Cash at bank	
Net increase	82,361
Brought forward	-
Carried forward	82,361

7.6.5 Notes to the financial statements

1. **Revenue**

The Company is engaged in electrical engineering contractor, specialising in transmission and distribution.

2. **Loss before taxation**

Loss before taxation has been determined after charging amongst other items the following:-

FPE	2011 RM
Audit fee	4,387
Rental expenses	3,656
Pre-operating expenses	11,589

3. **Taxation**

According to the Laws of Brunei, company which is considered a tax resident in Brunei is subject to 23.5%.

There was no provision for taxation for the financial period as PBSB has no chargeable income.

GrantThornton

7. FINANCIAL INFORMATION (CONT'D)

7.6 PBSB (cont'd)

7.6.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

FPE	2011 RM
Loss before taxation	(34,041)
Income tax at rate of 25%	(8,510)
Tax effect in respect of:	
Non-allowable expenses	9,020
Difference of tax rate	(510)
	-

4. Prepayment and Cash and bank balances

The amounts are denominated in BND.

5. Share capital

FPE	2011 RM
Authorised:-	
500,000 ordinary shares of BND 1 each	
Created during the period/At 31 December	1,230,000
Issued and fully paid:-	
100 ordinary shares of BND 1 each	
Allotment during the period/At 31 December	246

6. Foreign translation reserve

The foreign translation reserve represents foreign exchange differences arising from translation of the financial statements from its functional currency, BND into the presentation currency, RM.

7. Accruals

The amount is denominated in BND.

8. Amount due to holding company/related company

Amount due to holding company/related company are unsecured, interest free and repayable on demand and are denominated in BND.

GrantThornton

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

7.6 **PBSB (cont'd)**

7.6.5 **Notes to the financial statements (cont'd)**

9. **Related party disclosures**

During the FPE 2011, the Company purchased materials amounting to RM61,453 from its holding company, PSB.

The Directors are of the opinion that the above transaction has been entered into in the normal course of business and has been established under negotiated terms.

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial year under review.

7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB

7.7.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of TPSB for the past five (5) FYE 31 December 2007 to 2011:-

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Revenue	1	8,271,521	-	-	-	-
Cost of sales		(8,233,307)	-	-	-	-
Gross profit		38,214	-	-	-	-
Other income		-	-	-	2,500	2,000
Administration expenses		(2,488)	(803)	(800)	(1,650)	(6,909)
Profit/(Loss) before taxation	2	35,726	(803)	(800)	850	(4,909)
Taxation	3	-	-	-	-	-
Profit/(Loss) after taxation		35,726	(803)	(800)	850	(4,909)
Total comprehensive income/(loss) for the financial year		35,726	(803)	(800)	850	(4,909)
GP margin (%)		*0.46*	-	-	-	-
PBT margin (%)		*0.43*	-	-	-	-
PAT margin (%)		*0.43*	-	-	-	-
Effective tax rate (%)		-	-	-	-	-
Weighted average number of ordinary shares issued		*25,000*	*25,000*	*25,000*	*25,000*	*25,000*
Gross EPS/(LPS) (RM)#		*1.53*	*(0.03)*	*(0.03)*	*0.03*	*(0.2)*
Net EPS/(LPS) (RM) #		*1.43*	*(0.03)*	*(0.03)*	*0.03*	*(0.2)*

\# *Based on weighted average number of ordinary shares issued during the financial years*

7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB (cont'd)

7.7.2 Statements of Financial Position

FYE	Note	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
ASSETS						
Current asset						
Trade receivables	4	1,655	-	-	-	-
Cash at bank		11,880	11,882	11,882	11,032	5,290
Total asset		13,535	11,882	11,882	11,032	5,290
EQUITY AND LIABILITIES						
Equity						
Share capital	5	25,000	25,000	25,000	25,000	25,000
Accumulated losses		(32,235)	(33,038)	(33,838)	(32,998)	(37,897)
Total equity		(7,235)	(8,038)	(8,838)	(7,988)	(12,897)
Current liabilities						
Trade payables	6	3,670	2,020	2,020	2,020	-
Other payables	7	7,100	7,900	8,700	7,000	2,101
Amount due to a venture company	8	10,000	10,000	10,000	10,000	16,086
Total liabilities		20,770	19,920	20,720	19,020	18,187
Total equity and liabilities		13,535	11,882	11,882	11,032	5,290
NL		*(7,235)*	*(8,038)*	*(8,838)*	*(7,988)*	*(12,897)*
Number of ordinary shares		*25,000*	*25,000*	*25,000*	*25,000*	*25,000*
NL per share		*(0.29)*	*(0.32)*	*(0.35)*	*(0.32)*	*(0.52)*

7.7.3 Statements of Changes in Equity

	Share capital RM	Accumulated loss RM	Total RM
Balance as at 1 January 2007	25,000	(67,961)	(42,961)
Total comprehensive income for the financial year	-	35,726	35,726
Balance at 31 December 2007	25,000	(32,235)	(7,235)
Total comprehensive loss for the financial year	-	(803)	(803)
Balance at 31 December 2008	25,000	(33,038)	(8,038)
Total comprehensive loss for the financial year	-	(800)	(800)
Balance at 31 December 2009	25,000	(33,838)	(8,838)
Total comprehensive income for the financial year	-	850	850
Balance as at 31 December 2010	25,000	(32,988)	(7,988)
Total comprehensive loss for the financial year	-	(4,909)	(4,909)
Balance as at 31 December 2011	25,000	(37,897)	(12,897)

Grant Thornton

7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB (cont'd)

7.7.4 Statements of Cash Flows

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Cash flows from operating activities					
Profit/(Loss) before taxation	35,726	(803)	(800)	850	(4,909)
Adjustment for:-					
Waiver of debts	-	-	-	-	(2,000)
Operating profit/(loss) before working capital changes	-	-	-	850	(6,909)
Receivables	113,709	1,655	-	-	-
Payables	(149,183)	(850)	800	(1,700)	(4,919)
Venturer company	-	-	-	-	6,080
Net cash generated from/(used in) operating activities	252	2	-	(850)	(5,742)
Cash at bank					
Net increase/(decrease)	252	2	-	(850)	(5,742)
Brought forward	11,628	11,880	11,882	11,882	11,032
Carried forward	11,880	11,882	11,882	11,032	5,290

7.7.5 Notes to the financial statements

1. **Revenue**

There was no revenue generated by TPSB during the financial years 2008 to 2011. For the financial year 2007, revenue represents total sales during the financial year after discounts allowed and goods returned.

2. **Profit/(Loss) before taxation**

Profit/(Loss) before taxation has been determined after charging/(crediting) amongst other items the following:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Audit fee	1,800	800	800	800	2,000
Waiver of debts	-	-	-	-	(2,000)

3. **Taxation**

Malaysian income tax were calculated at the statutory rate of 25% (2010: 25%, 2009: 25%, 2008: 26%, 2007: 20% on first RM500,000 of chargeable income and 27% on the remaining chargeable income) of the estimated taxable profits for the financial years.

7. FINANCIAL INFORMATION (CONT'D)

7.7 TPSB (cont'd)

7.7.5 Notes to the financial statements (cont'd)

3. Taxation (cont'd)

There was no provision for taxation for the five (5) financial years as TPSB has no chargeable income.

A reconciliation of income tax expense at statutory tax rate and effective tax rate of the Company is as follows:-

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Profit/(Loss) before taxation	35,726	(803)	(800)	850	4,909
Tax at Malaysian statutory tax rate	7,145	(161)	(160)	213	(1,227)
Tax effect in respect of:-					
Non-deductible expenses	-	161	160	412	638
Utilisation of previously unrecognised tax assets	(7,145)	-	-	(625)	-
Deferred tax assets not recognised	-	-	-	-	589
	-	-	-	-	-

The Company's unutilised tax losses, which can be carried forward to offset against future taxable profit amounted to approximately RM27,000 (2010: RM25,000, 2007 to 2009: RM28,000). However, the above amount is subject to the approval of the Inland Revenue Board of Malaysia.

Deferred tax assets have not been recognised in respect of the unutilised tax losses due to Company has a recent history of losses and the Directors of the Company do not expect its utilisation in the foreseeable future.

4. Trade receivables

Trade receivables were non-interest bearing and were generally on 30 to 60 days term.

5. Share capital

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Authorised:-					
Ordinary shares of RM1 each					
At 1 January/31 December	100,000	100,000	100,000	100,000	100,000
Issued and fully paid:-					
Oridinary shares of RM1 each					
At 1 January/31 December	25,000	25,000	25,000	25,000	25,000

GrantThornton

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

7.7 **TPSB (cont'd)**

7.7.5 **Notes to the financial statements**

6. **Trade payables**

The normal trade credit terms granted by the trade payables ranged from 30 to 90 days term.

7. **Other payables**

FYE	2007 RM	2008 RM	2009 RM	2010 RM	2011 RM
Other payables	6,100	6,900	2,500	-	-
Accruals	1,000	1,000	6,200	7,000	2,101
	7,100	7,900	8,700	7,000	2,101

8. **Amount due to venturer company**

The amount due to venturer company is unsecured, interest free and repayable on demand.

9. **Related party disclosures**

There is no transaction including remuneration related transaction entered by the Company with the Directors and other key management personnel during the financial year under review.

GrantThornton

Yours faithfully,

SJ GRANT THORNTON
No. AF: 0737
Chartered Accountants

HOOI KOK MUN
No: 2207/01/14 (J)
Partner

Appendix I (1/2)

Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESTECH INTERNATIONAL BERHAD
(FORMERLY KNOWN AS PESTECH INTERNATIONAL SDN. BHD.)
(Incorporated in Malaysia)
Company No: 948035-U

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech International Berhad (formerly known as Pestech International Sdn. Bhd.), which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2011, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 72.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that gives a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not fot the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix I (2/2)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditor's reports of the subsidiary of which we have not acted as auditors, as disclosed in Note 5 of the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
9 April 2012

Company No. 220578-T

Appendix II (1/10)

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
21, Jalan Tun Abdul Razak
Susur 1/1
80000 Johor Bahru
Johor
Malaysia

Tel : +60 7 2225988
Fax : +60 7 2247508
myjb@deloitte.com
www.deloitte.com/my

REPORT OF THE AUDITORS TO THE MEMBERS OF
PESTECH SDN. BHD.
(Incorporated in Malaysia)

We have audited the accompanying balance sheet as of December 31, 2007 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable MASB approved accounting standards in Malaysia for Private Entities so as to give a true and fair view of:

(i) the state of affairs of the Company as of December 31, 2007 and of the results and the cash flows of the Company for the year ended on that date; and

(ii) the matters required by Section 169 of the Act to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

CHONG KEE LEE
1973/8/09(J)
Partner

June 6, 2008

Company No. 220578-T

Appendix II (2/10)

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
21, Jalan Tun Abdul Razak
Susur 1/1
80000 Johor Bahru
Johor
Malaysia

Tel : +60 7 2225988
Fax : +60 7 2247508
myjb@deloitte.com
www.deloitte.com/my

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PESTECH SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 31.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit.

Company No. 220578-T

DELOITTE KASSIMCHAN

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 1965;

(b) we are satisfied that the accounts of the subsidiary company that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(c) the auditors' report on the accounts of the subsidiary company was not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

CHONG LEE LEE
Partner - 1973/8/11(J)
Chartered Accountant

Johor Bahru
September 16, 2009

Company No. 220578-T

Appendix II (4/10)

Deloitte.

Deloitte KassimChan (AF 0080)
Chartered Accountants
87, Jalan Sultan Abdul Jalil
30450 Ipoh, Perak
Malaysia

Tel: +60 5 253 1358
Fax: +60 5 241 5392
+60 5 253 0090
myipoh@deloitte.com
www.deloitte.com/my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PESTECH SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2009 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 45.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Private Entity Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

(Forward)

Company No. 220578-T

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected, depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's and the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Private Entity Reporting Standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

(a) in our opinion, the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act, 1965;

(b) we have considered the financial statements and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 10 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;

(Forward)

Company No. 220578-T

(c) we are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and

(d) the auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
Partner - 2421/05/11(J/PH)
Chartered Accountant

June 15, 2010

Grant Thornton

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

PESTECH SDN. BHD.
(Incorporated in Malaysia)
Company No: 220578-T

SJ Grant Thornton
Level 11, Faber Imperial C
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Mala

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the Statements of Financial Position of the Group and of the Company as at 31 December 2010, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 71.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that gives a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

GrantThornton

Appendix II (8/10)

Company No: 220578-T

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the financial statements and the auditor's reports of the subsidiary of which we have not acted as auditors, as disclosed in Note 5 of the financial statements.

c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 June 2011

Grant Thornton

Appendix II (9/10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF PESTECH SDN. BHD.

(Incorporated in Malaysia)
Company No: 220578-T

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Pestech Sdn. Bhd., which comprise the Statement of Financial Position as at 31 December 2011 of the Company, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 61.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that gives a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Appendix II (10/10)

Company No: 220578-T

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act, to be kept by the Company have been properly kept in accordance with the provision of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
9 April 2012

Company No: 503755 - H

WH HAU & CO
Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-2162421

REPORT OF THE AUDITORS TO THE MEMBERS OF XCELL ATS (M) SDN.BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 5 to 16 of Xcell ATS (M) Sdn. Bhd. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Auditing Standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and

  (ii) the state of affairs of the Company as at 31 December 2007 and of the results and cash flows of the Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to the Company's accumulated losses of RM 618,494 (2006:RM 631,092) which exceeds its issued and paid up share capital of RM 300,000 (2006:RM 300,000) as at balance sheet date. As stated in Note 2 to the financial statements, the accompanying financial statements have been prepared on the going concern basis as the shareholders and directors intend to provide all necessary financial support to the Company as and when required to enable the Company to continue its operation as a going concern.

WH HAU & CO.	HAU WAN HOCK
[No : AF-1076]	[No : 1703/02/09(J)]
Chartered Accountants	Partner

Date: 12 JUN 2008
Kuala Lumpur

Company No. 503755-H

WH
Chartered
(Firm No: AF
Appendix III (2/9)
No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-216242

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XCELL ATS (M) SDN.BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2008 and of its financial performance and cash flows for the year then ended.

Company No: 503755 - H

Appendix III (3/9)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM14,739 during the year ended 31 December 2008, and as of that date, the Company's current liabilities exceeded its current assets by RM334,224, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH HAU & CO.
[No : AF-1076]
Chartered Accountants

HAU WAN HOCK
[No: 1703/02/11(J)]
Partner

Date: 28 MAY 2009
Kuala Lumpur, Malaysia

Company No: 503755 - H

WH HAU & CO
Chartered Accountants
(Firm No: AF 1076)

7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF XCELL ATS (M) SDN.BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2009 and of its financial performance and cash flows for the year then ended.

Company No: 503755 - H

Appendix III (5/9)

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM13,302 during the year ended 31 December 2009, and as of that date, the Company's current liabilities exceeded its current assets by RM347,031, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH HAU & CO.
[No : AF-1076]
Chartered Accountants

HAU WAN HOCK
[No: 1703/02/11(J)]
Partner

Date: 27 MAY 2010
Kuala Lumpur, Malaysia

GrantThornton

Appendix III (6/9)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

XCELL ATS (M) SDN. BHD.

(Incorporated in Malaysia)

Company No: 503755 - H

SJ Grant Thornton (AF:0
Level 11, Faber Imperial Cour
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysi

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 26.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix III (7/9)

Company No: 503755 - H

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 June 2011

GrantThornton

Appendix III (8/9)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

XCELL ATS (M) SDN. BHD.

(Incorporated in Malaysia)
Company No: 503755 - H

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Cour
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Xcell ATS (M) Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 35.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Chartered Accountants
Member firm of Grant Thornton International Ltd

GrantThornton

Appendix III (9/9)

Company No: 503755 - H

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
9 April 2012

Company No. 705247-A

WH HAU & CO
Chartered Accountants
(Firm No: AF 1006)
(Appendix IA (1/10))

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF FORNIX SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2007 and of its financial performance and cash flows for the year then ended.

Company No. 705247-A

Appendix IV (2/10)

Report on Other Legal and Regulatory Requiremenets

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH HAU & CO
[No : AF-1076)]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/09(J)]
Partner

Kuala Lumpur, Malaysia
Date : 2 8 MAY 2008

Company No. 705247-A

WH HAU & CO
Chartered Accountants
Appendix IV(3/10)
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF
FORNIX SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 19.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

Company No. 705247-A

Appendix IV (4/10)

Report on Other Legal and Regulatory Requiremenets

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH HAU & CO
[No : AF-1076)]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia
Date : 28 MAY 2009

Company No. 705247-A

WH HAU & CO
Chartered Accountants
(Firm No. AF 1010)
Appendix V (5)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF FORNIX SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 18.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Company No. 705247-A

Appendix IV (6/10)

Report on Other Legal and Regulatory Requiremenets

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH.HAU & CO
[No : AF-1076)]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia
Date : 2 8 FEB 2010

GrantThornton

Appendix IV (7/10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

FORNIX SDN. BHD.

(Incorporated in Malaysia)
Company No: 705247-A

SJ Grant Thornton (AF:07:
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 30.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix IV (8/10)

Company No: 705247-A

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
2 8 JUN 2011

GrantThornton

Appendix IV (9/10)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

FORNIX SDN. BHD.
(Incorporated in Malaysia)
Company No: 705247-A

SJ Grant Thornton (AF:0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Fornix Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 36.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix IV (10/10)

Company No: 705247-A

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
9 April 2012

GrantThornton

Appendix V (1/4)
5

Independent auditors' report

Grant Thornton Law & Associates
Suite 14, Hotel Cambodiana
#313, Sisowath Quay, Phnom Penh,
Kingdom of Cambodia

T +855 23 218 266
T +855 16 218 266
F +855 23 218 128
W www.gti.org

To the shareholders of
Tajri-Pestech JV Limited

We have audited the accompanying financial statements of Tajri-Pestech JV Limited ("the Company") from pages 7 to 20, which comprise of the statement of financial position as at 31 December 2010, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 5 February 2010 to 31 December 2010, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian Accounting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix V (2/4)

Opinion

In our opinion, the financial statements of Tajri-Pestech JV Limited are properly drawn up in accordance with Cambodian Accounting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and the results of its operations and its cash flows for the period from 5 February 2010 to 31 December 2010.

Grant Thornton Law + Assocs.

Grant Thornton Law & Associates
Certified Public Accountants

Phnom Penh, Cambodia
Date: 28 June 2011

GrantThornton

Independent Auditors' Report

Grant Thornton (Cambodia) Limited
2nd Floor, 99 Norodom Boulevard
Sangkat Beung Rang
Khan Duan Penh
Phnom Penh
Kingdom of Cambodia

T +855 23 966 520
www.gt.com.kh

To the Shareholders of
Tajri-Pestech JV Limited

Introduction

We have audited the accompanying financial statements of Tajri-Pestech JV Limited ("the Company") which are comprised of the Balance Sheet as at 31 December 2011, the Statement of Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory notes from page 5 to 16.

Management's responsibility for the financial statements

Management are responsible for the preparation of the financial statements in accordance with Cambodian Accounting Standards, and design of internal control as Management determines is necessary to enable production of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Cambodian Standards on Auditing and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

Basis of opinion

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Appendix V (4/4)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Tajri-Pestech JV Limited at 31 December 2011 and of its financial performance, and its cash flows for the year then ended in accordance with Cambodian Accounting Standards.

GRANT THORNTON (CAMBODIA) LIMITED

Grant Thornton

Phnom Penh, Cambodia
Date: 31 March 2012

Certified Chartered Accountants
and Management Consultants
Member firm within Grant Thornton International Ltd

L&R ACCOUNTANTS

LEE & RAMAN
Certified Public
Accountants
Brunei Darussalam
Registered Auditors

B7, First Floor, Block B
Shakirin Complex
Kampong Kiulap, BE1518
Bandar Seri Begawan
Brunei Darussalam
Tel: 2237905, 2237906
Fax. 2237907
email: lr@brunet.bn

Postal Address:
P.O.Box 507
Bandar Seri Begawan BS8671
Brunei Darussalam

<u>**PESTECH (BRUNEI) SDN BHD**</u>
<u>**(Incorporated in Brunei Darussalam)**</u>

INDEPENDENT AUDITOR'S REPORT
to the members of Pestech (Brunei) Sdn Bhd

We have audited the accompanying financial statements of Pestech (Brunei) Sdn Bhd (the "Company") which comprise the statement of financial position of the Company as at 31 December 2011, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 13.

Directors' Responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Brunei Darussalam Companies Act, Cap. 39 (the "Act") and accounting principles generally accepted in Brunei Darussalam. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

L&R ACCOUNTANTS

PESTECH (BRUNEI) SDN BHD
(Incorporated in Brunei Darussalam)

INDEPENDENT AUDITOR'S REPORT
to the members of Pestech (Brunei) Sdn Bhd

Opinion

In our opinion,

(a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and accounting principles generally accepted in Brunei Darussalam so as to give a true and fair view of the state of affairs of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Company for the financial period ended on that date, according to the best of our information and the explanations given to us, and as shown by the books of the Company; and

(b) we have obtained all the information and explanations that we required.

Le Raman
LEE & RAMAN
Certified Public Accountants

LEE YUN CHIN
Brunei Darussalam Authorised Auditor

BRUNEI DARUSSALAM

Date: 22 MAR 2012

Company No. 553143-U

WH HAU & CO
Chartered Accountants
(Firm No: AF 1076)

Appendix VII (179)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF TAJRI-PESTECH JV SDN. BHD.
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 16 of Tajri-Pestech JV Sdn. Bhd..

The preparation of the financial statements is the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other ~~purpose. We do not assume responsibility towards any other person for the content of this report.~~

We conducted our audit in accordance with applicable Approved Auditing Standards in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the overall presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:

  (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and

  (ii) the state of affairs of the Company as at 31 December 2007 and of the results of the operations changes in equity and cash flow of the Company for the financial year on that date;

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

WH HAU & CO	HAU WAN HOCK
[No : AF-1076)]	[No : 1703/02/09(J)]
Chartered Accountants	Partner

Kuala Lumpur, Malaysia
Date : 30 MAY 2008

Company No. 553143-U

Appendix VII (2/9)

WH HAU & CO
Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-21624217

REPORT OF THE AUDITORS TO THE MEMBERS OF TAJRI-PESTECH JV SDN. BHD.

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory ~~notes, as set out on pages 8 to 17.~~

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2008 and of its financial performance and cash flows for the year then ended.

Company No. 553143-U

Appendix VII (3/9)

Report on Other Legal and Regulatory Requiremenets

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WH HAU & CO
[No : AF-1076)]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia
Date : 3 0 MAY 2009

Company No. 553143-U

WH HAU & CO
Appendix VII (4/9)
Chartered Accountants
(Firm No: AF 1076)

No. 7.19B, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur. Tel:(6) 03-21634137, 21634139, 21649709 Fax:(6) 03-2162421

REPORT OF THE AUDITORS TO THE MEMBERS OF TAJRI-PESTECH JV SDN. BHD.
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory ~~notes, as set out on pages 8 to 17.~~

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the year then ended.

Company No. 553143-U

Report on Other Legal and Regulatory Requiremenets

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the ~~Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other~~ person for the content of this report.

WH HAU & CO
[No : AF-1076)]
Chartered Accountants

HAU WAN HOCK
[No : 1703/02/11(J)]
Partner

Kuala Lumpur, Malaysia
Date : 3 0 MAY 2010

Grant Thornton

Appendix VII (6/9)

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

TAJRI-PESTECH JV SDN. BHD.

(Incorporated in Malaysia)
Company No: 553143 - U

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P. O. Box 12337
50774 Kuala Lumpur, Malaysia

T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Appendix VII (7/9)

Company No: 553143 - U

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/12(J))
PARTNER

Kuala Lumpur
28 June 2011

GrantThornton

Appendix VII (8/9)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TAJRI-PESTECH JV SDN. BHD.

(Incorporated in Malaysia)
Company No: 553143 - U

SJ Grant Thornton (AF:0737
Level 11, Sheraton Imperial Cou
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
T +603 2692 4022
F +603 2691 5229
www.gt.com.my

Report on the Financial Statements

We have audited the financial statements of Tajri-Pestech JV Sdn. Bhd., which comprise the statement of financial position as at 31 December 2011 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 28.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

GrantThornton

Appendix VII (9/9)

Company No: 553143 - U

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

HOOI KOK MUN
(NO: 2207/01/14(J))
CHARTERED ACCOUNTANT
PARTNER

Kuala Lumpur
9 April 2012

PESTECH INTERNATIONAL
Effective.Efficient.Excellent

Date: 08 MAY 2012

The Shareholders of
PESTECH International Berhad
No. 26, Jalan Utarid U5/14
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors ("Board") of PESTECH International Berhad ("PESTECH" or "Company"), I wish to report that, after making due enquiries in relation to the Company, its subsidiary companies and jointly-controlled entity ("Group") during the period between 31 December 2011, being the date on which the latest audited financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:-

(a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;

(b) in the opinion of the Board, there have been no circumstances, which have arisen since the date of the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;

(e) since the date of the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing in which the Board is aware of; and

(f) since the date of the last audited financial statements of the Group, there has been no material change in the published reserves or any unusual factor affecting the profits of the Group.

Yours faithfully
For and on behalf of the Board of Directors of
PESTECH International Berhad

....
Lim Ah Hock
Executive Chairman

PESTECH INTERNATIONAL BHD. (948035-U)
No. 26, Jalan Utarid U5/14, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, MALAYSIA.
Tel: +603 7845 2186 / 2286 | Fax: +603 7845 2187 | Customer Care Line: 1700 81 9001 (Within Malaysia) | +6012 236 9226 (Outside Malaysia)
Website: www.pestech.com.my

14. BY-LAWS OF THE SGP

1. DEFINITIONS

1.1 In these By-Laws, except where the context otherwise requires, the following expressions shall have the following meanings:-

"Adviser"	:	A corporate finance adviser that may act as a principal adviser under the Securities Commission's Principal Adviser Guidelines (as amended from time to time)
"Award(s)"	:	A performance share plan award referred to in By-Law 7.3
"Board"	:	The Board of Directors of Company
"PESTECH or Company"	:	PESTECH International Berhad and shall, where the context admits, include its successors in title
"PESTECH Group or Group"	:	The Company and the Subsidiaries and its jointly-controlled entity
"PESTECH Shares(s) or Shares"	:	Ordinary shares(s) in the capital of the Company which currently have a par value of RM0.50 each
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
"By-Laws"	:	By-Laws governing the Plan as amended from time to time.
"CDS"	:	The Central Depository System governed under SICDA
"Chief Executive Officer"	:	The principal executive officer of any corporation in the Group, by whatever name called, and whether or not he is a director
"Committee"	:	The committee comprising directors and/or executives appointed by the Board pursuant to By-Law 12 implement and administer the Plan in accordance with these By-Laws
"Companies Act"	:	Companies Act, 1965
"Grant Date"	:	The last day of the Offer Period
"Effective Date"	:	The date this Plan takes effect being the date on which the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with
"Eligible Executive"	:	Such executive (including an Executive Director or a Chief Executive Officer) of the Group or any corporation in the Group as the Committee may determine who fulfils the conditions of eligibility as stipulated in By-Law 4 and includes any person who is later employed/ engaged/ appointed as an executive of the Group or any corporation in the Group

"Executive Director"	:	A natural person who is a director in a full-time executive capacity who is involved in the day-to-day management and on the payroll of any corporation in the Group
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities
"Market Day"	:	A day on which Bursa Securities is open for trading in securities
"Maximum Allowable Allocation"	:	The aggregate maximum number of Plan Shares that may be allocated to any one category/designation of Selected Executives pursuant to By-Law 5
"Offer"	:	An Offer made in writing by the Committee to the Selected Executive for an Award pursuant to By-Law 7
"Offer Date"	:	The date on which an Offer is made or deemed made by the Committee to a Selected Executive which shall be specified in the Offer as the Offer Date
"Offer Period"	:	The period of thirty (30) days from the Offer Date or such other period as may be determined by the Committee, having regard to the Terms of Reference and specified in the Offer, during which an Offer may be accepted.
"Performance Targets"	:	The financial and/or performance targets stipulated by the Board and/or Committee and set out in an Offer which are to be achieved by the Group and/or the Eligible Executive
"Plan Participant"	:	A Selected Executive who has duly accepted an Offer in accordance with these By-Laws
"Plan Period"	:	The period of the Plan as set out in By-Law 6.1
"Plan Share(s)"	:	New and/or existing PESTECH Shares to be made available for purpose of the Plan
"RM and sen"	:	Ringgit Malaysia and sen respectively
"Selected Executive"	:	An Eligible Executive selected by the Committee or by the Board to whom an Offer is/is to be made pursuant to By-Law 7
"SGP or Plan"	:	The PESTECH International Berhad Share Grant Plan set up under and governed by these By-Laws
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991
"Subsidiaries"	:	Subsidiaries of PESTECH within the meaning of Section 5 of the Companies Act and shall include such subsidiaries which are as at the Effective Date and those subsequently acquired or incorporated at any time during the Plan Period save and except for those determined by the Board and/or Committee to fall outside the expression "Subsidiaries" pursuant to By-Law 25

"Term of Reference"	: The terms of reference which the Board may establish to regulate and govern the Committee's functions and/or responsibilities under these By-Laws as amended from time to time.
"Trust"	: The trust established to facilitate the implementation of the Plan
"Trust Deed"	: The trust deed constituting the Trust
"Trustee"	: The trustee for the time being appointed to be the trustee for this Plan pursuant to By-Law 18.2
"Unvested Plan Shares"	: Plan Shares or any part thereof which have not been vested in the Plan Participant pursuant to an Award, as the case may be, at the relevant time
"Vesting Conditions"	: The Performance Targets determined by the Board and/or Committee and stipulated in the Offer in respect of an Award which must be fulfilled for the Plan Shares to be vested in a Plan Participant
"Vesting Date"	: The date on which Plan Shares granted pursuant to an Award vest in the Plan Participant pursuant to By-Law 10.1 as may be stipulated by the Committee in the Offer

1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and works importing the masculine, feminine or neuter gender shall include all genders.

1.3 The headings and sub-headings herein are inserted for convenience only and shall not affect the interpretation of these By-Laws.

1.4 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.

1.5 Any liberty, power or direction which may be exercised or any decision or determination which may be made hereunder by Committee (including any selection) may be exercised in the Committee's sole and absolute discretion having regard only to the Terms of Reference (where applicable) and the Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.

1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. THE PLAN

2.1 The Plan shall be called the "PESTECH International Berhad Share Grant Plan".

3. MAXIMUM NUMBER OF PLAN SHARES AVAILABLE UNDER THE PLAN

3.1 Subject to By-Law 3.2, the maximum of number Plan Shares which may be made available under the Plan shall not exceed in aggregate fifteen percent (15%) of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company at any point of time during the Plan Period **("Maximum Plan Shares Available").**

3.2 In the event that the Company purchases or cancels its own shares in accordance with the provisions of Section 67A of the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, the following provisions shall apply in respect of future Offers but all the Plan Shares granted prior to such purchases and/or the reduction/adjustment of the issued and paid-up ordinary share capital of the Company shall remain valid or exercisable in accordance with the provisions of the Plan as if that reduction/adjustment had not occurred:

(a) If, after such purchase, cancellation or reduction, the aggregate number of Plan Shares in respect of the Awards granted by the Company as at the date of purchase, cancellation or reduction of shares is greater than the Maximum Plan Shares Available, no further Offers shall be made by the Committee until such aggregate number of Plan Shares in respect of the Awards granted falls below the Maximum Plan Shares Available; and

(b) If, after such purchase, cancellation or reduction, the aggregate number of Plan Shares in respect of the Awards granted by the Company as at the date of purchase, cancellation or reduction of shares is less than the Maximum Plan Shares Available, the Committee may make further Offers but only until such aggregate number of Plan Shares in respect of the Awards granted is equivalent to the Maximum Plan Shares Available after such purchase, cancellation or reduction.

3.3 The Company will use all reasonable efforts to make available/ensure that the Trustee has available sufficient Plan Shares for vesting in the Plan Participants on the Vesting Dates during the Plan Period.

4. ELIGIBILITY

4.1 Any Eligible Executive who meets the following criteria shall be eligible for consideration and/or selection as a Selected Executive by the Committee:

(a) If he has attained the age of eighteen (18) years and is not an undischarged bankrupt;

(b) If he is of Grade 8 above;

(c) If he is employed on a full time basis or if he is serving under an employment contract for a fixed duration and is on or prior to the Offer Date be on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

(d) If his employment has been confirmed in writing on or prior to the Offer Date;

(e) If he is an executive director or a chief executive officer of the Company, the specific allocation of Plan Shares granted by the Company to him in his capacity as an Executive Director or Chief Executive Officer under the Plan has been approved or will be tabled to be approved by the shareholders of the Company at a general meeting; and

(f) If he fulfils any other criteria and/or falls within such category as may be set by the Committee from time to time;

Provided that nothing herein shall invalidate any selection of any Eligible Executive which may have been made by the Board on or prior to the Effective Date.

4.2 Eligibility for consideration under the Plan does not confer an Eligible Executive with any rights whatsoever under or to participate in the Plan.

4.3 The selection of any Eligible Executive for participation in the Plan shall be made by the Committee or shall be or shall have been made by the Board and notified to the Committee whose decision(s) shall be final and binding.

5. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION

5.1 Subject to By-Law 5.2 and any adjustments which may be made under By-Law 15, the aggregate maximum number of Plan Shares that may be allocated to any one category/designation of Selected Executives shall be determined by the Committee **("Maximum Allowable Allocation")** provided that the allocation to any individual Selected Executive who, either singly or collectively through persons connected with the Selected Executive (as defined in the Listing Requirements), holds twenty percent (20%) or more of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company, shall not exceed ten percent (10%) (or such other percentage as the relevant authorities may permit) of the Maximum Plan Shares Available.

In the circumstance where the Maximum Allowable Allocation is amended by Bursa Securities or any other relevant authority from time to time, the Committee shall have the absolute discretion to make the necessary adjustments so that the number of Shares that may be offered to any one of the Eligible Executive shall be in accordance with the provisions of the Listing Requirements and the relevant authority prevailing during the Plan Period.

5.2 The Committee shall determine:

(a) the number of Plan Shares to be granted to a Selected Executive after taking into consideration, amongst other things, the Selected Executive's position or intended position, ranking or intended ranking, performance (if applicable) and contribution and/or potential contribution to the continued success of the Group;

(b) the actual number of Plan Shares to be vested in a Plan Participant on the Vesting Date under an Award after ascertaining the extent to which the Performance Targets and other Vesting Conditions, are fulfilled.

5.3 Unless no longer a requirement of the relevant authorities, the Company and/or Committee shall ensure that:-

(a) the allocation of Plan Shares to Selected Executive is verified at the end of each financial year of the Company by the Company's audit committee; and

(b) a statement by the audit committee, verifying such allocation, is included in the Company's annual report.

6. PLAN PERIOD AND TERMINATION OF THE PLAN

6.1 The Plan shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with **("Effective Date")** and shall continue to be in force for a period of five (5) years from the Effective Date **("Plan Period")**:-

(i) approval of Bursa Securities for the listing of and quotation for any new PESTECH Shares to be issued pursuant to the Plan at any point in time during the Plan Period;

(ii) approval of the shareholders of the Company;

(iii) approval of Bursa Depository for the transfer of Plan Shares from the Trustee to the Plan Participants pursuant to this Plan at any point in time during the Plan Period;

(iv) the submission to Bursa Securities of the final copy of the By-Laws;

(v) any other relevant regulatory authorities' approval, where applicable; and

(vi) fulfilment of all conditions attached to the above approvals (if any).

6.2 Within five (5) Market Days from the Effective Date, the Company shall, through the Adviser, submit a confirmation to Bursa Securities of full compliance with the approvals and/or conditions set out in By-Law 6.1 stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Plan.

6.3 The Plan Period may be extended for a further period of five (5) years or any other duration that is allowed by the relevant authorities subject to the discretion of the Board, upon recommendation of the Committee.

6.4 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other regulatory authorities' guidelines or directives, the Company may, by notice in writing to all Plan Participants whose Plan Shares have not been vested in them **("Said Plan Participants")**, terminate the Plan at any time during the Plan Period, provided that all of the following approvals/consents have been obtained prior to such termination:-

(a) the consent of the Company's shareholders at a general meeting, wherein at least a majority of the shareholders, present and voting, vote in favour of the termination; and

(b) the written consent of all the Said Plan Participants;

whereupon any Unvested Plan Shares shall be deemed to have cancelled and be null and void on the date specified in the notice which shall be after the approvals/consents aforementioned have been obtained **("Termination Date")** provided that the Committee may in its discretion, permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time prior to the Termination Date subject to such terms and conditions as may be prescribed notwithstanding that:-

(i) the Vesting Date is not due or has not occurred; and/or

(ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

7. OFFER OF AWARDS UNDER THE PLAN

7.1 Pursuant to the Plan, the Committee may, from time to time during the Plan Period, make an Offer to a Selected Executive to participate in the Plan.

7.2 Upon acceptance of the Offer in accordance with By-Law 9.1, the Selected Executive shall be referred to as a **Plan Participant** for the purpose of these By-Laws.

7.3 Subject to By-Law 7.4, an Offer shall comprise an Award whereby a Plan Participant is granted the right to have Plan Shares vest in him on the Vesting Date specified in the Offer provided that the Vesting Conditions are duly and fully satisfied. The actual number of Plan Shares (if any) to vest in a Selected Participant is dependent on the extent to which the Performance Targets and other Vesting Conditions are fulfilled.

7.4 Nothing herein shall prevent the Committee from making more than one offer to any Selected Executive provided always that the aggregate number of Plan Shares in respect of the Awards granted shall not exceed the Maximum Allowable Allocation.

8. TERMS OF THE OFFER

8.1 The Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Executive.

8.2 The terms and conditions set out in the Offer relating to a Selected Executive must include:

(a) The number(s) of Plan Shares to be vested on the Vesting Date if the Performance Targets are fully met and adjustments thereto if the Performance Targets are exceeded or not fully met;

(b) Offer Date;

(c) Offer Period;

(d) Vesting Conditions; and

(e) Vesting Date.

8.3 In the event of any error in the stating of any particulars referred to in By-Law 8.2 or otherwise in the Offer, the Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 8.2.

9. ACCEPTANCE OF THE OFFER

9.1 The Offer may only be accepted by the Selected Executive during the Offer Period in such form and manner as may be prescribed in the Offer and must be accompanied by the details of his CDS account number and a non-refundable sum of Ringgit Malaysia One (RM1.00) only. Notwithstanding the date of receipt by the Committee of such form together with such money, the date of the grant of an Award shall be the last day of the Offer Period **("Grant Date")** provided always that such form together with such money is received by the Committee within the Offer Period.

9.2 Unless the Committee otherwise decides, in the event that the Selected Executive fails to accept the Offer in the manner prescribed within the Offer Period (including if the Committee fails to receive the prescribed form and/or money), the Offer shall automatically lapse and shall be than null and void provided that the Committee shall not be precluded from making a fresh Offer to the Selected Executive subsequently.

10. VESTING CONDITIONS AND SATISFACTION OF VESTING CONDITIONS

The Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ. Nothing herein shall require any Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Selected Executive.

10.1 The Plan Shares or such part thereof as may be specified in the Offer will only vest in the Plan Participants on the Vesting Date if the Vesting Conditions, are fully and duly satisfied, which includes, inter alia:-

(a) the Plan Participant must remain in employment with any corporation in the Group as at the Vesting Date (whether employed on a full time basis or serving under an employment contract for a fixed duration) and shall not have given a notice to resign or received a notice of termination as at the Vesting Date; and

(b) the Performance Targets are fully and duly satisfied.

10.2 The determination as to whether the Vesting Conditions have been fulfilled shall be made by the Committee.

10.3 Where the Committee has made the determination that the stipulated conditions have been fulfilled pursuant to By-Law 10.2 with respect to an Award, the Committee shall notify the Plan Participant of the number of Plan Shares vested/which will be vested in him on the Vesting Date.

10.4 Subject to By-Law 16, no Plan Participant shall have any right to or interest in the Plan Shares granted to him unless and until the Plan Shares are vested in him on and with effect from the Vesting Date(s), as the case may be.

10.5 The Committee shall procure the following, within eight (8) Market Days after the Vesting Date(s), as the case may be (or such period as may be prescribed or allowed by Bursa Securities):-

(a) credit the relevant number of Plan Shares into the Plan Participant's CDS account as notified;

(b) despatch a notice of transfer of such Plan Shares to the Plan Participant; and

(c) make an application for the quotation of such relevant number of Plan Shares (where applicable).

11. DISCIPLINARY PROCEEDINGS

11.1 In the event a Selected Executive is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of services) after an Offer is made but before the acceptance therefore by such Selected Executive, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Selected Executive. Nothing herein shall prevent the Committee (but the Committee shall not be obliged to do so) from making a fresh Offer to such Selected Executive in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn provided that such Offer is made within the duration of the Plan Period.

11.2 In the event the Plan Participant is subjected to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of services),the right of the Plan Participant to have vested Plan Share shall be suspended pending the outcome of the disciplinary proceedings unless otherwise decided by the Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Plan Participant. Nothing herein shall prevent the Committee (but the Committee shall not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Plan Participant to have vested any Unvested Plan Shares in the event that such disciplinary actions are not against him or if such disciplinary actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Plan Period. If the disciplinary proceedings are not resolved or the Committee does not reinstate such right of the Plan Participant within six (6) months (or such other period as may be determined by the Committee) from the date of such suspension of right, the Offer and acceptance thereof shall automatically lapse and shall immediately become null and void and any Unvested Plan Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, unless the Committee determines otherwise.

12. TERMINATION OF OFFERS AND UNVESTED PLAN SHARES

12.1 Subject to By-Laws 12.2 and 12.3, any unaccepted Offers in respect of a Selected Executive and/or any Unvested Plan Shares in respect of a Plan Participant shall forthwith lapse and/or deemed to be cancelled and/or cease to be capable of vesting in a Plan Participant as the case may be without any liability to or right to claim against the Company, the Committee and/or the Trustee upon the occurrence of any one of the following events:

(a) service of notice to resign by the Selected Executive or Plan Participant, as the case may be;

(b) service of a notice of termination on or termination or cessation of employment of the Selected Executive or Plan Participant with the Group, as the case may be, for any reason whatsoever; or

(c) bankruptcy of the Selected Executive of Plan Participant, as the case maybe.

12.2 In the event of the termination or cessation of employment of the Plan Participant with the Group in any of the following circumstances:

(a) retirement on attaining the retirement age under the Group's retirement policy;

(b) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;

(c) redundancy or voluntary separation plan;

(d) any other circumstances which are acceptable to the Committee in its sole and absolute discretion;

the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time subject to such terms and conditions may be prescribed notwithstanding that:

(i) the Vesting Date is not been fulfilled / satisfied;

(ii) other terms and conditions set out in the Offer have not been fulfilled / satisfied;

Provided That unless the Committee in its sole discretion so permits such vesting by notice in writing to the Plan Participant, any unaccepted Offers in respect of a Selected Executive and/or Unvested Plan Share in respect of a Plan Participant shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Plan Participant, without any liability to or right to claim against the Company, Committee and/or Trustee.

12.3 In the event of death of the Plan Participant, By-Law 12.2 shall apply mutatis mutandis to the Plan Participant's legal or personal representatives as if the Plan Participant's legal or personal representatives were the Plan Participant.

12.4 Any unaccepted Offers and/or Unvested Plan Shares shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of acceptance and/or vesting, as the case may be, without any claim against the Company, Committee and/or Trustee upon the occurrence of one or more of the following events:-

(a) winding-up or liquidation of the Company; or

(b) termination of the Plan pursuant to By-Law 6.3.

13. TAKEOVER

13.1 In the event of:

(a) a takeover offer being made for the Company through a general offer to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer **("Offeror")** or any persons acting in concert with the Offeror);or

(b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of PESTECH Shares under the provisions of any statutes, rules and/or regulations applicable at that point of time and gives notice to the Company that it intends to exercise such right on a specific date;

the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant or the Plan Participant's legal and personal representative, as the case may be, at any time subject to such terms and conditions as may be prescribed notwithstanding that:-

(i) the Vesting Date is not due or has not occurred; and/or

(ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

14. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

14.1 In the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company or its amalgamation with any other company or companies the Committee may permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant or the Plan Participant's legal and personal representatives, as the case may be, at any time subject to such terms and conditions as may be prescribed notwithstanding that:-

(i) the Vesting Date is not due or has not occurred; and/or

(ii) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

15. ALTERATION OF CAPITAL

15.1 In the event of any alteration in the capital structure of the Company during the Plan Period, whether by way of rights issue, bonus issue or other capitalisation issues, subdivision or consolidation of PESTECH Shares or reduction of capital or any other variation of capital being effected and/or the declaration of any special dividend or other distribution, the Committee may determine whether a material dilution or enlargement of the rights of the Selected Executives and/or Plan Participants would result from such alteration in the capital structure of the Company and/or such distribution during the Plan Period. If the Committee determines that a material dilution or enlargement of the rights of the Plan Participants would result therefrom, adjustments in the number of Plan Shares comprised in the Offer and/or the number of Unvested Plan Shares, shall be made in such manner as the Committee shall determine to prevent and/or to minimise such dilution or enlargement. The Committee shall notify the Plan Participants in writing of the adjusted number of Plan Shares comprised in the Offers and/or adjusted number of Unvested Plan Shares. In respect of an Offer which has not been accepted, the Committee shall make a new Offer(s) in respect of the adjusted number of Plan Shares comprised in the Offer(s)s which supersedes the earlier Offer(s).

15.2 If the Committee decides that no material dilution or enlargement of the rights of the Plan Participants would result from an alteration in the capital structure of the Company and no adjustments will be made, the Committee shall inform the Plan Participants of this decision in such manner deemed appropriate by the Committee.

15.3 Any adjustment in the number of Plan Shares comprised in Offers and/or number of Unvested Plan Shares shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities and shall, where appropriate and to the extent possible, endeavour to give each Plan Participant the same proportion of the issued ordinary share capital of the Company as that to which he would previously been entitled to have granted and/or vested in him.

15.4 Notwithstanding anything set out in these By-Laws, any adjustments must be confirmed in writing either by an external auditor or an Adviser of the Company. Upon any adjustment being made pursuant thereto, the Committee shall, within such period deemed appropriate by it, notify the Plan Participants in writing informing him of the adjusted number of Plan Shares comprised in the Offers and/or adjusted number of Unvested Plan Shares.

15.5 The provisions of By-Laws 15.1 and 15.2 shall not apply where a change in the capital structure of the Company arises from:

(i) the issue of PESTECH Shares or other securities convertible into PESTECH Shares or right to acquire or subscribe for PESTECH Shares in consideration or part consideration for any acquisition by the Group;

(ii) a special issue, restricted issue or private placement of PESTECH Shares;

(iii) a share buy-back arrangement by the Company and the cancellation of all or a portion of the PESTECH Shares pursuant to the relevant provisions of the Companies Act;

(iv) an issue of PESTECH Shares arising from the exercise of any conversion rights attached to securities convertible to PESTECH Shares or upon exercise of any other rights including warrants (if any) issued by the Company;

(v) a special issue of new PESTECH Shares to Bumiputera investors by any government authority to comply with Government policy on Bumiputera capital participant; and

(vi) an issue of further Offers pursuant to the Plan and the allotment and issuance of PESTECH Shares for the purpose of satisfying Plan Shares.

15.6 In the event that a fraction of a PESTECH Share arises from the adjustments pursuant to this By-Law 15, the number of Plan Shares shall automatically be rounded down to the nearest whole number.

15.7 The provisions of By-Law 15 shall also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Selected Executive or withdrawn by the Committee.

16. RIGHTS ATTACHED TO PLAN SHARES

16.1 The Plan Shares to be allocated and granted pursuant to the Plan and held by the Trustee shall *rank pari passu* in all respects with the then existing issued and paid-up PESTECH Shares and shall be entitled to any rights, dividends, allotments and/or distributions **("Rights")** attached thereto and/or which may be declared, made or paid to the Company's shareholders. The Trustee shall only exercise the voting rights attached to such Plan Shares in such manner and extent as may be directed by the Committee in writing. The Plan Shares that are purchased from the market by and held by the Trustee shall rank *pari passu* in all respects with the existing issued and paid-up PESTECH Shares and shall be entitled to any rights that may be declared, made or paid to the Company's shareholders subsequent to the date of transfer.

16.2 Notwithstanding By-Law 16.1, the Plan Participants shall not be entitled to any Rights (i) attached to the Plan Shares prior to the date on which the Plan Shares are credited into the Plan Participants' respective CDS accounts; or (ii) which may be declared, made or paid to the Company's shareholders, for which the entitlement date is prior to the date on which the Plan Shares are credited into the Plan Participant's respective CDS accounts.

16.3 For the purpose of these By-Laws, the phrase "rights of voting" and the word "vote" shall be deemed to include not only a vote at a meeting but any consent to or approval of any arrangement plan or resolution or any alteration in or abandonment of any rights attaching to any part of the Plan Shares held on trust (and which have not been transferred to/vested in Plan Participants) and the right to requisition or join in a requisition to convene a meeting or to give notice of any resolution or to circulate any statement or to consent to any short notice of any meeting.

16.4 For the purpose of these By-Laws, "entitlement date" shall mean the date as at the close of business on which the shareholders' names must appear in the record of depositors maintained at Bursa Depository in order to be entitled to any dividends, rights, allotments or other distributions.

16.5 The Plan Shares shall be subjected to all the provisions of the Articles of Association of the Company in relation to their transfer, transmission or otherwise.

17. ADMINISTRATION

17.1 The Plan shall be administered by the Committee consisting of such persons appointed by the Board from time to time.

17.2 The Committee shall administer the Plan in such manner as it shall in its discretion deem fit. For the purpose of administering the Plan, the Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Plan, as the Committee may in its discretion deem fit necessary and/or expedient for the implementation and administration of and to give full effect to, the Plan.

17.3 The Board shall have the power at any time and from time to time:

(a) approve, rescind and/or revoke the appointment of any member of the Committee and appoint replacement members to the Committee; and

(b) assume and/or exercise or execute any of the powers and authorities conferred upon the Committee pursuant to these By-Laws.

18. IMPLEMENTATION OF THE PLAN AND TRUST

18.1 In implementing the Plan, the Plan Shares shall be satisfied by way of

(i) issuance of new PESTECH Shares;

(ii) purchase of existing PESTECH Shares from the market; or

(iii) a combination of both issuance of new PESTECH Shares and purchase of existing PESTECH Shares from the market.

18.2 The Company and/or Committee will establish a Trust to be administered by the Trustee consisting of such trustee appointed by the Company from time to time for the purposes of subscribing for new PESTECH Shares or purchasing existing PESTECH Shares from the market and transferring them to Plan Participants at such time as the Committee shall direct. To enable the Trustee to subscribe for new PESTECH Shares and/or purchasing existing PESTECH Shares from the market for the purpose of the Plan and to pay expenses in relation to the administration of the Trust, the Trustee will, to the extent permitted by law, be entitled from time to time to accept funding and/or assistance, financial or otherwise, from the Company, its subsidiaries and/or third parties.

18.3 The Trustee shall administer the Trust in accordance to the Trust Deed. For the purpose of administering the Trust, the Trustee shall do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the Committee may in its discretion direct for the implementation and administration of the Trust.

18.4 The Company shall have power from time to time to appoint or rescind the appointment of any Trustee as it deems fit in accordance with provisions of the Trust Deed.

19. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE PLAN

19.1 Subject to By-Law 19.2 and in compliance with the Listing Requirements and the approvals of any other authorities (if required), the Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it shall in its discretion think fit and the Board shall at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation provided that no such amendment and/or modification shall be made which would adversely affect the rights of the Plan Participants **("Affected Plan Participants")** except with the approval of a majority in number of the Affected Plan Participants present and voting, at meetings called for this purpose whether by a show of hands or by poll. The quorum for such meetings of Affected Plan Participants shall be at least two (2) of the Affected Plan Participants, holding in the aggregate not less than twenty percent (20%) of the Unvested Plan Shares of the Affected Plan Participants.

19.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:

(a) Alter to the advantage of any Eligible Executive to whom the Committee has made an Offer, the provision of the By-Laws 3.1, 3.2, 4.1, 5.1, 6.1, 6.3, 9.1, 12, 15, 16.1 and 16.2 of the Plan; or

(b) Provide an advantage to any Plan Participant or group of Plan Participants or all the Plan Participants.

20. NON-TRANSFERABILITY

20.1 The rights of a Plan Participant to the vesting of Plan Shares shall be personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 12.3, 13.1 and 14.1 (where applicable) apply.

21. REFERENCE PRICE

21.1 The reference price to be used to determine the number of Plan Shares at the point of each Offer will be based on the fair value of the PESTECH Shares on the Offer Date but shall not in any event be lower than the nominal value of the PESTECH Shares.

21.2 In the event the Plan Shares are satisfied by way of issuance of new PESTECH Shares, such new PESTECH Shares shall be subscribed by the Trustee and allotted by the Company at a price no less than the par value of the PESTECH Shares.

22. DISPUTES

22.1 In the event of any dispute between the Committee and/or Trustee with an Eligible Executive, Selected Executive or Plan Participant, as to any matter or thing of any nature arising hereunder, such dispute or difference shall be referred to the Board whose decision shall be final and binding on all parties in all respects.

23. PLAN NOT A TERM OF EMPLOYMENT

23.1 This Plan does not form part of nor shall it in any way be construed as forming part of the terms and conditions of employment of any Eligible Executive. This Plan shall not confer or be construed to confer on any Eligible Executive any special rights or privileges over the Eligible Executive's terms and conditions of employment in the Group or any rights in addition to compensation or damages that the Eligible Executive may be normally entitled to arising from the cessation of such employment.

24. COMPENSATION

24.1 No Eligible Executive, Selected Executive or Plan Participant who ceases/fails to commence to hold office in or employment with the Group shall be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Plan.

24.2 The Company, the Board, the Committee and/or the Trustee shall not be liable for any compensation, loss or damages of any claim, action of proceeding by any Selected Executive or Plan Participant or legal or personal representatives whatsoever and howsoever arising from the suspension or termination of rights to the vesting of Plan Shares pursuant to the provisions of these By-Laws.

25. SUBSIDIARIES OF THE COMPANY

25.1 The Board and/or Committee may determine, in its absolute discretion that a subsidiary of the Company (including those subsequently incorporated or acquired during the Plan Period) shall not fall within the expression "Subsidiaries" for the purpose of the Plan.

26. DIVESTMENT FROM THE GROUP

26.1 If a Plan Participant who held office or was in the employment with a corporation of the Group which has a ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the Committee may in its discretion permit the vesting of Unvested Plan Shares (or any part thereof) in the Plan Participant at any time subject to terms and conditions as may be prescribed notwithstanding that:

(i) the Vesting is not due or has not occurred; and/or

(ii) other terms and conditions set out in the Offer have not been fulfilled/satisfied.

27. TRANSFER TO OTHER SUBSIDIARIES NOT WITHIN THE GROUP

27.1 Notwithstanding By-Law 12.1, in the event a Plan Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to a subsidiary of the company which is not a Subsidiary within the meaning of these By-Laws or to a corporation related to the Company, the Plan Participant shall be entitled to continue to have a right in any Unvested Plan Shares upon the same terms and conditions as may be set out in the Offer as if the Plan Participant is still in employment with the Group for the purposes of the Plan Period.

28. COSTS, EXPENSES AND TAXES

28.1 The Company shall bear all fees, costs and expenses incurred in relation to the Plan including but not limited to the costs and expenses relating to the issue and allotment, purchase and/or transfer of the Plan Shares pursuant to an Award.

28.2 However, each Plan Participant shall be solely responsible for any taxes (including income tax) which may be levied on him arising out of or as a result of such issuance and allotment, purchase or transfer of Plan Shares referred to in By-Law 28.1.

29. ARTICLES OF ASSOCIATION

29.1 Notwithstanding the terms and conditions contained in this Plan, if a situation of conflict should arise between this Plan and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall prevail at all times.

30. ERRORS AND OMISSIONS

30.1 If in consequence of an error or omission, the Committee discovers/determines that:

(a) an Eligible Executive who was selected by the Committee as a Selected Executive, has not been given the opportunity to participate in the Plan on any occasion; or

(b) the number of Plan Shares allotted and granted and/or transferred to any Plan Participant on any occasion is found to be incorrect;

and such error or omission cannot be corrected, the Committee and/or the Trustee may do all such acts and things to rectify such error or omission and ensure that the Eligible Executive, as the case may be, is given the opportunity to participate in the Plan and/or the aggregate number of Plan Shares to which the Plan Participant is correctly entitled to is credited into his CDS account.

31. NOTICE

31.1 Any notice under the Plan required to be given to or served upon the Committee and/or Trustee by an Eligible Executive, Selected Executive or a Plan Participant or any correspondence to be made between an Eligible Executive, Selected Executive or Plan Participant to the Committee and/or Trustee shall be given or made in writing and sent to the registered office of the Company or such other office which the Committee and/or Trustee may have stipulated for a particular purpose by hand (with acknowledgement of receipt) or registered letter.

31.2 Unless otherwise provided in these By- Laws, any notice which under the Plan is required to be given to or served upon an Eligible Executive, Selected Executive or a Plan Participant or any correspondence to be made with an Eligible Executive, Selected Executive or a Plan Participant shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, facsimile or post addressed to the Eligible Executive, Selected Executive or a Plan Participant the place of employment or at the last facsimile number or address known to the Company as being his facsimile number or address. Any notice served by hand, facsimile or post as aforesaid shall be deemed to have been received at the time when such notice if by hand is received and duly acknowledged, if by facsimile is transmitted with a confirmed log print-out of the transmission indicating the date, time and transmission of all pages and if by post would in the ordinary course of post be delivered.

31.3 Notwithstanding By-Law 30.2, where any notice is required to be given by the Company or the Committee under these By-Laws in relation to matters which may affect all the Eligible Executives, Selected Executives or a Plan Participants, as the case may be, the Company or Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the Committee. Upon the making of such an announcement, the notice to be made under By-Law 30.2 shall be deemed to be sufficiently given, served or made to all affected Eligible Executive, Selected Executive or a Plan Participants, as the case may be.

32. SEVERABILITY

32.1 If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same shall be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability shall not invalidate or render illegal void or unenforceable any other term, condition, stipulation or provision herein contained.

33. DISCLAIMER OF LIABILITY

33.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the Committee and the Company shall not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Plan Participant whether by reason of the Company, Committee or Trustee's delay in allotting and issuing new PESTECH Shares and/or applying for or procuring the listing of the new PESTECH Shares on Bursa Securities and/or transferring the Plan Shares in accordance with these By-Laws for any reason whatsoever.

34. DECISION OF THE COMMITTEE

34.1 Any decision and/or determination made by the Committee under these By-Laws shall, in the absence of any manifest of error, be final and binding.

35. GOVERNING LAW

35.1 The Plan shall be governed by and construed in accordance with the laws of Malaysia. The Plan Participant, by accepting the Offer in accordance with the By-Laws and terms of the Plan and the Articles of Association of the Company, irrevocably submit to the exclusive jurisdictions of the courts in Malaysia.

36. DELAY OF PERFORMANCE

36.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the reasonable control of the Company, the Committee or the Trustee.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

15 ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of 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 (1) 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 any option or agreed conditionally or unconditionally to be put under any option.

(iv) 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 and the SGP.

(vi) Save as disclosed in Section 3.5, Section 5.1.3, Section 5.2 and Section 5.3 of 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, options, warrants or uncalled capital.

15.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Company's Articles of Association ("Articles") which comply with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles or the context otherwise require:-

(i) Transfer of shares

Article 27

(1) Subject to the restrictions imposed by these Articles, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to subsection 107C(2) of the Act and any exemption that may be made from compliance with subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Securities.

(2) Subject to any written law, the instrument of transfer of any security that is not a Deposited Security shall be in writing and in the prescribed form executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof.

Article 28

In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

Article 29

(i) The Directors may in their absolute discretion decline to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia or the transfer is in respect of a partly paid shares in respect of which a call has been made and is unpaid.

(ii) If in the exercise of its rights under this Article, the Directors refuse to register a transfer of a shares that is not a Deposited Security, they shall despatch to the lodging broker (if any) and the transferee written notice of the refusal and the precise reasons thereof within ten (10) Market Days after the date of which the transfer was lodged with the Company (or such period as may be prescribed by the Act and/or the Listing Requirements).

Article 30

Subject to the provisions of the Act, the Central Depositories Act, Rules and Listing Requirements, there shall be no restriction on the transfer of fully paid securities except where required by law or the transfer is in respect of a partly paid share in respect of which a call has been made and is unpaid.

Article 31

(i) For the purpose of registration of a transfer of shares that are not Deposited Securities, every instrument of transfer shall be left at the office of the Registrar together with the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

(ii) All instruments of transfer in respect of shares that are not Deposited Securities which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline to register shall on demand be returned to the person depositing the same.

(iii) Before registering any transfer tendered for registration in respect of shares that are not Deposited Securities, the Directors may, if they think fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the registered office of the Company within ten (10) days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer.

Article 32

Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares that are not Deposited Securities or for acting upon a transfer of shares registered by the Depository apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title hereto.

Article 33

Subject to the Rules and Listing Requirements, the registration of transfers may be closed at such times and for such periods as the Directors may from time to time determine, provided always that such registration shall not be closed for more than thrity (30) days in any year or such number of days as may be prescribed by Bursa Securities. The Company shall give Bursa Securities prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be at least ten (10) clear Market Days after the date of announcement to Bursa Securities or such number of days as may be prescribed by Bursa Securities. In relation to the closure, the Company shall give written notice in accordance with the Rules to the Depository to prepare the appropriate Record of Depositors.

Article 34

Subject to the provisions of these Articles, the Listing Requirements, the Central Depositories Act and the Rules, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 41

Where:-

(a) the Securities of the Company are listed on an another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, as the case may be, under the Rules in respect of such Securities, the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of the Securities.

(ii) Remuneration of Directors

Article 105

(i) The fees payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting provided that such fees shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(ii) Executive director(s) shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may from time to time determine.

(iii) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover.

(iv) Salaries and other emoluments payable to Executive Directors pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on, or percentage of turnover.

(v) Any fee paid to an Alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the Director nominating him.

Article 106

(i) The Directors shall be paid all their travelling, hotel and other expenses properly and necessarily incurred by them in connection with the business of the Company including attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company.

(ii) If any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, he shall be entitled to receive such sum as the Directors may think fit either as a fixed sum or as percentage of profits or otherwise (other than by a sum to include commission on or percentage of turnover) as may be determined by the Board provided in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for any other remuneration he may be entitled to receive, and the same shall be charged as part of the ordinary working expenses of the Company.

(iii) Voting and borrowing powers of Directors

Article 109

The business of the Company shall be managed by the Directors who may, in addition to the powers and authorities by these presents or otherwise expressly conferred upon them, pay all expenses incurred in promoting and registering the Company, and exercise all such powers of the Company as are not by the Act or by these Articles required to be exercised by the Company in general meeting subject, nevertheless, to any of these Articles, to the provisions of the Act, and to such regulations, not being inconsistent with these Articles or provisions of the Act as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made or passed.

Article 110

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge any of the Company's or the subsidiaries' undertaking, property or uncalled capital as the case may be, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party subject to the Act and the Listing Requirements.

Article 118

Subject always to Sections 131, 132E, 132F of the Act, no Directors shall be qualified by reason of his office from holding any other office or place of profit under the Company (other than the office of auditor) or under any company in which the Company shall be a shareholder or otherwise has an interest in or from contracting with the Company or any company in which the Company is a shareholder or in which the Company otherwise has an interest either with respect to his/her tenure of any such office or place of profit or as vendor, purchaser or otherwise nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company or any company as aforesaid in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established but the nature of his interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if the interest then exists or in any other case at the first meeting of the Directors after the Director becomes so interested.

Article 119

Unless prohibited by the Listing Requirements, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.

Article 125

Subject to these Articles any question arising at any meeting of Directors shall be decided by a majority of votes, each Director having one vote and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes the Chairman of the meeting shall have a second or casting vote. However, where two (2) Directors form a quorum, the Chairman of a meeting, at which only such a quorum is present or at which only two (2) Directors are competent to vote on the question at issue, shall not have a second or casting vote.

Article 128

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he is interested, directly or indirectly, and if he does so vote, his vote shall not be counted. Subject to Article 129, he shall not be counted in the quorum present at any meeting, but neither of these prohibitions shall apply to:-

(i) any arrangement for giving the Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or

(ii) any contract or proposed contract which relates to any loan to the Company or any of its subsidiaries or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security; or

(iii) any contract or proposed contract or arrangement with any other corporation in which he is interested only as a holder of shares or Securities or as creditor and such interest is not material; or

(iv) any contract or proposed contract which has been or will be made with or for the benefit of or on behalf of a corporation (as defined in the Act) which by virtue of

Section 6 of the Act is deemed to be related to the Company that he is a director of that corporation; or

(v) any contract or proposed indemnity or proposed contract indemnity against any loss which any director may suffer by reason of becoming or being a surety for a company; or

(vi) any contract or proposed contract entered into or to be entered into by the Company or its subsidiary with another company in which the interest of the directors consist solely of:

(a) in him being a director of the company and the holder of shares not more than the number or value as is required to qualify him for the appointment as a director; or

(b) in him having an interest in not more than five per centum of its paid-up capital.

Article 129

A Director notwithstanding his interest, may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit under any other company or whereat the terms of any such appointment as hereinafter mentioned are considered or whereat any decision is taken upon any contract or arrangement in which he is in anyway interested provided always that he has complied with Section 131 of the Act.

Article 139

All acts done by any meeting of the Directors or a committee of Directors or by any person acting as a Director shall in relation to persons dealing in good faith with the Company, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or and had been entitled to vote.

Article 140

A resolution in writing signed by a majority of the Directors for the time being present in Malaysia being entitled to receive notice of a meeting of Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director has an alternate, then such resolution may also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's Minute Book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Directors. The expressions "in writing" and "signed" includes approval by legible confirmed transmission by telefax, telex, cable or telegram or electronic communication (including but not limited to electronic mail).

15. ADDITIONAL INFORMATION (Cont'd)

(iv) Changes in capital and variations of class rights

Article 6

(a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may subject to the Act, whether or not the Company is being wound up, be made, varied or abrogated, with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provision of these Articles relating to general meetings shall apply mutatis mutandis but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued share of the class and that any holder of the shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

(b) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects pari passu therewith.

Article 12

The Company must ensure that all new issues of Securities for which listing is sought on Bursa Securities are made in accordance with the Central Depositories Act and the Rules, and shall be by way of crediting the Securities Accounts of the allottees with such Securities save and except where it is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall so similarly be exempted from compliance with this requirement. For this purpose, the Company must notify the Depository of the names of the allottees and all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees. Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules, the Company must allot the Securities and despatch notices of allotment to the allottees and make application for the quotation of such Securities within the stipulated time frame as may be prescribed by Bursa Securities.

Article 57

The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 60

Except so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company, and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 61

The Company may from time to time by Ordinary Resolution:-

(a) increase the share capital by the creation of new shares of such amount as the resolution shall prescribe;

(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(c) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;

(d) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and

(e) subject to the provisions of these Articles and the Act, convert and/or reclassify any class of shares into any other class of shares.

Article 63

Subject to the Act, the Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any authorisation, and consent required by law.

Article 80

(i) Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members and Article 68, each member entitled to vote may vote in person or by proxy or by attorney or other duly authorised representative and on a show of hands every person present who is a member or proxy or attorney or duly authorised representative of a member shall have one (1) vote, and on a poll every member present in person or by proxy or by attorney or duly authorised representative shall have one (1) vote for each share he holds. Any proxy or attorney or duly authorised representative shall be entitled to vote both on a show of hands and on a poll, on any question, at any general meeting.

(ii) On a resolution to be decided on a show of hands, each holder of an ordinary shares or each holder of a preference shares who has a right to vote must be entitled to one (1) vote.

Article 81

Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator shall carry the same voting power when such right is exercisable.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.4 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 fix it as a requirement in the general meeting.

(iii) Save as disclosed in Section 7.2.6 of this Prospectus, the consideration paid pursuant to the Acquisition of PSB and Acquisition of Xcell (where applicable) and dividends paid to our shareholders, 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) There is no existing or proposed service agreement contract between our Group, and our Directors or key management.

(v) 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 7.2.3 of this Prospectus.

(vi) Save as disclosed in Section 10 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.

(vii) Save for the risk factors and financial information highlighted in Section 4 and Section 11 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 Group's profits.

(viii) 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.

15.5 GENERAL INFORMATION

(i) Save as disclosed in Section 9 of this Prospectus, neither we, our subsidiary companies nor jointly-controlled entity have acquired or proposed to acquire any property.

(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 IPO is set out in Section 3.2 and Section 16 of this Prospectus.

(iv) The amount payable in full on application is RM1.00 per IPO Share.

(v) The name and address of the auditors are set out in Section 1 of this Prospectus.

(vi) Save for Brunei, Cambodia, Ghana and Sri Lanka, 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 16 of this Prospectus.

15.6 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 save as set out in Section 3.10 of this Prospectus.

(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 Main Market of Bursa Securities amounting to RM2.500 million as set out in Section 3.9 of this Prospectus.

(iii) Brokerage fee is payable by our Group in respect of the 6,000,000 Issue Shares at the rate of one percent (1.0%) of the Issue Price.

15.7 MATERIAL LITIGATIONS

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.

15.8 MATERIAL CONTRACTS

Save as disclosed below, we have not 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 15 August 2011, our Company had entered into a share sale agreement with the vendors of PSB, namely, Lim Ah Hock, Paul Lim, Ibrahim Bin Talib, Lim Pay Chin, Chang Mei Lun, Teh Bee Choo, Lim Hong Seng, Lee Kong Tee, Chong Kuen Wai, Han Fatt Juan and Tan Pu Hooi for the acquisition by our Company for the entire issued and paid-up share capital of PSB, comprising 3,333,000 ordinary shares of RM1.00 each in PSB for a purchase consideration of RM36,499,998 satisfied by the issuance of 72,999,996 PESTECH Shares. The transaction was completed on 17 August 2011;

(ii) On 15 August 2011, our Company had entered into a share sale agreement with the vendors of Xcell, namely, PSB, Lim Ah Hock and Paul Lim for the acquisition by our Company for the entire issued and paid-up share capital of Xcell, comprising 300,000 ordinary shares of RM1.00 each in Xcell for a cash consideration of RM5.00. The transaction was completed on 17 August 2011;

(iii) On 24 April 2012, our Company had entered into an Underwriting Agreement with the Sole Underwriter for the underwriting of 11,367,000 Issue Shares under the Public Issue, for underwriting commission at the rate set out in Section 3.10.2 of this Prospectus; and

(iv) On 24 April 2012, our Company had entered into a Placement Agreement with the Placement Agent for the placement of 1,513,000 Issue Shares for placement management fees and placement agent fees at the rates set out in Section 3.10.3 of this Prospectus.

15.9 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.

15.10 REPATRIATION OF CAPITAL AND PROFITS

There are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profit by or to our Group.

15.11 CONSENTS

(i) The written consents of the Principal Adviser, Sole Underwriter, Placement Agent, Solicitors for the Listing, Principal Bankers, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of the External Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Letter on 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.

(iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its Independent Market Research Report 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.

(iv) The written consents of Deloitte KassimChan, WH Hau & Co, GT Law & Associates, Lee & Raman and Grant Thornton (Cambodia) Limited for the inclusion in this Prospectus of their names in the form and context in which such names appear in the Accountants' Report have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

15.12 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our head office during office hours for a period of 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' letter relating to the Proforma Consolidated Financial Information of our Group as at 31 December 2011 referred to in Section 11.2 of this Prospectus;

(iv) The letters of consent referred to in Section 15.11 of this Prospectus;

(v) The audited financial statements of PSB, Xcell, Fornix and TPSB for the past five (5) FYE 31 December 2007 to 2011 and audited financial statements of TPJV for the period from 5 February 2010 (date of incorporation) to 31 December 2010 and FYE 31

December 2011 and audited financial statements of PBSB for the period from 17 March 2011 (date of incorporation) to 31 December 2011;

(vi) The material contracts referred to in Section 15.8 of this Prospectus;

(vii) The Independent Market Research Report by Frost & Sullivan; and

(viii) The Executive Summary of the Independent Market Research Report referred to in Section 6 of this Prospectus.

15.13 RESPONSIBILITY STATEMENTS

(i) Bank Islam 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 IPO.

(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 that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

16 PROCEDURES FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 10 May 2012 and will remain open until 5.00 p.m. on 18 May 2012 or for such further period or periods as our Directors and the Offerors, together with Sole Underwriter in their absolute discretion may mutually decide.

Any extension of the closing date of the applications will be announced by way of advertisement in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

16.2 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.

16.3 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:-

16.3.1 Applications by the Malaysian Public

Applications for the 6,000,000 Issue Shares made available for application by the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application, of which at least 50% 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.

16.3.2 Applications by Eligible Directors, Employees and Persons who have Contributed to the Success of our Group

Applications for the 5,367,000 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.

16.3.3 Application by placees 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 should they wish to accept the PESTECH Shares offered to them. Applications for the allocated IPO Shares reserved for the identified placees under the private placement must be made ONLY on the **Blue Application Forms** and not on any other Application Forms and not by way of Electronic Share Application or Internal Share Application.

16.4 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 application by our eligible Directors, employees and persons who have contributed to the success of our Group; and

(c) **Blue** Application Forms for application by placees identified under the private placement.

White Application Forms together with copies of this Prospectus may be obtained at selected Bank Islam branches in Klang Valley (i.e. Shah Alam, Klang, Taman Melawati, Universiti Malaya, UIAM Gombak, Bandar Baru Bangi, Kajang, Taman Tun Dr Ismail, Subang Jaya, Ampang, Bandar Wawasan, Bukit Damansara, Kota Damansara, Jalan Tun Razak, New Town Petaling Jaya, Sri Gombak, Kelana Jaya, Menara Bank Islam, Wangsa Maju and Menara TM), participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH, subject to availability.

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 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 RM1.00 per Share. Persons submitting applications by way of Application 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.

16. PROCEDURES 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.

16.4.1 Terms and Conditions for Applications using Application Forms

Applications by way of White, Pink and Blue 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 and Blue 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 and Blue Application Forms only).

(c) Applicant which 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 16.4.1(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(2) 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

- 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;
  - HONG LEONG BANK BERHAD;
  - MALAYAN BANKING BERHAD; OR
  - RHB BANK BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF **"MIH SHARE ISSUE ACCOUNT NO. 527"** 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 / 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 MIH / 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 OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.

(i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors 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 Directors 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.

(k) MIH, acting on the authority of our Directors 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 establishing 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 Application list 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 Directors 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)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O.Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Malaysia

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on 18 May 2012, or such other later date or dates as our Directors and Bank Islam in their absolute discretion may mutually decide.

We will not accept late applications.

(p) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Issue Shares.

(q) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- Applicant must have an account with a Participating Financial Institution (as detailed in **Section 16.5.2(o)** of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.

- Applicant **must** have a CDS account; and

- 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 16.5.2 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. 527;
    - 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.

- Participating Financial Institutions

    Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

    - Affin Bank Berhad;
    - AmBank (M) Bhd;
    - CIMB Bank Berhad;
    - HSBC Bank Malaysia Berhad;
    - Malayan Banking Berhad;
    - Public Bank Berhad;
    - RHB Bank Berhad; or
    - Standard Chartered Bank Malaysia Berhad (at selected branches only)

    The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-

    - Affin Bank Berhad – No fee will be charged for application by their account holders;
    - Ambank (M) Berhad – RM1.00;
    - CIMB Bank Berhad – RM2.50;
    - HSBC Bank Malaysia Berhad – RM2.50;
    - Malayan Banking Berhad – RM1.00;
    - Public Bank Berhad – RM2.00;
    - RHB Bank Berhad – RM2.50; or
    - Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

16.5.2 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 16.5.1** 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 and in the case of a joint account, an individual CDS account registered in the applicant's name which is to be used for the purpose of the application if the applicant is making the application instead of a CDS account registered in the joint account holder's name.

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 18 May 2012 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 (2^{nd}) 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.

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.

(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 or any share of revenue or other benefit arising therefrom) into the Applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIH. MIH shall inform the Participating Financial Institution of the non-successful or partially successful Applicants 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 in Ringgit Malaysia 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 or any share of revenue or other benefit arising therefrom) will be refunded to Applicants by MIH by crediting into your account with the Participating Financial Institution 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
- 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 renouncee 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 submit to the jurisdiction of the Courts of Malaysia.

(m) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIH at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors 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
- CIMB BANK BERHAD; OR
- HSBC BANK MALAYSIA BERHAD; OR
- MALAYAN BANKING BERHAD; OR
- PUBLIC BANK BERHAD; OR
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

(p) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:-

- Affin Bank Berhad – No fee will be charged for application by their account holders;
- Ambank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;

- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

16.6 APPLICATIONS USING INTERNET SHARE APPLICATION

16.6.1 Steps for Internet Share Application

The exact steps for Internet Share Application 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) Log in 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.

(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 18 years of age as at the closing 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 MIH 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 and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities 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.

(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 Issue Shares.

(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.

16.6.2 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 ISSUE 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:-

- 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; or
- Affin Bank Berhad at www.affinOnline.com; or
- RHB Bank Berhad at www.rhb.com.my. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Public Bank Berhad at www.pbebank.com. (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

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 and in the case of joint account an individual CDS account registered in the Applicant's name which is to be used for the purpose of the Application if the Applicant is making the Application instead of a CDS account registered in the joint account holder's name;
  - 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 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 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 MIH 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 IPO, 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 IPO. 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 16.6.2(c)** of this Prospectus.

(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 or 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 whole or in part 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 or in balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of 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 MIH.

MIH shall inform the Internet Participating Financial Institution of unsuccessful or partially successful Applications within two (2) Market Days from the balloting date.

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 of 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 MIH.

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 MIH by crediting into your account with the Participating Financial Institution to the applicants within ten (10) Market Days from the day of the final ballot of the Application list.

For Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the Application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into the applicant's account within two (2) Market Days after receiving confirmation from MIH.
Except where MIH 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 18 May 2012 or such other date(s) as our Directors 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, MIH 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, MIH 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.

(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, MIH 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 MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or 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 MIH, 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;

- in making the Internet Share Application, the Applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Principal Adviser and any other person involved in the 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 IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.

(m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-

- CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or Malayan Banking Berhad;

- CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;

- Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;

- RHB Bank Berhad (www.rhb.com.my) – RM2.50;

- Public Bank Berhad (www.pbebank.com) – RM2.00; and

- Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders.

16.7 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 IPO Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements and 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. Likewise, any Issue Shares undersubscribed by the Malaysian Public will be offered to our eligible Directors, employees and persons who have contributed to the success of our Group. In addition, any Issue Shares not subscribed for under Section 3.5.1(i) and Section 3.5.1(ii) of this Prospectus will be made available to selected investors via private placement. Thereafter, any remaining re-offered Issue Shares that are not subscribed for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

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 OR ANY SHARE OF REVENUE OR OTHER BENEFIT ARISING THEREFROM) 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 LIST 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 RESPECTIVELY AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

WHERE YOUR SUCCESSFULLY BALLOTED APPLICATIONS UNDER ELECTRONIC SHARE APPLICATION OR INTERNET SHARE APPLICATION IS SUBSEQUENTLY REJECTED, THE FULL AMOUNT OF YOUR APPLCIATION MONIES, WILL BE REFUNDED WITHOUT INTEREST TO YOU BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION OR INTERNET PARTICIPATING FINANCIAL INSTITUTION REPSECTIVELY.

16.8 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 or 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 the Issue Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his / her CDS account number, MIH under the instruction of our Company, will reject the Application.

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. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

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.

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.

16.9 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 16.10 of this Prospectus or the MIH Enquiry Services Telephone at (03) 7841 8000 or (03) 7841 8289, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

16.10 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	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26976333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	32 nd Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	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	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECMLibra 8 Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	052-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HONG LEONG INVESTMENT BANK BERHAD	Level 6-8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7th, 22nd, 23rd & 23A Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22872273	068-017
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entreprenuer Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD	5 – 13 Floor, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18-21, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	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 & 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 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
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	064-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	50200 Kuala Lumpur Tel No : 03-21463000	
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 9, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 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
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35 (Ground & 1st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	052-015

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 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

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 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
OSK INVESTMENT BANK BERHAD	3rd Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	056-063
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
OSK INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No : 03-61483361	056-065
OSK INVESTMENT BANK BERHAD	Ground Floor and Saturday Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	056-066
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang	064-007

Name	Address and Telephone Number	Broker Code
	Selangor Darul Ehsan Tel No : 03-33415300	
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-5190202	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
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA No. 1A, Jalan SS20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel no : 03-77295713	058-007
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71(A&B) & 73(A&B), Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	052-008
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel No : 06-3371533	012-001

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622	087-002
PERAK DARUL RIDZUAN		
A.A.ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-62322328	078-009
CIMB INVESTMENT BANK BERHAD	Ground Floor, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
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
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No.25 & 25A, Jalan Jaya 2 Medan J 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-69399828	052-014

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
MAYBANK INVESTMENT BANK 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
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 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	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
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, 2nd & 3rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuh Light 10200 Penang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Leve 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2618688	087-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang	065-003

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Tel No : 04-2385900	
ECM LIBRA INVESTMENT BANK BERHAD	7th,8th & 16th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-003
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor 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 Lebuh Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & Upper 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 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
OSK INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No : 04-8352988	056-064
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 Kangsar Perlis Indra Kayangan Tel No : 04- 9793388	056-061
KEDAH DARUL AMAN		
A.A.ANTHONY SECURITIES SDN BHD	Lot 4,5 & 5A, 1st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
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	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 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	1C-1 &1D-1 First Floor 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
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban	056-024

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Negeri Sembilan Darul Khusus Tel No : 06-7641641	
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
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim	078-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Tel No : 07-5121633	
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18th & 31st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
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

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (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	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003
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
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106 – 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
MIMB INVESTMENT BANK BERHAD	1st Floor, No. 9 Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313688	061-003
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	056-009

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Johor Darul Takzim Tel No : 07-4380288	
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
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 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 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim	056-043

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Tel No : 07-3522293	
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
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
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	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 Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
KELANTAN DARUL NAIM		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, 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
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 : 09-8583109	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		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim	065-004

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	93450 Kuching Sarawak Tel No : 082-358606	
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 5, 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 & 6th 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	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak	056-012

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Tel No : 085-422788	
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 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
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		
CIMB INVESTMENT BANK BERHAD	1st & 2nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005
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	Suite 1-9-E1, 9th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah	068-008

16. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
	Tel No : 088-311688	
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 : 089-229286	056-057