

## 8. FINANCIAL INFORMATION

### 8.1 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

*(Prepared for inclusion in the Prospectus)*



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Malaysia

12 March 2012

Dear Sirs

**EITA Resources Berhad**  
**("EITA" or "the Company")**

**Reporting accountants' letter on the proforma consolidated financial information**

We report on the proforma consolidated financial information of EITA and its subsidiaries ("EITA Group"), which we have stamped for the purpose of identification; in connection with the admission of EITA to the Official List and the listing of and quotation for the entire issued and paid up share capital of EITA on the Main Market of Bursa Malaysia Securities Berhad and should not be relied on for any other purposes.

The proforma consolidated financial information have been prepared for illustrative purposes only on the basis of assumptions as set out in the attachment and after making certain adjustments to show what:

- (a) the financial results of EITA Group for the three (3) financial years ended 31 December 2008, 31 December 2009, 31 December 2010 and nine month period ended 30 September 2011 would have been, if the EITA Group structure as at the date of this Prospectus had been in place since the beginning of the years/period being reported thereon;
- (b) the financial position of EITA Group as at 30 September 2011 would have been, if the EITA Group structure as at the date of this Prospectus had been in place on that date, adjusted for the effects of the Initial Public Offering, utilisation of the listing proceeds and internally generated funds; and
- (c) the cash flows of EITA Group for the nine month period ended 30 September 2011 would have been if the EITA Group structure as of the date of this Prospectus had been in existence throughout the financial years/period under review, adjusted for the Initial Public Offering, utilisation of listing proceeds and internally generated funds.

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



*EITA Resources Berhad  
Reporting accountants' letter on the  
proforma consolidated financial information*

**Responsibilities**

It is solely the responsibility of the Board of Directors of EITA Group to prepare the proforma consolidated financial information in accordance with the requirements of the Securities Commission's Prospectus Guidelines – Equity and Debt ("Guidelines"). Our responsibility is to form an opinion as required by the Guidelines on the proforma consolidated financial information and to report our opinion to you based on our work.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the proforma information beyond that is owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of our opinion**

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma financial information to the audited financial statements of EITA Group for the financial years ended 31 December 2008 to 31 December 2010, and nine month period ended 30 September 2011 and considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of EITA.

Our work does not constitute an audit or review being performed in accordance with applicable Approved Standards on Auditing in Malaysia and accordingly should not be relied upon as if it has been carried out in accordance with those standards.

The proforma consolidated financial information, because of its nature, may not be a true picture of EITA Group's actual financial results, financial position and cash flows had the transactions occurred in those aforementioned financial years/period under review.

**In our opinion:**

- i) the proforma consolidated financial information have been properly prepared from the audited financial statements for the years ended 31 December 2008 to 2010 and nine month period ended 30 September 2011 of EITA Group in accordance with Financial Reporting Standards in Malaysia;
- ii) such basis is consistent with the accounting policies adopted by EITA Group;
- iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information; and
- iv) the proforma consolidated financial information have been properly prepared on the basis of the assumptions stated in the attachment.

Yours faithfully

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Peter Ho Kok Wai**  
Approval Number: 1745/12/13(J)  
Chartered Accountant

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

**EITA RESOURCES BERHAD (“EITA” OR “THE COMPANY”)  
AND ITS SUBSIDIARIES (“EITA GROUP”)**

**NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

**1. Basis of preparation of proforma consolidated financial information**

1.1 The proforma consolidated financial information have been prepared to illustrate what:

1.1.1 The financial results of EITA Group for the three (3) financial years ended 31 December 2008, 31 December 2009, 31 December 2010 and nine month period ended 30 September 2011 would have been, if the EITA Group structure as at the date of the Prospectus had been in existence throughout the financial years/period under review;

1.1.2 The financial position of EITA Group as at 30 September 2011 would have been, if the EITA Group structure as at the date of the Prospectus had been in place on that date, adjusted for the following effect:

**Proforma I – Initial Public Offering (“IPO”)**

Proforma I incorporates:

(i) Public issue of 23,000,000 new EITA Shares (“Public Issue Shares”) at an issue price of RM0.76 per ordinary share. The Public Issue is to be allocated and allotted in the following manner:-

**(a) Malaysian Public Via Balloting**

6,500,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of EITA, to be allocated via balloting will be made available for application by the Malaysian public whereby 50.00% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

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

3,500,000 Public Issue Shares representing approximately 2.69% of the enlarged issued and paid-up share capital of EITA will be made available for application by the eligible Directors, employees and business associates of EITA Group.

**(c) Private Placement**

13,000,000 Public Issue Shares representing approximately 10.00% of EITA’s enlarged issued and paid-up share capital, by way of private placement to selected investors.



**8. FINANCIAL INFORMATION (Cont'd)****1. Basis of preparation of proforma consolidated financial information (cont'd)****Proforma I – Initial Public Offering (“IPO”) (cont'd)**

(ii) Offer for sale of 17,000,000 EITA Shares (“Offer Shares”) at the offer price of RM0.76 per ordinary share, representing approximately 13.08% of the enlarged issued and paid-up share capital of EITA, payable in full upon application, by way of private placement to selected investors.

**(a) Private Placement**

4,000,000 Offer Shares, representing 3.08% of the enlarged issued and paid-up share capital, by way of private placement to selected investors.

**(b) Bumiputera Investors**

13,000,000 Offer Shares representing approximately 10.00% of EITA’s enlarged issued and paid-up share capital, by way of private placement to Bumiputera Investors approved by the Ministry of International Trade and Industry.

The IPO proceeds will be utilised as follow:

	Description	Amount RM'000
(a)	Expansion and improvements of manufacturing and business facilities #	8,851
(b)	Expansion in R&D facilities*	3,750
(c)	Working capital	2,079
(d)	Estimated listing expenses	2,800
	<b>Total Public Issue Proceeds</b>	<b>17,480</b>

# The expansion and improvements of manufacturing and business facilities includes a purchase of land of RM5,685,000 of which RM3,411,000 is financed by the IPO proceeds whilst RM2,274,000 is financed by internally generated funds.

\* Inclusive of the cost of constructing an elevator testing tower amounting to RM2,300,000.

The Proforma I also accounts for the effect of the utilisation of IPO proceeds and internally generated funds.



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

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**1. Basis of preparation of proforma consolidated financial information (cont'd)**

- 1.1.3 The cash flows of EITA Group for the financial period ended 30 September 2011 would have been, if the EITA Group structure as at the date of the Prospectus had been in existence throughout the financial period ended 30 September 2011, adjusted for the effects of the Public Issue, utilisation of the gross proceeds from the Public Issue and utilisation of internally generated funds to part-finance the purchase of property as described in 1.1.2 above.
- 1.2 The proforma consolidated financial information have been prepared using the bases and accounting principles consistent with those adopted in the latest audited financial statements after giving effect to the proforma adjustments which are considered as appropriate.
- 1.3 The proforma consolidated financial information have been prepared for illustrative purposes only and because of its nature, may not give a true picture of the actual financial results, financial position and cash flows of EITA Group.



**8. FINANCIAL INFORMATION (Cont'd)****2. Summarised proforma consolidated statement of comprehensive income of the Group**

2.1 The proforma consolidated statement of comprehensive income for the past three (3) financial years ended 31 December 2008, 31 December 2009, 31 December 2010, and nine (9) month period ended 30 September 2011 which have been prepared for illustrative purposes to show the results of the Group, are based on accounting policies consistent with those adopted in the preparation of the latest audited financial statements of EITA Group and are prepared on the assumption that the current structure of the Group existed throughout the financial years/period under review.

	Financial years ended 31 December			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Revenue	131,757	136,361	163,719	114,070
Contract costs recognised as expense	(7,586)	(12,041)	(8,515)	(4,857)
Cost of sales	(93,701)	(88,968)	(109,964)	(75,492)
Gross profit	30,470	35,352	45,240	33,721
Distribution costs	(2,751)	(3,067)	(4,054)	(2,774)
Administrative expenses	(15,590)	(16,510)	(19,859)	(16,229)
Other operating expenses	(342)	(2,052)	(2,631)	(2,151)
Other operating income	2,426	1,527	2,327	1,494
Results from operating activities	14,213	15,250	21,023	14,061
Finance costs	(1,189)	(738)	(807)	(595)
Finance income	87	147	113	58
Profit before tax	13,111	14,659	20,329	13,524
Tax expense	(2,353)	(3,187)	(4,710)	(3,219)
Net profit for the year/period	10,758	11,472	15,619	10,305



## 8. FINANCIAL INFORMATION (Cont'd)

## 2. Summarised proforma consolidated statement of comprehensive income of the Group (cont'd)

	Financial years ended 31 December.....>			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
<i>Other comprehensive income, net of tax</i>				
Foreign currency translation differences for foreign operations	56	20	(37)	64
Total other comprehensive income for the year/period	56	20	(37)	64
Total comprehensive income for the year/period	10,814	11,492	15,582	10,369
<i>Profit attributable to:</i>				
Owners of the Company	10,768	11,429	15,576	10,167
Non-controlling interests	(10)	43	43	138
	10,758	11,472	15,619	10,305
<i>Total comprehensive income attributable to:</i>				
Owners of the Company	10,821	11,447	15,543	10,225
Non-controlling interests	(7)	45	39	144
	10,814	11,492	15,582	10,369



**8. FINANCIAL INFORMATION (Cont'd)****2. Summarised proforma consolidated statement of comprehensive income of the Group (cont'd)**

	Financial years ended 31 December .....			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
2.2 Reconciliation of earnings before interest, tax, depreciation and amortisation ("EBITDA") to profit before tax ("PBT")				
EBITDA	15,017	16,105	22,041	14,916
Finance costs	(1,189)	(738)	(807)	(595)
Finance income	87	147	113	58
Depreciation and amortisation	(804)	(855)	(1,018)	(855)
<b>PBT</b>	<b>13,111</b>	<b>14,659</b>	<b>20,329</b>	<b>13,524</b>





**8. FINANCIAL INFORMATION (Cont'd)****2. Summarised proforma statement of comprehensive income of the Group (cont'd)**

2.3 The performance indices of the Group based on the proforma consolidated statement of comprehensive income for the past three (3) financial years ended 31 December 2008, 31 December 2009, 31 December 2010 and nine (9) month period ended 30 September 2011 are as follows:

	2008	2009	2010	Financial period ended 30 September 2011
Number of ordinary shares assumed in issue ('000)*	107,000	107,000	107,000	107,000
Revenue (RM'000)	131,757	136,361	163,719	114,070
Gross profit (RM'000)	30,470	35,352	45,240	33,721
Profit before tax (RM'000)	13,111	14,659	20,329	13,524
Gross earnings per share (RM)#	0.12	0.14	0.19	0.13
Net earnings per share (RM)#	0.10	0.11	0.15	0.10
Diluted earnings per share (RM)#	0.10	0.11	0.15	0.10
Gross profit margin (%)	23.13	25.93	27.63	29.56
Profit before tax margin (%)	9.95	10.75	12.42	11.86
Profit after tax margin (%)	8.17	8.41	9.54	9.03
Effective tax rate (%)	17.95	21.74	23.17	23.80
Interest expense (RM'000)	1,189	738	807	595
Interest coverage ratio (times)	11.95	20.66	26.05	23.63

\* Based on the number of ordinary shares in issue after the completion of the bonus issue before the IPO.

# Calculated based on the number of ordinary shares in issue after the completion of the bonus issue before the IPO.



**8. FINANCIAL INFORMATION (Cont'd)****3 Proforma consolidated statement of financial position**

3.1 The proforma consolidated statement of financial position of EITA Group as set out below are prepared solely for illustrative purposes only to show the effects of the IPO and utilisation of listing proceeds referred to in Section 1.1.2 had these transactions been effected on 30 September 2011.

	As per audited consolidated statement of financial position as at 30 September 2011 RM'000	Proforma adjustments - IPO and utilisation of proceeds & internally generated funds RM'000	Proforma I After IPO, utilisation of proceeds & internally generated funds RM'000
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	7,186	13,425	20,611
Investment properties	196		196
Intangible assets	2,151	1,450	3,601
Other investments	10		10
Deferred tax assets	1,455		1,455
	<b>10,998</b>		<b>25,873</b>
<b>CURRENT ASSETS</b>			
Inventories	29,111		29,111
Trade and other receivables	61,093		61,093
Deposits and prepayments	2,682		2,682
Asset classified as held for sale	264		264
Cash and cash equivalents	12,932	(195)	12,737
	106,082		105,887
<b>Total assets</b>	<b>117,080</b>		<b>131,760</b>



## 8. FINANCIAL INFORMATION (Cont'd)

## 3. Proforma consolidated statement of financial position (cont'd)

	As per audited consolidated statement of financial position as at 30 September 2011 RM'000	Proforma adjustments - IPO and utilisation of proceeds & internally generated funds RM'000	Proforma I After IPO, utilisation of proceeds & internally generated funds RM'000
<b>EQUITY AND LIABILITIES</b>			
Share capital	53,500	11,500	65,000
Share premium	-	3,180	3,180
Reserves	21,123		21,123
	74,623		89,303
Non-controlling interest	527		527
Total equity	75,150		89,830
<b>NON CURRENT LIABILITIES</b>			
Loans and borrowings	729		729
Deferred tax liabilities	128		128
	857		857
<b>CURRENT LIABILITIES</b>			
Loans and borrowings	11,442		11,442
Trade and other payables, including derivatives	27,119		27,119
Deferred income	2,357		2,357
Dividend payable	-		-
Current tax liabilities	155		155
	41,073		41,073
Total liabilities	41,930		41,930
<b>Total equity and liabilities</b>	<b>117,080</b>		<b>131,760</b>
No. of EITA ordinary shares in issue ('000)	107,000		130,000
Net assets ("NA") (RM'000)	75,150		89,830
Net tangible asset ("NTA") (RM'000)	72,999		86,229
NA per share (RM)	0.70		0.69
NTA per share (RM)	0.68		0.66



**8. FINANCIAL INFORMATION (Cont'd)****3.2 Notes to the proforma consolidated statement of financial position (cont'd)**

## 3.2.1 Movements in the property, plant and equipment account

	<b>Amount (RM'000)</b>
Balance at 30 September 2011	7,186
Effects of Proforma I - IPO and utilisation of proceeds	11,151
- Utilisation of internally generated funds	2,274
	<u>13,425</u>
Balance after Proforma I	<u>20,611</u>

## 3.2.2 Movements in the intangible assets account

	<b>Amount (RM'000)</b>
Balance at 30 September 2011	2,151
Effects of Proforma I - IPO and utilisation of proceeds	1,450
Balance after Proforma I	<u>3,601</u>

## 3.2.3 Movements in the cash and cash equivalents account

	<b>Amount (RM'000)</b>
Balance at 30 September 2011 and after Proforma I	12,932
Effects of Proforma I - IPO and utilisation of proceeds	2,079
- Utilisation of internally generated funds	(2,274)
	<u>(195)</u>
Balance after Proforma I	<u>12,737</u>

## 3.2.4 Movements in the issued and paid-up share capital account

	<b>Amount (RM'000)</b>
Balance at 30 September 2011	53,500
Effects of Proforma I - IPO and utilisation of proceeds	11,500
Balance after Proforma I	<u>65,000</u>



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

**3.2 Notes to the proforma consolidated statement of financial position (cont'd)**

3.2.5 Movements in the share premium account

	<b>Amount (RM'000)</b>
Balance at 30 September 2011	-
Effects of Proforma I – IPO and utilisation of proceeds	3,180*
Balance after Proforma I	<u>3,180</u>

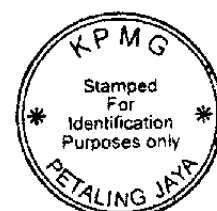
\* The estimated listing expenses of RM2,800,000 will be set against the share premium.



**8. FINANCIAL INFORMATION (Cont'd)****4. Proforma consolidated statement of cash flows**

The proforma consolidated statement of cash flows of EITA Group for the financial period ended 30 September 2011, which has been prepared for illustrative purposes only, are based on the assumption that the current structure of the Group existed throughout the financial period under review.

	<b>For the nine month period ended 30 September 2011 after IPO and utilisation of proceeds and internally generated funds RM'000</b>
<b>Cash flow from operating activities</b>	
Profit before tax	13,524
Adjustments for:	
Allowance for foreseeable losses	402
Amortisation of development cost	27
Amortisation of investment properties	6
Depreciation on plant and equipment	822
Finance costs	595
Finance income	(58)
Plant and equipment written off	25
Unrealised foreign exchange loss	343
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Operating profit before working capital changes	15,686
Changes in working capital:	
Inventories	(243)
Trade and other receivables, deposits and prepayments	(8,661)
Trade and other payables	810
	-----
Cash generated from operations	7,592
Income taxes paid	(3,952)
Interest paid	(538)
Interest received	58
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<b>Net cash generated from operating activities</b>	<b>3,160</b>
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<b>Cash flows from investing activities</b>	
Proceeds from disposal of plant and equipment	2
Purchase of plant and equipment	(15,758)
Increase in development costs	(1,868)
	-----
<b>Net cash used in investing activities</b>	<b>(17,624)</b>
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<b>Cash flows from financing activities</b>	
Payment of listing expenses	(2,800)
Repayment of finance lease liabilities	(303)
Repayments of loans and borrowings	(6,940)
Proceed from issuance of shares	17,480
Dividend paid to owners of the Company	(3,517)
Interest paid	(57)
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<b>Net cash generated from financing activities</b>	<b>3,863</b>
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**8. FINANCIAL INFORMATION (Cont'd)****4. Proforma consolidated statement of cash flows (cont'd)**

	<b>For the nine month period ended 30 September 2011 after IPO and utilisation of proceeds and internally generated funds RM'000</b>
Net decrease in cash and cash equivalents	(10,601)
Foreign exchange differences on cash held	157
Cash and cash equivalents at beginning of period	16,332
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<b>Cash and cash equivalents at end of period</b>	<b>5,888</b>
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**Notes to the statement of cash flows****(i) Cash and cash equivalents**

Cash and cash equivalents included in the proforma consolidated statement of cash flows comprise the following statement of financial position amounts:

	<b>At 30 September 2011 RM'000</b>
Cash and bank balances	8,123
Deposits (excluding deposits pledged)	2,270
Bank overdrafts	(4,505)
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	<b>5,888</b>
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**8. FINANCIAL INFORMATION (Cont'd)****8.2 PROFORMA HISTORICAL FINANCIAL INFORMATION**

The table below sets out a summary of our proforma consolidated results for the past three (3) FYE 2008 to FYE 2010 and FPE 2010 and FPE 2011 on the assumption that our Group has been in existence throughout the financial years/ periods under review. Our proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the proforma consolidated financial information set out in Section 8.1 of this Prospectus.

	<----- Audited ----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	<sup>(1)</sup> FPE 2010 RM'000	FPE 2011 RM'000
Revenue	131,757	136,361	163,719	125,553	114,070
Contract costs recognised as expense	(7,586)	(12,041)	(8,515)	(6,525)	(4,857)
Cost of sales	(93,701)	(88,968)	(109,984)	(84,710)	(75,492)
GP	30,470	35,352	45,240	34,318	33,721
Distribution costs	(2,751)	(3,067)	(4,054)	(2,881)	(2,774)
Administrative expenses	(15,590)	(16,510)	(19,859)	(14,283)	(16,229)
Other operating expenses	(342)	(2,052)	(2,631)	(3,100)	(2,151)
Other operating income	2,426	1,527	2,327	1,995	1,494
Results from operating activities	14,213	15,250	21,023	16,049	14,061
Finance costs	(1,189)	(738)	(807)	(588)	(595)
Interest income	87	147	113	91	58
PBT	13,111	14,659	20,329	15,552	13,524
Tax expense	(2,353)	(3,187)	(4,710)	(3,556)	(3,219)
PAT	10,758	11,472	15,619	11,996	10,305
Attributable to:					
- Owners of our Company	10,768	11,429	15,576	11,971	10,167
- Non-controlling interest	(10)	43	43	25	138
	10,758	11,472	15,619	11,996	10,305
Number of Shares in issue ('000) <sup>(2)</sup>	107,000	107,000	107,000	107,000	107,000
EBITDA	15,017	16,105	22,041	16,787	14,916
GP margin (%)	23.13	25.93	27.63	27.33	29.56
PBT margin (%)	9.95	10.75	12.42	12.39	11.86
PAT margin (%)	8.17	8.41	9.54	9.55	9.03
Gross EPS (sen) <sup>(3)</sup>	12.25	13.70	19.00	<sup>(4)</sup> 19.38	<sup>(4)</sup> 16.85
Net EPS (sen) <sup>(5)</sup>	10.05	10.72	14.60	<sup>(4)</sup> 14.95	<sup>(4)</sup> 12.84
Diluted EPS (sen) <sup>(6)</sup>	10.05	10.72	14.60	<sup>(4)</sup> 14.95	<sup>(4)</sup> 12.84

**Notes:-**

- (1) Unaudited and included for the purpose of comparison only.
- (2) Based on the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (3) Gross EPS is computed based on PBT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (4) Annualised to twelve (12) months for comparison purposes.
- (5) Net EPS is computed based on PAT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue.
- (6) Diluted EPS is calculated based on PAT attributable to owners of our Company divided by the issued and paid-up share capital of 107,000,000 Shares after the Bonus Issue. There is no dilutive effect.



**8. FINANCIAL INFORMATION (Cont'd)****8.3 CAPITALISATION AND INDEBTEDNESS**

The following table shows our cash and cash equivalents, debts and capitalisation of our Group as at 30 September 2011:-

	Proforma as at 30.09.2011 After Bonus Issue (RM'000)	After Adjusting for IPO and Utilisation of Proceeds (RM'000)
Cash and cash equivalents <sup>(1)</sup>	12,932	12,737
<b>Indebtedness (Interest-bearing)</b>		
<b><u>Short term borrowings</u></b>		
<b>Secured:</b>		
Bills payable	6,518	6,518
Hire purchase	419	419
Bank overdraft	4,505	4,505
<b>Total short term borrowings</b>	<b>11,442</b>	<b>11,442</b>
<b><u>Long term borrowings</u></b>		
<b>Secured:</b>		
Hire purchase	729	729
<b>Total long term borrowings</b>	<b>729</b>	<b>729</b>
<b>Total indebtedness</b>	<b>12,171</b>	<b>12,171</b>
<b>Total shareholders' equity <sup>(2)</sup></b>	<b>74,623</b>	<b>89,303</b>
<b>Gearing ratio (times)</b>	<b>0.16</b>	<b>0.14</b>

Notes:-

(1) Excluding RM2.34 million of fixed deposits on lien to the lending banks for banking facilities granted to our Group.

(2) Excluding non-controlling interest.

**8.4 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS**

The following discussion of our results of operations for the financial years/ periods under review should be read in conjunction with the proforma consolidated financial information and the related notes included in Section 8.1 of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and the discussion on risk factors included in Section 3 of this Prospectus.

**8. FINANCIAL INFORMATION (Cont'd)****8.4.1 Overview of Operations**

Our Group's revenue streams are derived from the following business activities:-

<b>Business Activities</b>	<b>Description</b>
Marketing and Distribution	Marketing and distribution of Power Distribution Equipment, Control Equipment, network and security equipment as well as other E&E components
Manufacturing	Design and manufacture of Elevator systems and Busduct systems as well as manufacture of metal fabricated products and other E&E components and equipment
Services	Maintenance of Elevator systems and provision of electrical and security system solutions

In general, our Group's products and services cater for a wide range of user industries covering the machinery and equipment industry, E&E industry, lighting industry, infrastructure industry as well as building and construction industry. Please refer to Section 4.3 and Section 4.5 of this Prospectus for further details of our Group's business activities, products and services provided.

Over the last few years, our business has been growing where our Group's revenue recorded continuous increase from year to year for the past three (3) FYE 2008 to FYE 2010 except for the FPE 2011. Our Group's revenue increased at a compounded average growth rate of approximately 11.47% per annum from RM131.76 million in FYE 2008 to RM163.72 million in FYE 2010. Nevertheless, our Group's revenue in FPE 2011 has decreased by approximately 9.14% or RM11.48 million to RM114.07 million from RM125.55 million in FPE 2010.

Moving forward, in line with our future plans as set out in Section 4.19 of this Prospectus, we will focus more on the design and manufacture of Elevator systems and Busduct systems as well as the maintenance of Elevator systems as the key drivers for further growth.

Please refer to Section 8.4.2 of this Prospectus for the significant factors materially affecting our Group's revenue and profit. Please also refer to Section 3 of this Prospectus for the risk factors that may affect our revenue and financial performance.

The analysis of financial condition and results of operations of our Group are as detailed below:-

**(a) Revenue****(A) Revenue Recognition Policy**

Revenue is recognised to the extent that it is probable that economic benefit will flow to the company and the revenue can be reliably measured. In general, our Group adopts two (2) revenue recognition methods depending on the nature of the business transactions with our customers, as follows:-

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

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**(1) Goods Sold**

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Save for the installation of Elevator systems under EITA Elevator and the provision of electrical and security system solutions under EITA Power System, this revenue recognition method is adopted by all the companies in our Group in carrying out their business activities.

**(2) Project Contracts**

Contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract, as soon as the outcome of a project contract can be estimated reliably. Total contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. When the outcome of a project contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

This revenue recognition method is adopted by two (2) of our subsidiaries, namely EITA Elevator in relation to the installation of Elevator systems and EITA Power System in relation to the provision of electrical and security system solutions.

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**8. FINANCIAL INFORMATION (Cont'd)****(B) Analysis of Revenue****(1) Revenue by Business Activity**

Revenue Business Activity	Audited						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and Distribution</b>	<b>83,163</b>	<b>63.12</b>	<b>72,402</b>	<b>53.10</b>	<b>85,763</b>	<b>52.38</b>	<b>88,442</b>	<b>54.51</b>	<b>58,928</b>	<b>51.66</b>
- Power Distribution Equipment	45,554	34.57	37,625	27.59	41,040	25.06	34,679	27.62	22,973	20.14
- Control Equipment	28,906	21.94	25,159	18.45	32,625	19.93	24,662	19.64	26,570	23.29
- Network and security equipment	7,715	5.86	8,778	6.44	11,243	6.87	8,473	6.75	7,762	6.81
- Other E&E components <sup>(1)</sup>	988	0.75	840	0.62	855	0.52	628	0.50	1,621	1.42
<b>Manufacturing</b>	<b>40,147</b>	<b>30.47</b>	<b>47,743</b>	<b>35.00</b>	<b>66,030</b>	<b>40.33</b>	<b>47,268</b>	<b>37.65</b>	<b>47,544</b>	<b>41.68</b>
- Elevator systems <sup>(2)</sup>	25,947	19.69	31,696	23.24	47,361	28.92	33,856	26.97	34,040	29.84
- Busduct systems <sup>(3)</sup>	10,498	7.97	13,301	9.75	15,957	9.75	11,624	9.26	9,557	8.36
- Other E&E components and equipment <sup>(4)</sup>	3,702	2.81	2,746	2.01	2,712	1.66	1,788	1.42	3,947	3.46
<b>Services</b>	<b>8,447</b>	<b>6.41</b>	<b>16,216</b>	<b>11.90</b>	<b>11,928</b>	<b>7.29</b>	<b>9,643</b>	<b>7.84</b>	<b>7,800</b>	<b>8.66</b>
- Maintenance of Elevator systems <sup>(5)</sup>	5,110	3.88	7,889	5.79	7,671	4.69	5,787	4.61	6,218	5.45
- Provision of electrical and security system solutions	3,337	2.53	8,327	6.11	4,255	2.60	4,056	3.23	1,382	1.21
<b>Total</b>	<b>131,757</b>	<b>100.00</b>	<b>136,361</b>	<b>100.00</b>	<b>163,719</b>	<b>100.00</b>	<b>125,553</b>	<b>100.00</b>	<b>114,070</b>	<b>100.00</b>

## Notes:-

- (1) Consist of Ballasts, Igniters and bulbs.
- (2) Include Escalators and Travellators. Manufacturing of Elevator systems also includes design.
- (3) Include metal fabricated products. Manufacturing of Busduct systems also includes design.
- (4) Consist of Centralised Dimming Systems, Ballasts and connectors for lighting systems.
- (5) Maintenance of Elevator systems includes Escalators and Travellators, and the supply of parts.

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**8. FINANCIAL INFORMATION (Cont'd)****(2) Revenue by Company**

Revenue Company by	←-----Audited----->						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EITA Elevator	28,919	21.95	38,308	28.09	51,381	31.38	38,175	30.41	37,724	33.07
EITA Electric	45,714	34.69	38,658	28.35	49,600	30.30	37,399	29.79	39,310	34.46
EITA-Schneider	17,854	13.55	22,683	16.63	38,013	23.22	26,964	21.48	26,561	23.28
EITA Technologies Malaysia	27,755	21.07	21,364	15.67	24,580	15.01	22,198	17.68	12,338	10.82
EITA Power System	17,792	13.50	21,570	15.82	20,039	12.24	16,026	12.77	12,413	10.88
Furutec Electrical	9,128	6.93	13,270	9.73	15,239	9.31	11,268	8.97	9,239	8.10
EITA	3,300	2.50	16,295	11.95	9,200	5.62	3,156	2.51	34,170	29.96
EITA Technologies Singapore	8,639	6.56	8,780	6.44	8,216	5.02	6,180	4.92	6,711	5.88
Schneider R&D	448	0.34	303	0.22	649	0.40	201	0.16	1,764	1.55
Schneider Systems	761	0.58	436	0.32	107	0.07	90	0.07	597	0.52
EITA Contrologic *	-	-	-	-	-	-	-	-	-	-
Inter-companies elimination	(28,553)	(21.67)	(45,306)	(33.22)	(53,305)	(32.57)	(36,104)	(28.76)	(66,757)	(58.52)
<b>Total</b>	<b>131,757</b>	<b>100.00</b>	<b>136,361</b>	<b>100.00</b>	<b>163,719</b>	<b>100.00</b>	<b>125,553</b>	<b>100.00</b>	<b>114,070</b>	<b>100.00</b>

Note:-

\* Dormant (in the process of being liquidated).

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## 8. FINANCIAL INFORMATION (Cont'd)

## (3) Revenue by Geographical Location and Business Activity

Revenue by Location and Business Activity	←-----Audited----->						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Malaysia</b>	<b>104,854</b>	<b>79.58</b>	<b>107,562</b>	<b>78.88</b>	<b>132,627</b>	<b>81.01</b>	<b>100,126</b>	<b>79.75</b>	<b>100,605</b>	<b>88.20</b>
- Marketing and Distribution	62,886	47.73	54,281	39.81	64,244	39.24	48,955	38.99	49,982	43.82
- Manufacturing	33,798	25.65	38,142	27.97	56,668	34.61	41,552	33.10	43,031	37.72
- Services	8,170	6.20	15,139	11.10	11,715	7.16	9,619	7.66	7,592	6.66
<b>Overseas</b>	<b>26,903</b>	<b>20.42</b>	<b>28,799</b>	<b>21.12</b>	<b>31,092</b>	<b>18.99</b>	<b>25,427</b>	<b>20.25</b>	<b>13,465</b>	<b>11.80</b>
<b>Thailand</b>	<b>11,663</b>	<b>8.85</b>	<b>9,715</b>	<b>7.12</b>	<b>13,265</b>	<b>8.11</b>	<b>13,191</b>	<b>10.51</b>	<b>1,314</b>	<b>1.15</b>
- Marketing and Distribution	11,523	8.75	8,759	6.42	13,073	7.99	12,996	10.35	1,017	0.89
- Manufacturing	127	0.10	-	-	-	-	-	-	297	0.26
- Services	13	<sup>(1)</sup>	956	0.70	192	0.12	195	0.16	-	-
<b>Singapore</b>	<b>10,091</b>	<b>7.66</b>	<b>16,284</b>	<b>11.94</b>	<b>12,066</b>	<b>7.37</b>	<b>8,759</b>	<b>6.98</b>	<b>9,055</b>	<b>7.94</b>
- Marketing and Distribution	5,388	4.09	7,791	5.71	7,289	4.46	5,549	4.42	6,099	5.35
- Manufacturing	4,632	3.52	8,491	6.23	4,771	2.91	3,203	2.55	2,956	2.59
- Services	71	0.05	2	<sup>(1)</sup>	6	<sup>(1)</sup>	7	0.01	-	-
<b>Others <sup>(2)</sup></b>	<b>5,149</b>	<b>3.91</b>	<b>2,800</b>	<b>2.06</b>	<b>5,761</b>	<b>3.51</b>	<b>3,477</b>	<b>2.76</b>	<b>3,096</b>	<b>2.71</b>
- Marketing and Distribution	3,366	2.55	1,571	1.15	1,157	0.71	942	0.75	1,829	1.60
- Manufacturing	1,590	1.21	1,110	0.82	4,591	2.80	2,513	2.00	1,259	1.11
- Services	193	0.15	119	0.09	13	<sup>(1)</sup>	22	0.01	8	-
<b>Total</b>	<b>131,757</b>	<b>100.00</b>	<b>136,361</b>	<b>100.00</b>	<b>163,719</b>	<b>100.00</b>	<b>125,553</b>	<b>100.00</b>	<b>114,070</b>	<b>100.00</b>

Notes:-

(1) Negligible.

(2) Include Bangladesh, Brunei, United Arab Emirates, German, Hong Kong, India, Indonesia, the Philippines, Saudi Arabia, Taiwan, the USA and Vietnam.

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## 8. FINANCIAL INFORMATION (Cont'd)

## (4) Revenue by Brand

Revenue by Brand	←-----Audited----->						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>EITA brand</b>	<b>37,829</b>	<b>28.71</b>	<b>44,673</b>	<b>32.78</b>	<b>60,699</b>	<b>37.07</b>	<b>43,334</b>	<b>34.51</b>	<b>44,711</b>	<b>39.20</b>
<b>Marketing and Distribution</b>	<b>618</b>	<b>0.47</b>	<b>674</b>	<b>0.49</b>	<b>782</b>	<b>0.48</b>	<b>555</b>	<b>0.44</b>	<b>1,622</b>	<b>1.42</b>
- REFAS (Ballasts and Ignitors)	618	0.47	674	0.49	782	0.48	555	0.44	1,622	1.42
<b>Manufacturing</b>	<b>37,211</b>	<b>28.24</b>	<b>43,999</b>	<b>32.27</b>	<b>59,917</b>	<b>38.59</b>	<b>42,779</b>	<b>34.07</b>	<b>43,089</b>	<b>37.78</b>
- EITA or EITA-Schneider (Elevator systems)	25,947	19.69	31,696	23.24	47,361	28.93	33,856	26.97	34,040	29.85
- Furutec (Busduct systems <sup>(1)</sup> )	8,425	6.40	10,194	7.48	10,516	6.42	7,399	5.89	5,787	5.07
- REFAS (Centralised Dimming Systems, Ballasts and connectors for lighting systems)	2,839	2.15	2,109	1.55	2,040	1.24	1,524	1.21	3,262	2.86
<b>Non-EITA brand</b>	<b>85,481</b>	<b>64.88</b>	<b>75,472</b>	<b>55.34</b>	<b>91,094</b>	<b>55.64</b>	<b>72,376</b>	<b>57.65</b>	<b>61,759</b>	<b>54.14</b>
<b>Marketing and Distribution</b>	<b>82,545</b>	<b>62.65</b>	<b>71,728</b>	<b>52.60</b>	<b>84,981</b>	<b>51.91</b>	<b>67,887</b>	<b>54.07</b>	<b>57,305</b>	<b>50.24</b>
- Power Distribution Equipment	45,554	34.57	37,625	27.59	41,040	25.07	34,679	27.62	22,973	20.14
- Control Equipment	28,906	21.94	25,159	18.45	32,625	19.93	24,662	19.64	26,570	23.29
- Network and security equipment	7,715	5.86	8,778	6.44	11,243	6.87	8,473	6.75	7,762	6.81
- Other E&E components (Ballasts, Ignitors and bulbs for lighting systems)	370	0.28	166	0.12	73	0.04	73	0.06	-	-
<b>Manufacturing</b>	<b>2,938</b>	<b>2.23</b>	<b>3,744</b>	<b>2.74</b>	<b>8,113</b>	<b>3.73</b>	<b>4,489</b>	<b>3.58</b>	<b>4,454</b>	<b>3.90</b>
- Metal fabricated products <sup>(2)</sup>	2,073	1.57	3,107	2.28	5,441	3.32	4,225	3.37	3,770	3.30
- OEM of Centralised Dimming Systems, Ballasts and connectors for lighting systems	863	0.66	637	0.46	672	0.41	264	0.21	684	0.60
<b>Others <sup>(3)</sup></b>	<b>8,447</b>	<b>6.41</b>	<b>16,216</b>	<b>11.90</b>	<b>11,928</b>	<b>7.29</b>	<b>9,843</b>	<b>7.84</b>	<b>7,600</b>	<b>6.66</b>
<b>Services</b>	<b>8,447</b>	<b>6.41</b>	<b>16,218</b>	<b>11.90</b>	<b>11,926</b>	<b>7.29</b>	<b>9,843</b>	<b>7.84</b>	<b>7,600</b>	<b>6.68</b>
- Maintenance of Elevator systems	5,110	3.88	7,889	5.79	7,671	4.69	5,787	4.61	6,218	5.45
- Electrical and security systems	3,337	2.53	8,327	6.11	4,255	2.60	4,056	3.23	1,382	1.21
<b>Total</b>	<b>131,757</b>	<b>100.00</b>	<b>136,361</b>	<b>100.00</b>	<b>163,719</b>	<b>100.00</b>	<b>125,553</b>	<b>100.00</b>	<b>114,070</b>	<b>100.00</b>

Notes:-

- (1) Exclude metal fabricated products.  
(2) Include our KOVA brand from FYE 2010 onwards. However, we did not capture this amount separately as the sales of metal fabricated products under our KOVA brand were insignificant.  
(3) Not applicable to branding.

## (C) Commentaries on Revenue

For the past three (3) FYE 2008 to FYE 2010 and FPE 2011, majority of our Group's revenue was contributed by the Marketing and Distribution segment. Nevertheless, the contribution from this business segment has been declining, in tandem with our Group's strategy of growing the Manufacturing segment of Elevator systems and Busduct systems, and the Services segment on maintenance of Elevator systems.

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

The following were also observed for the past three (3) FYE 2008 to FYE 2010 and FPE 2011:-

- EITA Elevator, EITA Electric, EITA-Schneider, EITA Technologies Malaysia, EITA Power System and Furutec Electrical were the key contributors within our Group;
- More than 78.0% of our Group's revenue was derived in Malaysia while the remaining 22.0% was derived from overseas markets, mainly Thailand and Singapore; and
- Majority of our Group's revenue was contributed by the sales generated from third parties' products, i.e. non-EITA brands. Nevertheless, in line with our Group's strategy of growing the Manufacturing segment of Elevator systems and Busduct systems, and the Services segment on maintenance of Elevator systems, the revenue generated under our own brands has increased from year to year and the growth was mainly contributed by the sales of our Elevator systems.

**(1) FYE 2009 vs FYE 2008**

Our Group's revenue increased by 3.49% or RM4.60 million from RM131.76 million in FYE 2008 to RM136.36 million in FYE 2009. The increase was mainly contributed by the Manufacturing and Services segments but was offset partly by the decline in the revenue recorded for the Marketing and Distribution segment. Our overall revenue for FYE 2009 only increased marginally mainly due to the impact of the slowdown in the economy in the first half of 2009.

The movements in our revenue from FYE 2008 to FYE 2009 are further analysed as follows:-

**(i) Marketing and Distribution Segment**

The revenue recorded by this business segment declined by 12.94% or RM10.76 million to RM72.40 million in FYE 2009 as compared to the revenue of RM83.16 million in FYE 2008. The decline was the effect of the slowdown in the economy in the first half of 2009 which resulted in lower sales for the Power Distribution Equipment, Control Equipment and other E&E components in FYE 2009. Nevertheless, our Group managed to record an increase of 13.73% or RM1.06 million in the revenue for the network and security equipment from RM7.72 million in FYE 2008 to RM8.78 million in FYE 2009 mainly due to the contribution from the increase in sales of LAN and CCTV products.

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

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**(ii) Manufacturing Segment**

The revenue recorded by this business segment increased by 18.90% or RM7.59 million to RM47.74 million in FYE 2009 from RM40.15 million in FYE 2008. The increase was mainly contributed by the sales of our Elevator systems and Busduct systems which recorded an increase in revenue of RM5.75 million or 22.16% and RM2.80 million or 26.67% respectively in FYE 2009 as compared to the corresponding revenue recorded in FYE 2008. However, the sales of other E&E components and equipment manufactured by our Group declined by 25.68% or RM0.95 million to RM2.75 million in FYE 2009 as compared to the revenue of RM3.70 million in FYE 2008.

Our Group recorded higher sales of the Elevator systems in FYE 2009 due to the execution work for projects secured in FYE 2008. The significant increase in the sales of our Busduct systems was mainly contributed by two (2) projects in Singapore which have a combined project value of approximately SGD4.33 million as well as our new export of Busduct systems to Bangladesh. With respect to the sales of other E&E components and equipment, as these products are largely dependent on projects such as the infrastructure projects, the slowdown in economy in 2009 had affected our sales of such products.

**(iii) Services Segment**

The revenue recorded by this business segment increased significantly by 91.95% or RM7.77 million to RM16.22 million in FYE 2009 from RM8.45 million in FYE 2008 due to the higher revenue generated from both the maintenance of Elevator systems and the provision of electrical and security system solutions.

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

The revenue for the maintenance of Elevator systems increased by 54.40% or RM2.78 million to RM7.89 million in FYE 2009 from RM5.11 million in FYE 2008. The increase was mainly contributed by the repair and refurbishment jobs carried out by our Group for a low cost apartment project in Kuala Lumpur in FYE 2009. The revenue from the provision of electrical and security system solutions also increased significantly by 149.40% or RM4.99 million to RM8.33 million in FYE 2009 from RM3.34 million in FYE 2008, mainly due to a one-off project secured by our Group to supply guestroom lighting and air conditioning management systems to a hotel in Bangkok as well as the on-going electrical work carried out for two (2) projects with a total project value of RM9.18 million, i.e. a condominium project in Kuala Lumpur secured in FYE 2007 and a mixed commercial project in Subang Jaya, Selangor secured in FYE 2008.

**(2) FYE 2010 vs FYE 2009**

Our Group's revenue increased by 20.06% or RM27.36 million from RM136.36 million in FYE 2009 to RM163.72 million in FYE 2010. The increase was mainly contributed by the Manufacturing and Marketing and Distribution segments but was offset partly by the decline in the revenue recorded for the Services segment. The increase in our Group's overall revenue was attributed to, among others, the improvement in the general economic condition in 2010.

The movements in our revenue from FYE 2009 to FYE 2010 are further analysed as follows:-

**(i) Marketing and Distribution Segment**

The revenue recorded by this business segment increased by 18.45% or RM13.36 million to RM85.76 million in FYE 2010 as compared to the revenue of RM72.40 million in FYE 2009. The increase was a result of higher sales recorded for all the products distributed by our Group's in FYE 2010, boosted by the recovery in economic condition.

**(ii) Manufacturing Segment**

The revenue recorded by this business segment increased by 38.31% or RM18.29 million to RM66.03 million in FYE 2010 from RM47.74 million in FYE 2009. The increase was mainly contributed by higher sales of our Elevator systems with a growth of 49.40% from RM31.70 million in FYE 2009 to RM47.36 million in FYE 2010 after we had, among others, recognised approximately RM7.94 million revenue for a modernisation job for low cost apartments in Kuala Lumpur in FYE 2010.

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

In addition, the sales of our Busduct systems (which included the metal fabricated products) also continued to grow where the revenue had increased by 20.0% or RM2.66 million to RM15.96 million in FYE 2010 from RM13.30 million in FYE 2009. Notably, the growth amount of RM2.66 million was mainly contributed by the increase in the sales of our metal fabricated products (RM2.33 million) which was boosted by the improved economic condition. The remaining contribution (RM0.33 million) was attributed to the Busduct systems, which in turn was contributed by our new export sales to the Philippines and Indonesia as well as the contribution from a university project in Singapore where our Group managed to make our first sales of the HP-ES product under this project.

**(iii) Services Segment**

The revenue recorded by this business segment dropped by 26.45% or RM4.29 million to RM11.93 million in FYE 2010 from RM16.22 million in FYE 2009, in tandem with the decline in revenue generated by both the maintenance of Elevator systems and the provision of electrical and security system solutions. The relatively high level of revenue recorded in FYE 2009 for the Services segment was mainly contributed by the repair and refurbishment jobs conducted for low cost apartments in Kuala Lumpur and the on-going work carried out for a condominium project in Kuala Lumpur and a mixed commercial project in Subang Jaya, Selangor.

**(3) FPE 2011 vs FPE 2010**

Our Group's revenue decreased by 9.14% or RM11.48 million from RM125.55 million in FPE 2010 to RM114.07 million in FPE 2011. The decrease was mainly contributed by the Marketing and Distribution and Services segments.

The movements in our revenue from FPE 2010 to FPE 2011 are further analysed as follows:-

**(i) Marketing and Distribution Segment**

The revenue recorded by this business segment decreased by 13.90% or RM9.51 million to RM58.93 million in FPE 2011 as compared to the revenue of RM68.44 million in FPE 2010. The decrease was mainly due to decline in the export of Power Distribution Equipment to Thailand when there was political uncertainties.

**8. FINANCIAL INFORMATION (Cont'd)****(ii) Manufacturing Segment**

The revenue recorded by this business segment increased by 0.57% or RM0.27 million to RM47.54 million in FPE 2011 from RM47.27 million in FPE 2010. The slight increase was contributed by higher sales of our Other E&E Components and Equipment with a growth of 120.67% or RM2.16 million from RM1.79 million in FPE 2010 to RM3.95 million in FPE 2011 mainly due to the increase in sales of Ballasts. However, this increase was offset by the decrease in sales of Busduct Systems of 17.73% or RM2.06 million from RM11.62 million in FPE 2010 to RM9.56 million in FPE 2011 as a result of lower sales order received, delay in testing and certifications of the new products and also delay in projects undertaken by our customers.

**(iii) Services Segment**

The revenue recorded by this business segment dropped by 22.76% or RM2.24 million to RM7.60 million in FPE 2011 from RM9.84 million in FPE 2010. The decline in revenue was mainly due to lower revenue from the Provision of Electrical and Security System Solutions of 66.01% or RM2.68 million from RM4.06 million in FPE 2010 to RM1.38 million in FPE 2011 as most of the projects have been completed in FPE 2010 and less projects were secured in FPE 2011. Nevertheless, our revenue from Maintenance of Elevator Systems increased by 7.43% or RM0.43 million from RM5.79 million in FPE 2010 to RM6.22 million in FPE 2011 due to additional contracts secured for maintenance of Elevators.

**(b) Cost of Sales**

Our cost of sales for each segment comprise of the following:-

**(1) Marketing and Distribution**

Costs mainly comprise finished goods purchased from suppliers and related import duties and freight charges.

**(2) Manufacturing**

Costs mainly comprise raw material costs, direct labour costs, sub-contractor costs, installation and related on-site expenses, and factory overheads.

**(3) Services**

Costs mainly comprise purchases of parts and components, finished goods and the related import duties and freight charges, sub-contractor costs and other related installation expenses.

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

Our cost of sales are mainly affected by the prices of raw materials and finished goods, our sourcing capabilities and ability to control our sub-contracting costs which are dependent on our negotiation power with our suppliers/ sub-contractors. To a certain extent, our ability to ensure timely performance of our obligations to customers has prevented cost overruns in our projects.

Having been in the industry for more than ten (10) years, we have identified a list of preferred sub-contractors whom we invite for tenders when required. We select our preferred sub-contractors based on past track records, past project works, workmanship, efficiency, reliability, production capacity and pricing.

As some of our suppliers are foreign based, a portion of our purchases are denominated in the respective functional currency of suppliers, such as USD and CHF. Therefore, our cost of purchases is also affected by the fluctuation of the foreign currencies.

Please refer to Section 4.10.3 of this Prospectus for further information on our Group's major suppliers.

**(A) Analysis of Cost of Sales**

Our Group's cost of sales for the past three (3) FYE 2008 to FYE 2010 and FPE 2011 are as follows:-

	<-----Audited----->			Unaudited	Audited
	FYE 2008	FYE 2009	FYE 2010	FPE 2010	FPE 2011
Cost of Sales	RM'000	RM'000	RM'000	RM'000	RM'000
Contract costs recognised as expense	7,586	12,041	8,515	6,525	4,857
Purchase of materials and related expenses *	89,055	84,008	104,498	80,551	71,430
Labour and overhead expenses	4,646	4,960	5,466	4,159	4,062
<b>Total</b>	<b>101,287</b>	<b>101,009</b>	<b>118,479</b>	<b>91,235</b>	<b>80,349</b>
<b>Total as a % of our Group's revenue</b>	<b>76.87</b>	<b>74.07</b>	<b>72.37</b>	<b>72.67</b>	<b>70.44</b>

Note:-

\* Include freight, insurance, royalty, tax and duty, etc.

Our Group's total cost of sales accounted for 76.87%, 74.07%, 72.37% and 70.44% of our Group's total revenue for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively.

In general, cost of sales is relatively lower for our Services segment as compared to the other two (2) business segments, i.e. the Marketing and Distribution, and the Manufacturing segments. The purchase of materials and related expenses accounted for 87.92%, 83.17%, 88.20% and 88.90% of our total cost of sales for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively.

**8. FINANCIAL INFORMATION (Cont'd)****(B) Commentaries on Cost of Sales****(1) FYE 2009 vs FYE 2008**

Our Group's contract costs recognised as expense increased significantly by 58.63% or RM4.45 million to RM12.04 million in FYE 2009 from RM7.59 million in FYE 2008. In order to reduce our contract costs, our Group started to explore some cost cutting strategies such as the optimisation of components based on modular designs to minimise losses of individual parts at the project site as components are assembled in a complete module form for immediate installation on-site. Such efforts were also aimed at minimising defects at the project site as each module is assembled and inspected at the factory prior to being installed at the project site.

In FYE 2009, the drop in copper prices also reduced our Group's raw material costs to a certain extent. Further, commencing 2008, we have also implemented the practice of purchasing in bulk from our suppliers by grouping the material requirements of a number of jobs and purchasing them together, in order to enjoy bulk discounts. As a result of these factors, despite the increase in our revenue, our Group managed to reduce our total cost of sales marginally by 0.28% or RM0.28 million from RM101.29 million in FYE 2008 to RM101.01 million in FYE 2009.

**(2) FYE 2010 vs FYE 2009**

Our Group's total cost of sales increased by 17.30% or RM17.47 million to RM118.48 million in FYE 2010 from RM101.01 million in FYE 2009 in line with the increase in our revenue. Nevertheless, the rate of increase in our cost of sales was lower than the 20.06% rate of increase in our Group's revenue recorded in FYE 2010.

**(3) FPE 2011 vs FPE 2010**

Our Group's total cost of sales decreased by 11.94% or RM10.89 million to RM80.35 million in FPE 2011 from RM91.24 million in FPE 2010. The decrease was mainly due to the decrease in the purchase of materials and related expenses by RM9.12 million or 11.32% from RM80.55 million in FPE 2010 to RM71.43 million in FPE 2011, which was in line with the decrease in the export of Power Distribution Equipment to Thailand due to the then political uncertainties. In addition, contract costs recognised as expense decreased by RM1.67 million or 25.57% from RM6.53 million in FPE 2010 to RM4.86 million in FPE 2011 mainly due to less contract costs incurred as a result of the completion of certain contracts during the period.

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## 8. FINANCIAL INFORMATION (Cont'd)

## (c) GP and GP Margin

## (A) Analysis of GP and GP Margin

## (1) GP by Business Activity

GP by Business Activity	←-----Audited----->						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>Marketing and Distribution</b>	<b>17,604</b>	<b>57.77</b>	<b>18,460</b>	<b>52.22</b>	<b>22,210</b>	<b>49.09</b>	<b>17,338</b>	<b>50.52</b>	<b>16,470</b>	<b>48.84</b>
- Power Distribution Equipment	7,277	23.88	8,716	24.66	9,016	19.92	7,413	21.60	5,084	15.08
- Control Equipment	8,284	27.19	6,306	17.84	8,776	19.40	6,724	19.59	7,807	23.15
- Network and security equipment	2,043	6.70	3,168	8.96	4,151	9.18	3,023	8.81	3,086	9.15
- Other E&E components <sup>(1)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	270	0.76	267	0.59	178	0.52	493	1.46
<b>Manufacturing</b>	<b>8,188</b>	<b>26.87</b>	<b>9,524</b>	<b>26.94</b>	<b>15,891</b>	<b>35.13</b>	<b>11,378</b>	<b>33.16</b>	<b>11,660</b>	<b>34.58</b>
- Elevator systems <sup>(3)</sup>	4,633	15.20	5,077	14.36	11,456	25.32	8,583	25.01	8,950	26.55
- Busduct systems <sup>(4)</sup>	2,577	8.46	3,757	10.63	4,124	9.12	2,844	8.29	1,802	5.34
- Other E&E components and equipment <sup>(5)</sup>	978	3.21	690	1.95	311	0.69	(49)	(0.14)	908	2.69
<b>Services</b>	<b>4,678</b>	<b>15.36</b>	<b>7,368</b>	<b>20.84</b>	<b>7,139</b>	<b>15.78</b>	<b>5,602</b>	<b>16.32</b>	<b>5,591</b>	<b>16.58</b>
- Maintenance of Elevator systems <sup>(6)</sup>	3,942	12.94	5,866	16.59	6,002	13.27	4,509	13.14	5,240	15.54
- Provision of electrical and security system solutions	736	2.42	1,502	4.25	1,137	2.51	1,093	3.18	351	1.04
<b>Total</b>	<b>30,470</b>	<b>100.00</b>	<b>35,352</b>	<b>100.00</b>	<b>45,240</b>	<b>100.00</b>	<b>34,318</b>	<b>100.00</b>	<b>33,721</b>	<b>100.00</b>

## Notes:-

- (1) Consist of Ballasts, Ignitors and bulbs.
- (2) Negligible. The GP recorded for FYE 2008 was RM472.00 after setting off the stock write off of RM218,595.16 for old Ballasts stock.
- (3) Include Escalators and Travellators. Manufacturing of Elevator systems also includes design.
- (4) Include metal fabricated products. Manufacturing of Busduct systems also includes design.
- (5) Consist of Centralised Dimming Systems, Ballasts and connectors for lighting systems.
- (6) Maintenance of Elevator systems includes Escalators and Travellators, and the supply of parts.

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**8. FINANCIAL INFORMATION (Cont'd)****(2) GP Margin by Business Activity**

GP Margin by Business Activity	<-----Audited----->			Unaudited	Audited
	FYE 2008	FYE 2009	FYE 2010	FPE 2010	FPE 2011
	%	%	%	%	%
<b>Marketing and Distribution</b>	<b>21.17</b>	<b>25.50</b>	<b>25.90</b>	<b>25.33</b>	<b>27.95</b>
- Power Distribution Equipment	15.97	23.17	21.97	21.38	22.13
- Control Equipment	28.66	25.06	26.90	27.26	29.38
- Network and security equipment	26.48	36.09	36.92	35.68	39.76
- Other E&E components <sup>(1)</sup>	<sup>(2)</sup>	32.14	31.23	28.34	30.41
<b>Manufacturing</b>	<b>20.40</b>	<b>19.95</b>	<b>24.07</b>	<b>24.07</b>	<b>24.52</b>
- Elevator systems <sup>(3)</sup>	17.86	16.02	24.19	25.35	26.29
- Busduct systems <sup>(4)</sup>	24.55	28.25	25.84	24.47	18.86
- Other E&E components and equipment <sup>(5)</sup>	26.42	25.13	11.47	-2.74	23.00
<b>Services</b>	<b>55.38</b>	<b>45.44</b>	<b>59.86</b>	<b>56.91</b>	<b>73.57</b>
- Maintenance of Elevator systems <sup>(6)</sup>	77.14	74.36	78.24	77.92	84.27
- Provision of electrical and security system solutions	22.06	18.04	26.72	26.95	25.40
<b>Overall GP Margin</b>	<b>23.13</b>	<b>25.93</b>	<b>27.63</b>	<b>27.33</b>	<b>29.56</b>

Notes:-

- (1) Consist of Ballasts, Ignitors and bulbs for lighting systems.  
(2) The GP margin recorded for FYE 2008 was 22.17% without setting off the stock write off of RM218,595.16 for old Ballasts stock from the GP recorded for these products.  
(3) Include Escalators and Travellators. Manufacturing of Elevator systems also includes design.  
(4) Include metal fabricated products. Manufacturing of Busduct systems also includes design.  
(5) Consist of Centralised Dimming Systems, Ballasts and connectors for lighting systems.  
(6) Maintenance of Elevator systems includes Escalators and Travellators, and the supply of parts.

**(3) GP by Company**

GP by Company	<-----Audited----->						Unaudited		Audited	
	FYE 2008		FYE 2009		FYE 2010		FPE 2010		FPE 2011	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
EITA Elevator	6,674	21.90	9,438	26.70	9,590	21.20	7,786	22.69	8,470	25.12
EITA Electric	10,791	35.42	9,358	26.47	12,335	27.27	9,209	26.83	9,965	29.55
EITA-Schneider	1,316	4.32	1,363	3.85	7,396	16.35	5,268	15.35	5,308	15.74
EITA Technologies Malaysia	4,459	14.63	4,635	13.11	4,828	10.67	4,240	12.36	2,831	8.40
EITA Power System	3,946	12.95	5,790	16.38	6,178	13.66	4,804	14.00	3,887	11.53
Furutec Electrical	1,504	4.94	3,414	9.66	3,540	7.82	2,429	7.08	1,512	4.48
EITA	3,300	10.83	16,295	46.09	9,200	20.34	3,156	9.20	34,170	101.33
EITA Technologies Singapore	1,195	3.92	1,211	3.42	1,330	2.94	960	2.80	1,248	3.70
Schneider R&D	165	0.54	119	0.34	130	0.29	12	0.03	299	0.89
Schneider Systems	210	0.69	137	0.39	47	0.10	46	0.13	359	1.06
EITA Contrologic *	-	-	-	-	-	-	-	-	-	-
Inter-companies elimination	(3,090)	(10.14)	(16,408)	(46.41)	(9,334)	(20.64)	(3,592)	(10.47)	(34,328)	(101.80)
<b>Total</b>	<b>30,470</b>	<b>100.00</b>	<b>35,352</b>	<b>100.00</b>	<b>45,240</b>	<b>100.00</b>	<b>34,318</b>	<b>100.00</b>	<b>33,721</b>	<b>100.00</b>

Note:-

- \* Dormant (in the process of being liquidated).



**8. FINANCIAL INFORMATION (Cont'd)****(4) GP Margin by Company**

GP Margin by Company	<-----Audited----->			Unaudited	Audited
	FYE 2008	FYE 2009	FYE 2010	FPE 2010	FPE 2011
	%	%	%	%	%
EITA Elevator	23.08	24.64	18.68	20.40	22.45
EITA Electric	23.61	24.21	24.87	24.62	25.35
EITA-Schneider	7.37	6.01	19.46	19.54	19.98
EITA Technologies Malaysia	16.07	21.70	19.64	19.10	22.95
EITA Power System	22.18	26.84	30.83	29.98	31.31
Furutec Electrical	16.48	25.73	23.23	21.56	18.37
EITA	100.00	100.00	100.00	100.00	100.00
EITA Technologies Singapore	13.83	13.79	18.19	15.53	18.60
Schneider R&D	36.83	39.27	20.03	5.97	16.95
Schneider Systems	27.60	31.42	43.93	51.11	60.13
EITA Contrologic *	-	-	-	-	-
<b>Overall GP Margin</b>	<b>23.13</b>	<b>25.93</b>	<b>27.63</b>	<b>27.33</b>	<b>29.56</b>

Note:-

\* Dormant (in the process of being liquidated).

**(5) GP by Geographical Location and Brands**

Our Group does not maintain GP by geographical location and brands. Accordingly, such information is not provided.

**(B) Commentaries on GP and GP Margin**

For the past three (3) FYE 2008 to FYE 2010, our Group's overall GP and GP margin had improved from year to year. Such trend is consistent with our Group's revenue growth from FYE 2008 to FYE 2010. For the FPE 2011, GP decreased in tandem with the decrease in revenue whilst GP margin continued to improve.

For the past three (3) FYE 2008 to FYE 2010, both the GP and GP margin for the Marketing and Distribution segment had increased from year to year. For FPE 2011, the GP has decreased in tandem with the decrease in sales whilst the GP margin improved due to reduction in export sales to Thailand which have lower GP margin.

As for the Manufacturing segment, the GP also increased from year to year. However, the GP margin declined marginally by 0.45% to 19.95% in FYE 2009 as compared to 20.40% in FYE 2008. Subsequently, the GP margin improved by 4.12% to 24.07% in FYE 2010. For FPE 2011, the GP has increased by RM0.28 million or 2.46% to RM11.66 million in FPE 2011 as compared to RM11.38 million in FPE 2010 in tandem with the increase in the revenue whereas the GP margin has further improved by 0.45% to 24.52% in FPE 2011 as compared to 24.07% in FPE 2010.

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

While the Services segment accounted for a relatively smaller percentage of our Group's revenue and GP, the GP margin recorded by this business segment was the highest among our business segments where the GP margin ranged from 45.44% to 59.86% for the past three (3) FYE 2008 to FYE 2010. The high GP margin was mainly contributed by our services in the maintenance of Elevator systems. For FPE 2011, the GP has decreased slightly by RM0.01 million or 0.18% to RM5.59 million in FPE 2011 as compared to RM5.60 million in FPE 2010 whilst the GP margin increased by 16.66% to 73.57% in FPE 2011 as compared to 56.91% in FPE 2010 due to higher contribution from the maintenance of Elevator systems which fetched higher margin.

**(1) FYE 2009 vs FYE 2008**

In line with the increase in our revenue, our Group's overall GP increased by 16.02% or RM4.88 million to RM35.35 million in FYE 2009 from RM30.47 million in FYE 2008. Our overall GP margin also increased to 25.93% in FYE 2009 from 23.13% in FYE 2008.

The improvement in our overall GP margin in FYE 2009 was mainly contributed by the Marketing and Distribution segment, particularly from the sales of the Power Distribution Equipment and network and security equipment. Our GP margin for the Power Distribution Equipment was lower in FYE 2008 due to, among others, a write down of inventories by EITA Technologies Malaysia which amounted to approximately RM1.37 million. The write down of inventories was in relation to the inventories for cables which were written down to the net realisable value because of falling copper price. This is in line with our Group's accounting policy for measurement of inventories, i.e. at the lower of cost and net realisable value. As for the network and security equipment, the significant increase in our GP margin in FYE 2009 was mainly contributed by the increase in sales of higher margin products such as the LAN and CCTV products. Nevertheless, the GP margin for the Control Equipment recorded a drop in FYE 2009, mainly due to the lower margin derived from the sales of magnetic contactors.

With respect to the Manufacturing segment, we recorded an increase of 9.72% or RM0.45 million in the GP for the Elevator systems in FYE 2009 as compared to FYE 2008. However, the GP margin for the Elevator systems declined by 1.84% to 16.02% in FYE 2009 from 17.86% in FYE 2008 as our Group had completed higher margin projects in FYE 2008 and we incurred higher contract costs in FYE 2009. In addition, as we just started to explore some cost cutting strategies, our Group had yet to benefit from such efforts in FYE 2009. As for the Busduct systems, both the GP and GP margin for these products had increased in FYE 2009, mainly due to the contribution from a project in Singapore. The GP and GP margin for the other E&E components and equipment manufactured by our Group had both declined in FYE 2009 in line with the lower revenue from these products as a result of the economy slowdown.

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

Although the GP recorded for the maintenance of Elevator systems and the provision of electrical and security system solutions increased in FYE 2009, the GP margin for both categories had declined. Correspondingly, the GP margin for the Services segment had dropped in FYE 2009 to 45.44% from 55.38% in FYE 2008. The decline was mainly due to the following reasons:-

- (i) Repair sales constituted a higher proportion of our revenue for the maintenance of Elevator systems in FYE 2009. The margin for our repair sales is generally lower as compared to our service sales and it fluctuates depending on the scope of job and negotiation with customers; and
- (ii) In FYE 2009, we provided electrical and security system solutions mainly for an electrical contract relating to a condominium project in Kuala Lumpur and this project commanded a lower margin.

**(2) FYE 2010 vs FYE 2009**

Our Group's overall GP increased further by 27.98% or RM9.89 million to RM45.24 million in FYE 2010 from RM35.35 million in FYE 2009. Our GP margin also improved from 25.93% in FYE 2009 to 27.63% in FYE 2010, mainly driven by the Services and Manufacturing segments.

The GP margin for the Marketing and Distribution segment in FYE 2010 was marginally higher but almost consistent with the margin level recorded in FYE 2009, i.e. more than 25.0%. The marginal increase in the GP margin for this segment was mainly contributed by the increase in GP margin for the Control Equipment and network and security equipment but offset partly by the decline in the GP margin for the Power Distribution Equipment and other E&E components. The improved GP margin for the Control Equipment in FYE 2010 was mainly due to the higher sales of our high margin product, namely inverters.

In 2010, copper price had rebounded and resulted in higher cost for the Power Equipment. Accordingly, this had caused our GP margin for these products to be lower in FYE 2010.

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

With respect to the Manufacturing segment, our Group's GP margin improved from 19.95% in FYE 2009 to 24.07% in FYE 2010, mainly due to the increase in the GP margin for the Elevator systems as we managed to complete and execute projects with higher GP margin due to better cost management. On the other hand, lower GP margin was recorded for the Busduct systems mainly due to the higher direct labour and overhead costs incurred by Furutec Electrical in FYE 2010 as a result of the company's expansion. The higher GP margin recorded for the Busduct systems in FYE 2009 was mainly contributed by a project in Singapore. The other E&E components and equipment also recorded lower GP and GP margin mainly due to the lower sales of our higher margin product, namely Centralised Dimming Systems from RM0.32 million in FYE 2009 to RM0.19 million in FYE 2010.

**(3) FPE 2011 vs FPE 2010**

Our Group's overall GP decreased by 1.75% or RM0.60 million to RM33.72 million in FPE 2011 from RM34.32 million in FPE 2010 in tandem with the decrease in our revenue. However, our GP margin improved from 27.33% in FPE 2010 to 29.56% in FPE 2011 mainly driven by the Marketing and Distribution, and Services segments.

The GP margin for the Marketing and Distribution segment in FPE 2011 increased by 2.62% from 25.33% in FPE 2010 to 27.95% in FPE 2011. The increase in the GP margin for this segment was contributed mainly by Power Distribution Equipment and Control Equipment. The improvement in the GP margin was mainly due to the reduction in the export sales of Power Distribution Equipment to Thailand which have lower GP margin and sales of our high margin products of Control Equipment, namely contactors.

The GP margin for the Manufacturing segment in FPE 2011 has increased slightly by 0.45% from 24.07% in FPE 2010 to 24.52% in FPE 2011. However, the GP margin for Busduct systems has decreased by 5.61% from 24.47% in FPE 2010 to 18.86% in FPE 2011 mainly due to the reduction in sales of Busduct systems whereas the related labour and overhead expenses were maintained at about the same level.

The higher GP margin for the Services segment by 16.66% from 56.91% in FPE 2010 to 73.57% in FPE 2011 was mainly attributed to the improved GP margin in the Maintenance of Elevator Systems as a result of higher contribution from the maintenance of Elevator systems which fetched higher margin.

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**8. FINANCIAL INFORMATION (Cont'd)****(d) Distribution Costs****(A) Analysis of Distribution Costs**

Our Group's distribution costs, which comprise mainly freight outwards, travelling and entertainment expenses as well as advertisement and promotion, represented 2.09%, 2.25%, 2.48% and 2.43% of our Group's total revenue for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. The breakdown details are as follows:-

Category	<-----Audited----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2010 RM'000	FPE 2011 RM'000
Freight outwards	800	743	1,174	895	727
Travelling expenses	1,109	1,084	1,167	775	842
Entertainment	728	873	968	652	703
Advertising and promotion	172	270	486	282	377
Others *	142	97	259	277	125
<b>Total</b>	<b>2,751</b>	<b>3,067</b>	<b>4,054</b>	<b>2,881</b>	<b>2,774</b>
<b>Total as a % of our Group's revenue</b>	<b>2.09</b>	<b>2.25</b>	<b>2.48</b>	<b>2.29</b>	<b>2.43</b>

Note:-

\* Include sales incentive and commission as well as inland transit insurance etc.

**(B) Commentaries on Distribution Costs****(1) FYE 2009 vs FYE 2008**

In FYE 2009, in line with the growth in our revenue, our Group recorded higher distribution costs as compared to FYE 2008, mainly due to the increase in freight outwards, entertainment and advertising and promotion.

**(2) FYE 2010 vs FYE 2009**

Our distribution costs increased by 31.92% or RM0.98 million to RM4.05 million in FYE 2010 from RM3.07 million in FYE 2009 in line with the growth in our revenue.

**(3) FPE 2011 vs FPE 2010**

Our distribution costs decreased by 3.82% or RM0.11 million to RM2.77 million in FPE 2011 from RM2.88 million in FPE 2010 in line with the decrease in our revenue.

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**8. FINANCIAL INFORMATION (Cont'd)****(e) Administrative Expenses****(A) Analysis of Administrative Expenses**

Our Group's administrative expenses, which comprise mainly staff costs and general administrative expenses, accounted for approximately 12.0% of our Group's total revenue for the past three (3) FYE 2008 to FYE 2010. For FPE 2011, administrative expenses accounted for 14.23% of our Group's total revenue. The breakdown details are as follows:-

Category	←-----Audited----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2010 RM'000	FPE 2011 RM'000
Staff costs <sup>(1)</sup>	11,635	13,019	15,673	11,163	13,221
General administrative expenses <sup>(2)</sup>	2,675	2,690	3,343	2,481	2,455
Others <sup>(3)</sup>	<sup>(4)</sup> 1,280	801	843	639	553
<b>Total</b>	<b>15,590</b>	<b>16,510</b>	<b>19,859</b>	<b>14,283</b>	<b>16,229</b>
<b>Total as a % of our Group's revenue</b>	<b>11.83</b>	<b>12.11</b>	<b>12.13</b>	<b>11.38</b>	<b>14.23</b>

Notes:-

- (1) Include Director fees, salaries, bonuses, allowances and other staff-related costs.
- (2) Include, among others, depreciation and amortisation, office and other rental, maintenance of office, motor vehicle and equipment, general insurance, professional fees and utilities bills etc.
- (3) Include fixed assets write off, donation and printing and stationary costs.
- (4) Include a one-off R&D written off (RM462,610.00)

**(B) Commentaries on Administrative Expenses****(1) FYE 2009 vs FYE 2008**

Our administrative expenses increased by 5.90% or RM0.92 million to RM16.51 million in FYE 2009 from RM15.59 million in FYE 2008. The increase was an overall effect after taking into account various factors such as the increase in our overall staff costs from RM11.64 million in FYE 2008 to RM13.02 million in FYE 2009 after factoring in the effect of annual salary increment etc. In addition, our Group's total number of employees had increased from 250 in FYE 2008 to 289 in FYE 2009, mainly due to the increase in manpower for our two (2) key business sectors, i.e. the Elevator systems and the Busduct systems.

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**8. FINANCIAL INFORMATION (Cont'd)****(2) FYE 2010 vs FYE 2009**

Our administrative expenses increased by 20.29% or RM3.35 million to RM19.86 million in FYE 2010 from RM16.51 million in FYE 2009. The increase was partly due to a further increase of 20.35% or RM2.65 million in the staff costs recorded by our Group from RM13.02 million in FYE 2009 to RM15.67 million in FYE 2010, which in turn was resulted from, among others, the annual salary increment and the increase in the number of our Group's employees. Our Group had a total of 347 employees in FYE 2010 as compared to 289 employees in FYE 2009 in line with our continuous efforts in expanding and growing our business, as evidenced by a further increase in the number of employees for the Elevator systems and Busduct systems.

**(3) FPE 2011 vs FPE 2010**

Our administrative expenses increased by 13.66% or RM1.95 million to RM16.23 million in FPE 2011 from RM14.28 million in FPE 2010. The increase was due to a further increase of 18.46% or RM2.06 million in the staff costs recorded by our Group from RM11.16 million in FPE 2010 to RM13.22 million in FPE 2011, which in turn was resulted from, among others, the annual salary increment and the increase in the number of our Group's employees. Our Group had a total of 362 employees as at FPE 2011 as compared to 326 employees as at FPE 2010 in line with our continuous efforts in expanding and growing our business.

**(f) Other Operating Expenses****(A) Analysis of Other Operating Expenses**

Our Group's other operating expenses which comprise mainly allowance for doubtful debts, realised and unrealised foreign exchange loss and bad debts written off represented 0.26%, 1.50%, 1.61% and 1.89% of our Group's total revenue for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. The breakdown details are as follows:-

Category	<-----Audited----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2010 RM'000	FPE 2011 RM'000
(Reversal)/ Allowance for doubtful debts	(257)	1,495	2,250	2,690	446
Realised/ unrealised foreign exchange loss	203	98	114	141	497
Bad debts written off	50	17	99	95	545
Others	<sup>(1)</sup> 346	<sup>(1)(2)</sup> 442	<sup>(1)</sup> 168	<sup>(1)(3)</sup> 174	<sup>(1)(4)</sup> 663
<b>Total</b>	<b>342</b>	<b>2,052</b>	<b>2,631</b>	<b>3,100</b>	<b>2,151</b>
<b>Total as a % of our Group's revenue</b>	<b>0.26</b>	<b>1.50</b>	<b>1.61</b>	<b>2.47</b>	<b>1.89</b>

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

Notes:-

- (1) *Include fixed assets write off and miscellaneous expenses.*
- (2) *Include one-off loss on disposal of investment properties (RM32,757), deposit written off (RM26,411) and loss on disposal of other investment (RM18,662) etc.*
- (3) *Include provision for stock loss of RM148,338.*
- (4) *Include provision for stock loss of RM179,399, allowance for irrecoverable investment of RM114,260, derivative loss for future contract of RM64,458, fair value loss in derivatives of RM80,032 and provision for liquidated ascertained damages of RM192,670.*

**(B) Commentaries on Other Operating Expenses****(1) FYE 2009 vs FYE 2008**

Our Group's other operating expenses increased substantially by 502.94% or RM1.71 million from RM0.34 million in FYE 2008 to RM2.05 million in FYE 2009. The substantial increase was mainly due to the amount of the allowance for doubtful debts recorded in FYE 2009 and the one-off items mentioned in Note (2) of the table above as well as the increase in other expenses but partly offset by the lower amount recorded for realised/ unrealised foreign exchange loss and bad debts written off.

**(2) FYE 2010 vs FYE 2009**

Our Group's other operating expenses increased by 28.29% or RM0.58 million from RM2.05 million in FYE 2009 to RM2.63 million in FYE 2010, mainly due to higher amount recorded for allowance for doubtful debts, realised/ unrealised foreign exchange loss and bad debts written off after offsetting the effect of the one-off items mentioned in Note (2) of the table above recorded in FYE 2009.

**(3) FPE 2011 vs FPE 2010**

Our Group's other operating expenses decreased by 30.65% or RM0.95 million from RM3.10 million in FPE 2010 to RM2.15 million in FPE 2011, mainly due to lower amount recorded for allowance for doubtful debts. However, the decrease is partially being offset by the increase in realised/ unrealised foreign exchange loss, bad debts written off and others which includes provision for stock loss, allowance for irrecoverable investment, derivative loss for future contract, fair value loss in derivatives and provision for liquidated ascertained damages.

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**8. FINANCIAL INFORMATION (Cont'd)****(g) Other Operating Income****(A) Analysis of Other Operating Income**

Our Group's other operating income, comprises mainly realised/unrealised foreign exchange gain, scrap sales, other income and rebate received from our suppliers upon meeting certain purchase quota target as well as gain on disposal of fixed assets and investment properties, represented 1.84%, 1.12%, 1.42% and 1.31% of our Group's total revenue for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. The breakdown details are as follows:-

Category	<-----Audited----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2010 RM'000	FPE 2011 RM'000
Realised/ unrealised foreign exchange gain	287	587	1,333	1,232	149
Scrap sales	76	61	353	94	139
Gain on disposal of fixed assets	80	62	239	89	-
Other income and rebate from suppliers	257	376	186	137	865
Gain on disposal of investment properties	1,250	-	-	-	-
Others	476	441	216	443	341
<b>Total</b>	<b>2,428</b>	<b>1,527</b>	<b>2,327</b>	<b>1,995</b>	<b>1,494</b>
<b>Total as a % of our Group's revenue</b>	<b>1.84</b>	<b>1.12</b>	<b>1.42</b>	<b>1.59</b>	<b>1.31</b>

**(B) Commentaries on Other Operating Income****(1) FYE 2009 vs FYE 2008**

Our Group's other operating income reduced by 37.04% or RM0.90 million from RM2.43 million in FYE 2008 to RM1.53 million in FYE 2009. Our other operating income was higher in FYE 2008 mainly due to the one-off gain on disposal of investment properties of RM1.25 million.

**(2) FYE 2010 vs FYE 2009**

Our Group's other operating income increased by 52.29% or RM0.80 million from RM1.53 million in FYE 2009 to RM2.33 million in FYE 2010. The increase was mainly attributed to the higher amount recorded for realised/ unrealised foreign exchange gain, scrap sales and gain on disposal of fixed assets after offsetting the decline in other income and rebate from suppliers.

**(3) FPE 2011 vs FPE 2010**

Our Group's other operating income decreased by 25.50% or RM0.51 million from RM2.0 million in FPE 2010 to RM1.49 million in FPE 2011. The decrease was mainly attributed to the lower amount recorded for realised/ unrealised foreign exchange gain which was partly offset by higher rebate from suppliers.

**8. FINANCIAL INFORMATION (Cont'd)****(h) Interest Income and Finance Costs****(A) Analysis of Interest Income and Finance Costs****(1) Finance Costs**

Our Group's finance costs comprise mainly interest charges for bills payable, hire purchase and bank overdrafts, represented 0.90%, 0.54%, 0.49% and 0.52% of our Group's total revenue for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. The breakdown details are as follows:-

Category	<-----Audited----->			Unaudited	Audited
	FYE 2008 RM'000	FYE 2009 RM'000	FYE 2010 RM'000	FPE 2010 RM'000	FPE 2011 RM'000
Bills payable	896	695	721	537	388
Hire purchase	23	26	62	42	57
Bank overdrafts	207	17	24	9	150
Term loans	63	-	-	-	-
<b>Total</b>	<b>1,189</b>	<b>738</b>	<b>807</b>	<b>588</b>	<b>595</b>
<b>Total as a % of our Group's revenue</b>	<b>0.90</b>	<b>0.54</b>	<b>0.49</b>	<b>0.47</b>	<b>0.52</b>

**(2) Interest Income**

Our Group recorded RM0.09 million, RM0.15 million, RM0.11 million and RM0.06 million as the interest income derived mainly from our fixed deposits interest and overnight repo for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively. These amount represented only 0.07%, 0.11%, 0.07% and 0.05% of our Group's total revenue for the corresponding financial years/ period.

**(B) Commentaries on Interest Income and Finance Costs****(1) FYE 2009 vs FYE 2008****(i) Finance Costs**

Our Group's finance costs decreased by RM0.45 million from RM1.19 million in FYE 2008 to RM0.74 million in FYE 2009. The decrease was mainly due to the reduction in interest incurred on bills payable and bank overdrafts.

**(ii) Interest Income**

Our Group's interest income increased by RM0.06 million from RM0.09 million in FYE 2008 to RM0.15 million in FYE 2009 in line with the higher amount of fixed deposits and overnight repo placed with the financial institutions by our Group in FYE 2009.

**8. FINANCIAL INFORMATION (Cont'd)****(2) FYE 2010 vs FYE 2009****(i) Finance Costs**

Our Group's finance costs increased by RM0.07 million from RM0.74 million in FYE 2009 to RM0.81 million in FYE 2010 mainly due to higher interests incurred on bills payable and hire purchase.

**(ii) Interest Income**

Our Group's interest income decreased by RM0.04 million from RM0.15 million in FYE 2009 to RM0.11 million in FYE 2010 in line with the decrease in our fixed deposits and overnight repo placed with the financial institutions in FYE 2010.

**(3) FPE 2011 vs FPE 2010****(i) Finance Costs**

Our Group's finance costs increased by RM0.01 million from RM0.59 million in FPE 2010 to RM0.60 million in FPE 2011, mainly due to higher interests incurred on bank overdrafts and hire purchase.

**(ii) Interest Income**

Our Group's interest income decreased by RM0.03 million from RM0.09 million in FPE 2010 to RM0.06 million in FPE 2011 in line with the decrease in our overnight repo placed with financial institutions in FPE 2011.

**(i) PBT**

Our Group's PBT for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 was RM13.11 million, RM14.66 million, RM20.33 and RM13.52 million respectively. Accordingly, these amount translated into a PBT margin of 9.95%, 10.75%, 12.42% and 11.86% for the corresponding financial years/period.

**(A) Commentaries on PBT****(1) FYE 2009 vs FYE 2008**

Our Group's PBT increased by 11.82% or RM1.55 million to RM14.66 million in FYE 2009 from RM13.11 million in FYE 2008 in line with the increase in our revenue. The increase was also contributed by the decrease in our finance costs incurred in FYE 2009.

**8. FINANCIAL INFORMATION (Cont'd)****(2) FYE 2010 vs FYE 2009**

Our Group's PBT increased by 38.68% or RM5.67 million to RM20.33 million in FYE 2010 from RM14.66 million in FYE 2009 in line with the increase in our revenue. In addition, the increase was also contributed by the increase in our Group's other operating income in FYE 2010.

**(3) FPE 2011 vs FPE 2010**

Our Group's PBT decreased by 13.05% or RM2.03 million to RM13.52 million in FPE 2011 from RM15.55 million in FPE 2010 in line with the decrease in our revenue. In addition, the decrease was also contributed by the decrease in our Group's other operating income in FPE 2011.

**(j) Tax Expense**

The statutory tax rate for our Group for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 was 26%, 25%, 25% and 25% respectively.

Based on our Group's tax expense of RM2.35 million, RM3.19 million, RM4.71 million and RM3.22 million recorded for FYE 2008, FYE 2009, FYE 2010 and FPE 2011 respectively, our Group's effective tax rate was 17.95%, 21.74%, 23.17% and 23.80% for the corresponding financial years/ period.

**(A) Commentaries on Tax Expenses****(1) FYE 2009 vs FYE 2008**

Our Group's tax expense increased by 35.74% or RM0.84 million to RM3.19 million in FYE 2009 from RM2.35 million in FYE 2008 in line with the increase in our Group's PBT. Our Group's effective tax rate increased by 3.79 percentage points from 17.95% in FYE 2008 to 21.74% in FYE 2009 mainly due to:-

- (i) higher non-deductible items;
- (ii) lower utilisation of tax losses carried forward;
- (iii) exemption of real property gain tax on disposal of freehold land (i.e. investment properties) in FYE 2008;
- (iv) removal of the preferential tax rate entitlement applicable to subsidiaries with share capital of RM2.5 million and below; and
- (v) set-off by adjustments for over provision of prior year taxes.

**8. FINANCIAL INFORMATION (Cont'd)****(2) FYE 2010 vs FYE 2009**

Our Group's tax expense increased by 47.65% or RM1.52 million to RM4.71 million in FYE 2010 from RM3.19 million in FYE 2009 in line with the increase in our Group's PBT. Our Group's effective tax rate increased by 1.43 percentage points from 21.74% in FYE 2009 to 23.17% in FYE 2010 mainly due to:-

- (i) lower utilisation of tax losses carried forward;
- (ii) lower tax incentives arising from utilisation of reinvestment allowances;
- (iii) lower adjustments for over provision of prior year taxes; and
- (iv) set-off by lower non-deductible items.

**(3) FPE 2011 vs FPE 2010**

Our Group's tax expense decreased by 9.55% or RM0.34 million to RM3.22 million in FPE 2011 from RM3.56 million in FPE 2010 in line with the decrease in our Group's PBT. Our Group's effective tax rate increased by 0.93 percentage points from 22.87% in FPE 2010 to 23.80% in FPE 2011 mainly due to lower tax incentives arising from utilisation of reinvestment allowances.

**(k) PAT**

Our Group recorded a PAT of RM10.76 million, RM11.47 million and RM15.62 million for FYE 2008, FYE 2009 and FYE 2010 respectively in line with the increase in our revenue and PBT after deducting the tax expense incurred for the respective financial years. For FPE 2011, PAT has decreased in tandem with the decrease in our revenue and PBT.

**(A) Commentaries on PAT****(1) FYE 2009 vs FYE 2008**

Our Group's PAT increased by 8.60% or RM0.71 million to RM11.47 million in FYE 2009 from RM10.76 million in FYE 2008 in line with the increase in our Group's PBT.

**(2) FYE 2010 vs FYE 2009**

Our Group's PAT increased by 36.18% or RM4.15 million to RM15.62 million in FYE 2010 from RM11.47 million in FYE 2009 in line with the increase in our Group's PBT.

**(3) FPE 2011 vs FPE 2010**

Our Group's PAT decreased by 14.08% or RM1.69 million to RM10.31 million in FPE 2011 from RM12.0 million in FPE 2010 in line with the decrease in our Group's revenue and PBT.

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

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**8.4.2 Significant Factors Materially Affecting Our Group's Net Revenue and Profits**

Our results of operations may be affected by a number of factors, the most significant of which are described below:-

**(a) Demand and Supply Conditions**

Our Group's revenue and profit are dependent on the demand and supply conditions as set out in Section 10 of this Prospectus.

**(b) Competition**

Our Group operates in a competitive industry. Please refer to Section 10 of this Prospectus for further discussion on the impact of competition on our Group.

Nevertheless, with our proven track record in the industry, the continued support of our customers and our continuous emphasis on R&D, our Directors are of the opinion that we are competent and well positioned to withstand future competition and to secure future projects from our existing and potential customers.

**(c) Growth of the User Industries**

The financial performance of our Marketing and Distribution segment is largely dependent on the growth in the machinery and equipment industry, E&E industry and lighting industry whereas our Manufacturing and Services segments are dependent on the growth of the building and construction industries, particularly the commercial buildings and high-rise building sectors as well as the infrastructure industry. The growth and sustainability of our user industries are in turn dependent on several factors such as the general economic conditions.

In this respect, we believe that the various economic transformation programmes initiated by the Government recently will benefit our main user industries, particularly the building, construction and infrastructure industries. This will in turn provide more business opportunities for our Group's future growth.

**(d) Uncontrollable and Unforeseen Delays in Construction**

Elevators, electrical systems and other building infrastructure form only a part of a development project. As such, timely completion of the actual construction of the development is crucial to the completion of our projects. However, the completion of development projects are dependent on many unpredictable external factors, which may be beyond the control of our Group, including unfavourable economic conditions and satisfactory performance of other contractors who are appointed to complete the development project. Any delay in the completion of development projects would likely affect the delivery of our products.

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

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**(e) Product Mix**

Our revenue and gross margins are substantially affected by our product mix.

Historically, the total quantum of revenue from the Marketing and Distribution and Manufacturing segments are significantly higher than our Services segment as these segments have higher sales volume and command higher selling prices. However, the Services segment, particularly the maintenance of Elevator systems commands higher gross margin in comparison to the other two (2) segments. The revenue stream for the maintenance of Elevator systems under the Services segment is dependent on the Manufacturing segment, particularly the manufacturing of Elevator systems. Therefore, the growth in the manufacturing of Elevator systems will create new opportunities for us to expand our Services segment on the maintenance of Elevator systems.

In this regard, our Group intends to increase our focus in growing both the manufacturing of Elevator systems, particularly our own brand Elevator systems as well as the maintenance of Elevator systems under the Services segment.

**(f) Fluctuation in Foreign Exchange Rate and Commodity Price**

Please refer to Section 8.4.4 of this Prospectus for further disclosure on fluctuation in foreign exchange rate and commodity price and how it impacts on the financial performance of our Group.

**8.4.3 Material Changes in Sales or Revenue**

A discussion on the reasons of material changes in our revenue for the past three (3) FYE 2008 to FYE 2010 and FPE 2011 is as set out in Section 8.4.1 of this Prospectus.

**8.4.4 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Our Group's Operations**

The functional and reporting currency of our Group is RM.

Our customers are primarily contained within the South East Asia region, namely Malaysia, Singapore and Thailand although a small proportion of our revenue is generated from other overseas markets. Our sales are mainly denominated in RM, SGD, Thai Baht, USD and CHF. Payments to our suppliers are mainly made in RM, SGD, Japanese Yen, USD, Euro and CHF. We maintain foreign currency bank accounts in the SGD, USD and CHF currencies to support our business operations. In addition, we also maintain foreign currency bank account in VND to support the activities of our representative office in Vietnam. As at the LPD, our Group have been granted a total of RM48.10 million foreign exchange contract lines by various financial institutions which we have utilised RM1.38 million.

For foreign revenue sources and payment of creditors, we would either hedge the transaction forward with banks providing foreign exchange hedging facilities or by natural hedging, whereby we will use our proceeds in a particular foreign currency to pay for purchases in the same foreign currency. By hedging forward or natural hedging, we minimise our foreign exchange exposure risk. In addition, our management monitors closely the movement of the foreign currencies applicable to our business in managing the foreign currency risk.

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

The price of our raw materials such as copper is, to a certain extent, dependent on the commodity market. As such, we may place advance bookings and purchase forward on expectations of increases in commodity prices. Nevertheless, we are able to pass on the increased cost to our customers in most instances. In addition, our management monitors closely the movement of the prices of raw materials to minimise the adverse impact that may be caused by the fluctuation in commodity prices. We have also put in place certain hedging strategies by entering into future contracts for copper. When we enter into futures contract for copper, we will also determine whether there is a need to hedge the foreign currency involved either with banks or to allow for natural hedging.

Save for the above, there were no other material impacts of fluctuation of foreign currency, interest rates or commodity prices on our Group's operating profit in the financial years/ periods under review.

**8.4.5 Impact of Inflation on Our Group's Operations**

There was no material impact of inflation on our historical profit for the past three (3) FYE 2008 to FYE 2010 and FPE 2011.

**8.4.6 Impact of Government, Economic, Fiscal or Monetary Policies on Our Group's Operations**

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, is as set out in Section 3 of this Prospectus.

There were no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 2008 to FYE 2010 and FPE 2011.

**8.4.7 Liquidity and Capital Resources****(a) Working Capital**

Our business operations are funded through a combination of internal sources of cash generated via sales from our principal business activities and external sources of funds. Our external sources of financing are primarily from bank borrowings through bill payables, hire purchases and bank overdrafts.

As at 30 September 2011, after incorporating the effects of our Listing Scheme, our Group has a proforma total current assets of RM105.89 million and current liabilities of RM41.07 million, which amounted to RM64.82 million of net working capital. Net working capital is defined as the difference between current assets and current liabilities.

As at 30 September 2011, after incorporating the effects of the Listing Scheme, our Group has a proforma cash and cash equivalents of RM12.74 million and total borrowings amount to RM12.17 million. Our Group's debt to equity ratio as at 30 September 2011 is 0.14 times.

Our Directors are of the opinion that, after taking into account of our Group's current cash flow position, the banking facilities available, our Group's capacity to obtain further institutional financing and the net proceeds from the Public Issue, our Group will have adequate working capital for a period of twelve (12) months from the date of issue of this Prospectus.



**8. FINANCIAL INFORMATION (Cont'd)****(b) Cash Flows**

A summary of our Group's consolidated and proforma cash flow for FPE 2011, which should be read in conjunction with the Accountants' Report as set out in Section 9 of this Prospectus, is as follows:-

Cash Flow	Consolidated	Proforma Consolidated
	(I) As at 30.09.2011 (RM'000)	After (I) and Adjusting for IPO and Utilisation of Proceeds (RM'000)
Net cash from operating activities	3,160	3,160
Net cash used in investing activities	(2,749)	(17,624)
Net cash (used)/ from financing activities	(10,817)	3,863
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,406)</b>	<b>(10,601)</b>
FOREIGN CURRENCY TRANSLATION DIFFERENCES	157	157
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	16,332	16,332
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	6,083	5,888

There are no legal or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends. However, some of our bankers require us to seek their prior approval for dividend payments. We do not expect such approval to be unreasonably withheld by our bankers. Therefore, we are confident that we can reasonably meet our cash obligations, i.e. for working capital requirements and repayment of bank borrowings, as and when they are due.

**(i) Net Cash from Operating Activities**

For FPE 2011, our Group generated operating cash flows before working capital changes of RM15.68 million. After adjusting for net outflow of RM8.09 from working capital changes, income tax paid of RM3.95 million, interest paid of RM0.54 million and interest received of RM0.06 million, we generated net cash from operating activities of RM3.16 million. Our working capital changes arose mainly from the increase in inventories of RM0.24 million, increase in trade and other receivables of RM8.66 million and increase in trade and other payables of RM0.81 million.

**(ii) Net Cash Used in Investing Activities**

For FPE 2011, our Group's net cash used in investing activities amounted to RM2.75 million due to purchase of plant and equipment amounting to RM2.33 million and an increase in development costs of RM0.42 million.

**8. FINANCIAL INFORMATION (Cont'd)****(iii) Net Cash Used in Financing Activities**

For FPE 2011, our Group's net cash used in financing activities amounted to RM10.82 million due to the payment of dividends amounting to RM3.52 million declared in FYE 2010, payment of hire purchase and interest amounting to RM0.36 million and the repayment of loans and borrowings of RM6.94 million.

**(c) Borrowings**

As at the LPD, our Group had total outstanding borrowings of RM21.52 million, details of which are set out below:-

	<b>Amount (RM'000)</b>
<b><u>Interest-bearing short term borrowings</u></b>	
Bills payable	14,926
Hire purchase	423
Bank overdraft	4,145
<b>Total short term borrowings</b>	<b>19,494</b>
<b><u>Interest bearing long term borrowings</u></b>	
Term loan	1,442
Hire purchase	585
<b>Total long term borrowings</b>	<b>2,027</b>
<b>Total interest-bearing borrowings</b>	<b>21,521</b>
Gearing ratio as at the LPD (times) <sup>(1)</sup>	0.29
Gearing ratio after IPO and utilisation of proceeds (times) <sup>(2)</sup>	0.24

Notes:-

(1) Based on total interest-bearing borrowings divided by shareholders' funds as at 30 September 2011 of RM74.62 million (excluding non-controlling interest).

(2) Based on total interest-bearing borrowings divided by proforma shareholders' fund as at 30 September 2011 of RM89.30 million (excluding non-controlling interest) upon completion of the IPO and utilisation of proceeds.

There has been no default or any known events that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of our Group throughout the past three (3) FYE 2008 to FYE 2010 and FPE 2011 and the subsequent financial period up to the LPD which our Directors are aware of.

**(d) Breach of Terms and Conditions/ Covenants Associated with Credit Arrangement/ Bank Loan**

To the best of our Directors' knowledge, as at LPD, neither we nor any of our subsidiaries are in breach of any terms and conditions or 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.

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

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**(e) Financial Instruments Used**

As at the LPD, we have credit lines for foreign exchange forward contracts with a few financial institutions amounting to RM48.10 million, which we have utilised RM1.38 million. The foreign exchange forward contracts credit lines is to facilitate our Group in mitigating the effects of fluctuation in foreign currency. Our management can readily utilise such forward contracts to hedge the fluctuation in exchange rates of the relevant foreign currencies, after taking into account the exposure period and the related transaction costs.

**(f) Treasury Policies and Objectives**

We have been financing our operations through a combination of cash generated from our operations, shareholders' funds and external sources of funds. Our external sources of funds mainly comprise bank borrowings and credit extended to us by our suppliers. The normal credit term granted by our suppliers ranges from 30 to 90 days as detailed in Sections 8.4.7(j)(ii) of this Prospectus. Further details of our borrowings are as set out in Section 8.4.7(c) of this Prospectus.

Our Group's decision to either utilise banking facilities or internally generated funds for our operations depends on *inter alia*, our cash reserve, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure requirements and the interest rates of the banking facilities.

Our minimum cash reserves at any point in time is dependent on, *inter alia*, the expected cash inflows or receipts from customers, liquidity of our short-term investments and our future working capital requirements.

Further information on our Group's foreign exchange exposure, impact and mitigating factors are as set out in Section 8.4.4 of this Prospectus.

**(g) Material Commitment**

As at the LPD, save for the expansion and improvement of manufacturing and business facilities and expansion in R&D (as detailed in Section 2.7(a) and 2.7(b) respectively of this Prospectus), our Group does not have any material capital commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of our Group.

**(h) Material Litigation/ Arbitration**

As at the LPD, neither our Company nor our subsidiaries are engaged in any material litigation or arbitration, either as plaintiff or defendant, which has a material effect on our financial position or business and our Directors do not know of any proceeding pending and threatened, and of any fact likely to give rise to any proceeding which might materially and adversely affect our business and financial position.

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**8. FINANCIAL INFORMATION (Cont'd)****(i) Contingent Liabilities**

Save as disclosed below, as at the LPD, the Directors of our Group are not aware of any material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on the financial position of our Group:-

Contingent Liabilities	Amount (RM'000)
Guarantees granted to third parties for performance of contract by subsidiaries	4,300

**(j) Key Financial Ratios**

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

	<----- Audited ----->			Unaudited	Audited
	FYE 2008	FYE 2009	FYE 2010	FPE 2010	FPE 2011
Trade receivables turnover (months) <sup>(1) (2)</sup>	3.18	3.05	2.57	2.25	3.04
Trade payables turnover (months) <sup>(2)</sup>	1.20	1.79	1.45	2.08	2.01
Inventory turnover (months) <sup>(1)</sup>	3.16	3.41	2.92	3.01	3.26
Current ratio (times)	2.00	1.90	2.24	2.22	2.58
Gearing ratio (times)	0.35	0.24	0.23	0.19	0.16

Notes:-

(1) As at statement of financial position dates.

(2) Calculated after adjustments to exclude retention sums that were withheld by our customers for on-going and completed projects and amount due from customers on contracts which represent progress billings in excess of construction work in progress.

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**8. FINANCIAL INFORMATION (Cont'd)****(i) Trade Receivables**

Our Group's trade receivables balance (excluding inter-company trade receivables) as at 30 September 2011 and the ageing analysis thereon are as follows:-

	Within Normal Credit Periods					Exceeding Normal Credit Periods	Total (RM'000)
	0-30 Days (RM'000)	30-60 Days (RM'000)	60-90 Days (RM'000)	90-120 Days (RM'000)	120-150 Days (RM'000)	> 150 Days (RM'000)	
Trade receivables	9,347	7,183	7,572	3,807	2,307	7,138	37,354
Progress billing receivables <sup>(1)</sup>	2,187	273	186	1,004	53	3,664	7,367
Less : provision for doubtful debts	-	-	-	-	-	<sup>(2)</sup> (6,150)	<sup>(2)</sup> (6,150)
Net trade receivables <sup>(1)</sup>	11,534	7,456	7,758	4,811	2,360	4,652	38,571
% of Group trade receivables <sup>(1)</sup>	29.90	19.33	20.12	12.47	6.12	12.06	100.00

Notes:-

- (1) Calculated after adjustments to exclude retention sums that were withheld by our customers for on-going and completed projects, and amount due from customers on contracts which represent progress billings in excess of construction work in progress amounting to RM3,279,000.
- (2) Consists of the provision for trade receivables (RM4.0 million) and provision for progress billing receivables (RM2.15 million) of which the breakdown details on the specific provision and general provision are as follows:-

	Specific Allowance* (RM'000)	General Allowance* (RM'000)	Total (RM'000)
Trade receivables	1,377	2,626	4,003
Progress billing receivables	869	1,278	2,147
<b>Total</b>	<b>2,246</b>	<b>3,904</b>	<b>6,150</b>

\* Disclosed as Individual Impairment and Collective Impairment in the Financial Statements.

Typically, the credit term given to our trade debtors for Marketing and Distribution segment and Manufacturing segment are up to 150 days. This is in line with the credit terms acceptable in the property and electrical industry respectively.

Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, inter-alia, the background and credit-worthiness of the customers, payment history of the customers and our relationship with the customers.

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

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Overall, our Group's trade receivables turnover has improved over the past three (3) FYE 2008 to FYE 2010. Our Group trade receivables' turnover period improved from 3.18 months in FYE 2008 to 3.05 months FYE 2009. The trend continued in FYE 2010, where our Group trade receivables further improved to 2.57 months.

The overall improvement in trade receivables turnover for the past three (3) FYE 2008 to FYE 2010 is mainly due to our management's initiatives to adopt a proactive credit control policy in taking reasonable steps to ensure that proper actions have been taken in relation to customers who exceeded our credit terms, resulting in better collection of trade receivables. In addition, our management gives discounts to encourage early payments by customers.

However, for FPE 2011 our trade receivables turnover has increased to 3.04 months as compared to 2.25 months for FPE 2010 despite our proactive credit control policy. This was mainly due to higher progress billings for Elevator System as more jobs were certified during the last quarter of the FPE 2011, a normal operational cycle for our nature of business involving projects. Besides that, our trade receivables have also increased due to the increased in sales of other E&E components and equipment during the last two months of the period as a result of higher sales of Ballast.

Our Directors are of the opinion that trade receivables exceeding credit period (net of provision for doubtful debts) are recoverable after taking into consideration the long term relationship between most of these customers and our Group, and various credit control measures being implemented by us to minimise customers default.

As at the LPD, RM2.88 million out of the trade receivables exceeding 150 days of RM3.13 million have been collected. In addition, RM0.66 million out of the progress billing receivables exceeding 150 days of RM1.52 million have been collected. The remaining balances exceeding 150 days under both categories have been fully provided as doubtful debt.

Our Group has two (2) types of allowance for doubtful debts as follows:-

- (a) Specific allowance for doubtful debts which is established for specific potentially uncollectible balances that have been identified by our management. For example, we may make provision for specific customers that have filed for winding up or bankruptcy and customers with overdue payment exceeding 12 months and/or those that have been served with demand letters by our Group; and
- (b) General allowance for doubtful debts where a provision of 50% and 100% for trade receivables with overdue payment exceeding 6 months and 12 months respectively.

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**8. FINANCIAL INFORMATION (Cont'd)****(ii) Trade Payables**

Our Group's trade payables balance (excluding inter-company trade payables) as at 30 September 2011 and the aging analysis thereon are as follows:-

	Within Normal Credit Periods			Exceeding Normal Credit Periods			Total (RM'000)
	0-30 Days (RM'000)	30-60 Days (RM'000)	60-90 Days (RM'000)	90-120 Days (RM'000)	120-150 Days (RM'000)	> 150 Days (RM'000)	
Trade payables	9,051	5,224	1,219	473	914	1,094	17,975
% of Group trade payables	50.35	29.06	6.78	2.63	5.09	6.09	100.00

The Group's normal credit terms granted to us by our trade suppliers ranges from 30 to 90 days.

For the past three (3) FYE 2008 to FYE 2010 and FPE 2011, our Group recorded trade payables turnover period ranging between 1.20 months to 2.01 months. Our trade payables turnover increased from 1.20 months in FYE 2008 to 1.79 months in FYE 2009 largely due to higher trade purchases from our suppliers in the last quarter of FYE 2009 to meet the higher customers' orders in subsequent months. For FYE 2010, our trade payables turnover reduced to 1.45 months.

Our trade payables turnover for FPE 2011 increased to 2.01 months as compared to 1.45 months in FYE 2010 mainly due to higher purchases for E&E components during the last two (2) months of the period in anticipation of the higher sales demand.

A substantial portion of our Group's purchases are from overseas which are based on letters of credit.

As at the LPD, RM0.15 million or 14.11% of the trade payables balance exceeding 150 days have been paid. The remaining balances outstanding are mainly attributed to monies held for subcontracted work for projects and services that are yet to be fully completed and signed off. The amount owed to these subcontractors will be retained pending the completion of the project and/or defects liability period.

As at the LPD, we are not aware of any actions, legal or otherwise, that have been taken against us by trade suppliers for the recovery of debts due to them or due to any defaults in payment.

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

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**(iii) Inventory Turnover**

It is our Group's policy to maintain approximately three (3) months inventory level to support our business operations. Our inventory mainly consists of the following:-

- Raw materials such as aluminium bars, copper bars and wires, and steel plates for our Busduct and Ballast manufacturing operations;
- Equipment and parts for the manufacture of Elevators such as stainless steel car cages, motors and other Elevator components;
- Work-in-progress comprising mainly of the material costs incurred for on-going jobs; and
- Stock of finished goods mainly comprising the various E&E components that we market and distribute.

Overall, our inventory turnover period increased from 3.16 months in FYE 2008 to 3.41 in FYE 2009 as we stocked up more goods in anticipation of an overall increase in demand for our Group's products following the improved economy at the end of FYE 2009. For FYE 2010, our inventory turnover period reduced to 2.92 months in tandem with the trade payables turnover period as purchases were spread-out throughout the year resulting in no major increase in the year end inventories.

For FPE 2011, our inventory turnover increased to 3.26 months as compared to 2.92 months for FYE 2010 as our sales for the FPE 2011 was lower although our Group has maintained relatively the same reorder level of inventory.

In line with our business, our Group stocks a wide range of goods and materials as part of our inventory based on a forward forecast of total secured projects and orders received. Nevertheless, we have in place effective inventory monitoring policies to identify and write off slow-moving or obsolete inventories. As at the LPD, we are of the view that there are no material slow-moving or obsolete inventories which have not been accounted for.

**(iv) Current Ratio**

Our current ratio decreased slightly from 2.0 times in FYE 2008 to 1.90 times in FYE 2009 mainly due to the dividend payable and the increase in trade and other payables as a result of higher purchases during the year.

Our current ratio increased from 1.90 times in FYE 2009 to 2.24 times in FYE 2010 mainly due to higher trade and other receivables which were off-set by the reduction in the dividend payable and lower trade and other payables.

Our current ratio increased to 2.58 times in FPE 2011 compared to 2.24 times in FYE 2010 mainly due to higher trade and other receivables as well as repayment of loans and borrowings.



**8. FINANCIAL INFORMATION (Cont'd)****(v) Gearing Ratio**

Our gearing ratio decreased from 0.35 times in FYE 2008 to 0.24 times in FYE 2009 mainly due to repayment of term loan.

Our gearing ratio decreased from 0.24 times in FYE 2009 to 0.23 times in FYE 2010 mainly due to improvement in our Group's shareholders' fund (supported by our Group's improved equity position) and lower utilisation of trade facilities.

Our gearing ratio improved from 0.23 times in FYE 2010 to 0.16 times in FPE 2011 mainly due to repayment of short term loans.

**8.4.8 Trend Information****(a) Business and Financial Prospects**

As at the LPD, to the best of our Directors' knowledge and belief, our conditions and operations have not been and are not expected to be affected by any of the following:-

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section, Section 3 and Section 4 of this Prospectus;
- (ii) material commitment for capital expenditure, save as disclosed in Section 8.4.7(g) 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 in Section 3 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits save for those that have been disclosed in this section, industry overview as set out in Section 10 of this Prospectus and future plans, strategies and prospects as set out in Section 4.19 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 3 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in Section 3 and Section 4 of this Prospectus.

The Board is optimistic about the future prospect of our Group given the favourable outlook as set out in Section 10 of this Prospectus, our competitive advantages and key strengths set out in Section 4.18 of this Prospectus and our Group's dedication to implement the future plans and strategies set out in Section 4.19 of this Prospectus.

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

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**(b) Order Book**

As at the LPD, our order book amounted to approximately RM98.99 million for the manufacture of Elevator Systems (RM79.46 million) and Busduct Systems (RM9.22 million) as well as the provision of electrical and security system solutions segment (RM10.31 million). As the revenue from our projects are recognised based on the percentage-of-completion method, our outstanding contracts on hand excludes the value of completed works in respect of on-going projects which have been recognised as revenue.

Our orders in hand are however, subject to cancellation, deferral or rescheduling by our customers. Accordingly, our order book as at any particular date cannot be indicative of our revenue for any succeeding period.

**8.5 DIVIDEND POLICY**

Subject to factors outlined below, moving forward, it will be the policy of our Directors to recommend a distribution of up to 30% of our Group's annual PAT to the equity holders of our Company. This will allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Our Directors will also take into consideration, amongst others, of the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:-

- (a) Our expected profitability;
- (b) The availability of profits for the franking of dividends;
- (c) Our required and expected return on equity;
- (d) Our projected levels of capital expenditure and other investment plans;
- (e) The prevailing interest rates and yields of the financial market; and
- (f) The level of our cash and indebtedness, if any.

Any declaration and payment of dividends in the future will be at the discretion of the Board. There is no assurance on whether the dividend distributions will occur as intended, the amount of dividend payment or timing of such payments.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

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## 9. ACCOUNTANTS' REPORT

*(Prepared for inclusion in the Prospectus)*



**KPMG (Firm No. AF 0758)**  
Chartered Accountants  
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8, First Avenue, Bandar Utama  
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Internet [www.kpmg.com.my](http://www.kpmg.com.my)

The Board of Directors  
EITA Resources Berhad  
Third Floor, No. 79 (Room A)  
Jalan SS 21/60, Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

12 March 2012

Dear Sirs

## Accountants' Report

### 1 Introduction

This report has been compiled by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of EITA Resources Berhad (hereinafter known as "EITA" or "the Company") issued for Prospectus in connection with the listing and quotation of the entire enlarged issued and paid up share capital of EITA on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and should not be relied upon for any other purposes.

### 2 General information

#### 2.1 Background

EITA was incorporated in Malaysia under the Companies Act, 1965 as a private limited liability company on 19 August 1996 under the name of Pacific Astro Sdn. Bhd.. On 27 November 1996, EITA changed its name to EITA Power & Automation Sdn. Bhd. and subsequently, to EITA Holdings Sdn. Bhd. on 2 April 1997. On 9 October 2009, its name was changed to EITA Resources Sdn. Bhd.. EITA changed its status from a private limited liability company into a public limited liability company on 11 January 2010 and since then, assumed the name of EITA Resources Berhad.

EITA is principally engaged in investment holding, provision of management services and procurement of contracts including assisting in procurement of contracts. The principal activities of EITA's subsidiaries are disclosed in paragraph 4 of this Accountants' Report. EITA is domiciled in Malaysia and the address of its principal place of business is as follows:

Lot 4, Block A  
Jalan SS13/7  
Subang Jaya Industrial Estate  
47500 Subang Jaya  
Selangor Darul Ehsan

## 9. ACCOUNTANTS' REPORT (Cont'd)



*EITA Resources Berhad*  
 Accountants' Report  
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## 2 General information (continued)

## 2.2 Share capital

At the date of incorporation, EITA's authorised share capital was RM100,000 consisting of 100,000 ordinary shares of RM1.00 each. At that date, EITA's issued and paid-up share capital was RM2 consisting of 2 ordinary shares of RM1.00 each.

Subsequent to the date of incorporation, on 16 September 1996, the authorised share capital of EITA was increased to 5 million ordinary shares of RM1.00 each and to 10 million ordinary shares of RM1.00 each on 18 November 1996. On 2 May 1998, it was increased to 25 million ordinary shares of RM1.00 each. On 15 December 2009, EITA increased its authorised share capital to 500 million ordinary shares of RM1.00 each and subsequently, on 16 December 2009, the authorised share capital of EITA was subdivided into 1,000 million ordinary shares of RM0.50 each. On 29 September 2011, EITA capitalised RM1,781,717 from the share premium account and RM39,020,354 from the retained profits as at 31 August 2011 to issue and allot 81,604,142 new ordinary shares of RM0.50 each ("Bonus Shares") to the Members whose names appear in the Register of Members as at 15 September 2011.

The movements of the issued and fully paid-up share capital of EITA since its date of incorporation are as follows:

Date	Number of ordinary shares issued	Par value per ordinary share RM	Purpose of share issuance	Issued and fully paid-up share capital (cumulative) RM
19 August 1996	2	1.00	Subscribers' shares	2
17 December 1996	5,999,998	1.00	For working capital purposes	6,000,000
6 November 1997	4,000,000	1.00	For working capital purposes	10,000,000
2 May 1998	1,000,000	1.00	For working capital purposes	11,000,000
31 July 2000	293,100	1.00	For working capital purposes	11,293,100
1 August 2002	1,404,829	1.00	Subscription of shares in EITA Power System Sdn. Bhd., EITA Electric Sdn. Bhd., EITA Elevator (Malaysia) Sdn. Bhd., and EITA Power & Automation (Penang) Sdn. Bhd.*	12,697,929
16 December 2009	25,395,858	0.50	Share split of RM1.00 each into shares of RM0.50 each	12,697,929
29 September 2011	81,604,142	0.50	Capitalisation of RM1,781,717 from share premium account and RM39,020,354 from retained profits to issue and allot shares to the Members ("Bonus Issue")	53,500,000

**9. ACCOUNTANTS' REPORT (Cont'd)**

*EITA Resources Berhad*  
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**2 General information (continued)****2.2 Share capital (continued)**

\* EITA Power & Automation (Penang) Sdn. Bhd. was struck off in February 2010 and is not part of the EITA and its subsidiaries ("EITA Group" or "the Group") structure as of the date of this report.

**3 Listing Scheme**

In conjunction with the listing of and quotation for the entire issued and paid-up share capital of EITA on the Main Market of Bursa Securities ("Listing"), EITA undertook the listing scheme as set out below:

**3.1 Initial Public Offering ("IPO")**

The IPO involves:

(i) Public issue of 23,000,000 new EITA Shares ("Public Issue Shares") at an issue price of RM0.76 per ordinary share. The Public Issue is to be allocated and allotted in the following manner:-

**(a) Malaysian Public Via Balloting**

6,500,000 Public Issue Shares, representing 5.00% of the enlarged issued and paid-up share capital of EITA, to be allocated via balloting will be made available for application by the Malaysian public whereby 50.00% will be set aside for Bumiputera individuals, companies, societies, co-operatives and institutions.

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

3,500,000 Public Issue Shares representing approximately 2.69% of the enlarged issued and paid-up share capital of EITA will be made available for application by the eligible Directors, employees and business associates of EITA Group.

**(c) Private Placement**

13,000,000 Public Issue Shares representing approximately 10.00% of EITA's enlarged issued and paid-up share capital, by way of private placement to selected investors.

(ii) Offer for sale of 17,000,000 EITA Shares ("Offer Shares") at the offer price of RM0.76 per ordinary share, representing approximately 13.08% of the enlarged issued and paid-up share capital of EITA, payable in full up on application, by way of private placement to selected investors.

**(a) Private Placement**

4,000,000 Offer Shares, representing 3.08% of the enlarged issued and paid-up share capital, by way of private placement to selected investors.

**9. ACCOUNTANTS' REPORT (Cont'd)**

*EITA Resources Berhad*  
*Accountants' Report*  
 12 March 2012

**3 Listing Scheme (continued)****3.1 Initial Public Offering ("IPO") (continued)****(b) Bumiputera Investors**

13,000,000 Offer Shares representing approximately 10.00% of EITA's enlarged issued and paid-up share capital, by way of private placement to Bumiputera Investors approved by the Ministry of International Trade and Industry.

**3.2 Listing and Quotation**

Following the IPO, EITA has sought the approval of Bursa Securities the admission of its shares into the Official List, and the listing of and quotation for the Company's entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities.

**4 Information on subsidiaries**

EITA's subsidiaries are incorporated in Malaysia as private limited liability companies under the Companies Act, 1965 and domiciled in Malaysia except for EITA Technologies Pte. Ltd., which is incorporated and domiciled in Singapore. The subsidiaries of EITA as at the date of this report and their principal activities are as follows:

Name of subsidiary	Date of incorporation	Equity ownership interest %	-----Share capital----->		Principal activities
			Authorised RM	Issued and fully paid-up RM	
Furutec Electrical Sdn. Bhd. ("Furutec Electrical")	12 April 1980	100.0	5,000,000	4,000,000	Design and manufacture of Busduct systems and manufacture of metal fabricated products.
EITA Power System Sdn. Bhd. ("EITA Power System")	22 October 1993	100.0	5,000,000	1,000,000	Marketing and distribution of electrical & electronic components and equipment and provision of electrical and security system solutions.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 4 Information on subsidiaries (continued)

Name of subsidiary	Date of incorporation	Equity ownership interest %	<-----Share capital----->		Principal activities
			Authorised RM	Issued and fully paid-up RM	
EITA Technologies (Malaysia) Sdn. Bhd. ("EITA Technologies Malaysia")	11 April 1995	100.0	10,000,000	6,000,000	Manufacture of electrical & electronic components and equipment, and marketing and distribution of fire resistant cables.
EITA Electric Sdn. Bhd. ("EITA Electric")	12 August 1996	100.0	1,000,000	1,000,000	Marketing and distribution of electrical & electronic components and equipment.
EITA Contrologic Sdn. Bhd. ("EITA Contrologic")	9 October 1996	100.0	1,000,000	1,000,000	Dormant (in the process of being liquidated).
Schneider Research & Development Centre Sdn. Bhd. ("Schneider R&D")	12 April 1997	100.0	100,000	2	Research and development of elevator systems.
EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator")	9 September 1998	100.0	5,000,000	2,500,000	Design, installation and maintenance of elevator systems.
EITA-Schneider (MFG) Sdn. Bhd. ("EITA-Schneider")	19 May 2000	100.0	1,000,000	1,000,000	Manufacture of elevator systems.
EITA Technologies Pte. Ltd. ("EITA Technologies Singapore") #	20 September 2001	90.0	- *	696,210	Marketing and distribution of electrical and electronic components and equipment.

## 9. ACCOUNTANTS' REPORT (Cont'd)



EITA Resources Berhad  
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## 4 Information on subsidiaries (continued)

Name of subsidiary	Date of incorporation	Equity ownership interest %	←---Share capital---→		Principal activities
			Authorised RM	Issued and fully paid-up RM	
Schneider Control & Drive Systems (M) Sdn. Bhd. ("Schneider Systems")	11 October 2002	51.0	500,000	300,000	Marketing and distribution of elevator parts.

# Not audited by member firm of KPMG International.

\* The requirement of authorised share capital for EITA Technologies Singapore has been abolished with effective from January 2006 under Singapore Companies (Amendment) Act 2005.

The addresses of the principal place of business of the subsidiaries are as follows:-

Subsidiaries other than EITA Technologies Malaysia, Furutec Electrical and EITA Technologies Singapore

Lot 4, Block A  
Jalan 13/7  
Subang Jaya Industrial Estate  
47500 Subang Jaya  
Selangor Darul Ehsan

EITA Technologies Malaysia

Lot 2135A  
Off Jalan Welfare  
Kampung Baru Sungai Buloh  
47000 Sungai Buloh  
Selangor Darul Ehsan

Furutec Electrical

Plot 89, Lorong Perindustrian Bukit Minyak 11  
Kawasan Perindustrian Bukit Minyak, MK13  
14100 Seberang Perai Tengah  
Pulau Pinang

EITA Technologies Singapore

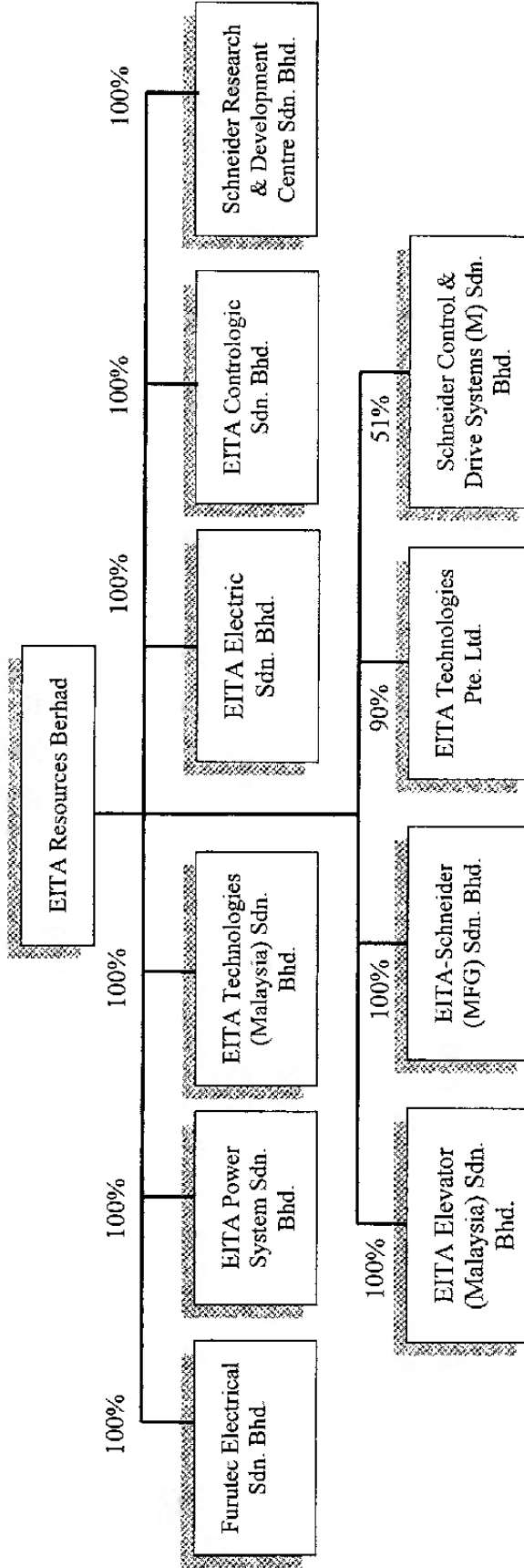
No. 49, Jalan Pemimpin #04-12  
APS Industrial Building  
Singapore 577203





**4.1 Group structure**

The EITA Group structure as at the date of this report is as follows:



**9. ACCOUNTANTS' REPORT (Cont'd)**

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**5 Financial statements and auditors**

The financial year end of EITA Group is 31 December.

The financial statements of all companies in the EITA Group were audited by KPMG for all the relevant financial years under review except for:-

- i) EITA Technologies Pte. Ltd. which was audited by another firm of chartered accountants. The auditors for EITA Technologies Pte. Ltd. is Messrs Ken Wong & Co. for all the relevant financial years under review; and
- ii) Furutec Electrical Sdn. Bhd. which was acquired by EITA in the financial year ended 31 December 2008. The auditors for Furutec Electrical Sdn. Bhd. were Messrs William C.H. Tan & Associates for the financial year ended 31 December 2008 and Messrs R.K. & Associates for the financial year ended 31 December 2009. Messrs KPMG were appointed as the auditors for the financial year ended 31 December 2010 and for the period ended 30 September 2011.

The auditors' reports of all companies in the EITA Group for all the relevant financial years under review and for the financial period ended 30 September 2011 were not subject to any modification or qualification. The audit reports of EITA Group for the financial years ended 31 December 2008, 31 December 2009, 31 December 2010, and for the financial period ended 30 September 2011 are included as Appendices 1, 2, 3, and 4 respectively to the Accountants' Report.

No audited financial statements of any companies in the EITA Group nor consolidated financial statements were prepared and issued after the financial period ended 30 September 2011.

**5.1 Dividends**

The dividends declared and paid by EITA in respect of the relevant years are as follows:

	←----- Audited -----→			
	Financial years ended 31 December			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Dividends – interim	<u>676</u>	<u>7,886</u>	<u>3,517</u>	<u>-</u>

No final dividends were declared and paid in the relevant years/period.



## **6 Basis of preparation of consolidated financial information**

The financial information of EITA Group presented in this Report has been compiled from the audited consolidated financial statements of EITA Group for the financial years/period ended 31 December 2008, 31 December 2009, 31 December 2010 and 30 September 2011, which have been reported on by us without qualification to the shareholders, for the purposes of inclusion in the Prospectus and for no other purpose.

The consolidated financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity and statements of cash flows together with the notes thereon are the responsibility of EITA and its Directors. EITA Group first adopted Financial Reporting Standards ("FRS") during the financial year ended 31 December 2008. Relevant prior year adjustments arising from the adoption of FRS have been made.

### **6.1 Use of estimates and judgements**

The preparation of financial statements in conformity with FRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than the following:

- Measurement of the recoverable amounts of cash-generating units on the intangible assets
- Recognition of unutilised tax losses and capital allowances in the computation of deferred taxation
- Valuation of receivables

### **6.2 Accounting policies and standards**

The accounting policies adopted in the preparation of the consolidated financial information presented in this Report are set out in paragraph 8 and are consistent with the accounting policies adopted by the EITA Group in their latest audited financial statements.

There were no changes in accounting policies adopted by EITA Group throughout the financial years/period under review. There were also no accounting policies which were peculiar to EITA Group due to the nature of the businesses or industry it is involved in, which would affect the determination of the EITA Group's income or financial position.



## 6 Basis of preparation of consolidated financial information (continued)

### 6.2.1 Emerging Standards, Interpretation Committee (IC) interpretations and amendments to existing standards

EITA Group has not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011*

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

*FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012*

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Group plans to adopt the abovementioned standards, amendments and interpretations, where applicable, from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods' financial statements upon their adoption, other than the expected changes in accounting policies as discussed below:

Following the announcement made by the MASB on 19 November 2011, the Group's financial statements for the year ending 31 December 2012 will be prepared in accordance with the International Financial Reporting Standards ("IFRS") Framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

## 9. ACCOUNTANT REPORT (Cont'd)

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## 7 EITA Resources Berhad

## 7.1 Consolidated statements of comprehensive income



	Note	Financial years ended 31 December			Financial period ended 30 September 2011 RM'000
		Restated 2008 RM'000	Restated 2009 RM'000	2010 RM'000	
Revenue	7.5.1	130,165	136,361	163,719	114,070
Contract costs recognised as expense		(7,586)	(12,041)	(8,515)	(4,857)
Cost of sales		(92,420)	(88,968)	(109,964)	(75,492)
Gross profit		30,159	35,352	45,240	33,721
Distribution expenses		(2,722)	(3,067)	(4,054)	(2,774)
Administrative expenses		(15,567)	(16,510)	(19,859)	(16,229)
Other operating expenses		(372)	(2,052)	(2,631)	(2,151)
Other operating income		2,461	1,527	2,327	1,494
Results from operating activities		13,959	15,250	21,023	14,061
Finance costs	7.5.2	(1,169)	(738)	(807)	(595)
Finance income		87	147	113	58
Profit before tax		12,877	14,659	20,329	13,524
Tax expense	7.5.3	(2,363)	(3,187)	(4,710)	(3,219)
Profit for the year/period		10,514	11,472	15,619	10,305

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.1 Consolidated statements of comprehensive income (continued)



Note	Financial years ended			Audited	Financial period ended
	2008	2009	2010		
	RM'000	RM'000	RM'000		RM'000
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations	56	20	(37)		64
<b>Total other comprehensive income/(expense) for the year/period</b>	56	20	(37)		64
<b>Total comprehensive income for the year/period</b>	10,570	11,492	15,582		10,369
<i>Profit attributable to:</i>					
Owners of the Company	10,524	11,429	15,576		10,167
Non-controlling interests	(10)	43	43		138
	10,514	11,472	15,619		10,305
<i>Total comprehensive income attributable to:</i>					
Owners of the Company	10,577	11,447	15,543		10,225
Non-controlling interests	(7)	45	39		144
	10,570	11,492	15,582		10,369

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.2 Consolidated statements of financial position



	Note	At 31 December		Audited		At
		Restated 2008 RM'000	Restated 2009 RM'000	2010 RM'000	30 September 2011 RM'000	
<b>NON-CURRENT ASSETS</b>						
Plant and equipment	7.5.5	3,839	4,051	5,701	7,186	
Investment properties	7.5.6	1,447	473	466	196	
Intangible assets	7.5.7	1,790	1,742	1,761	2,151	
Other investments	7.5.8	30	10	10	10	
Deferred tax assets	7.5.9	843	785	1,277	1,455	
		<b>7,949</b>	<b>7,061</b>	<b>9,215</b>	<b>10,998</b>	
<b>CURRENT ASSETS</b>						
Inventories	7.5.10	26,631	28,728	28,835	29,111	
Trade and other receivables	7.5.11	43,603	47,981	53,088	61,093	
Deposits and prepayments	7.5.12	1,038	1,107	2,242	2,682	
Current tax assets		131	-	-	-	
Asset classified as held for sale	7.5.13	-	433	-	264	
Cash and cash equivalents	7.5.14	11,365	19,593	18,771	12,932	
		82,768	97,842	102,936	106,082	
<b>Total assets</b>		<b>90,717</b>	<b>104,903</b>	<b>112,151</b>	<b>117,080</b>	

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.2 Consolidated statements of financial position (continued)



		← ----- Audited ----- →		
		At 31 December		At
	Note	Restated 2008 RM'000	Restated 2009 RM'000	30 September 2011 RM'000
<b>EQUITY AND LIABILITIES</b>				
Share capital	7.5.15	12,698	12,698	53,500
Share premium		1,782	1,782	-
Reserves	7.5.16	34,331	37,892	21,123
Total equity attributable to owners of the Company		48,811	52,372	74,623
Non-controlling interests	7.5.17	328	344	527
Total equity		49,139	52,716	75,150
<b>NON-CURRENT LIABILITIES</b>				
Loans and borrowings	7.5.18	105	390	729
Deferred tax liabilities	7.5.9	89	260	128
		194	650	857
<b>CURRENT LIABILITIES</b>				
Loans and borrowings	7.5.18	16,898	12,318	11,442
Trade and other payables, including derivative	7.5.19	18,609	27,071	27,119
Deferred income	7.5.20	5,182	4,154	2,357
Dividend payable		-	7,000	-
Current tax liabilities		695	994	155
		41,384	51,537	41,073
Total liabilities		41,578	52,187	41,930
<b>Total equity and liabilities</b>		<b>90,717</b>	<b>104,903</b>	<b>117,080</b>



## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.3 Consolidated statements of changes in equity

Group	Audited						
	Attributable to owners of the Company			Distributable			
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2008</b>	12,698	1,782	(16)	24,446	38,910	335	39,245
Total comprehensive income for the year	-	-	53	10,524	10,577	(7)	10,570
Dividends to owners of the Company	-	-	-	(676)	(676)	-	(676)
<b>At 31 December 2008/1 January 2009</b>	12,698	1,782	37	34,294	48,811	328	49,139
Total comprehensive income for the year	-	-	18	11,429	11,447	45	11,492
Dividends to owners of the Company	-	-	-	(7,886)	(7,886)	-	(7,886)
Dividends to non-controlling interests	-	-	-	-	-	(29)	(29)
<b>At 31 December 2009/1 January 2010</b>	12,698	1,782	55	37,837	52,372	344	52,716
Total comprehensive income for the year	-	-	(33)	15,576	15,543	39	15,582
Dividends to owners of the Company	-	-	-	(3,517)	(3,517)	-	(3,517)
<b>At 31 December 2010/1 January 2011</b>	12,698	1,782	22	49,896	64,398	383	64,781
Total comprehensive income for the period	-	-	57	10,168	10,225	144	10,369
Bonus issue	40,802	(1,782)	-	(39,020)	-	-	-
<b>At 30 September 2011</b>	53,500	-	79	21,044	74,623	527	75,150

## 9. ACCOUNTANT REPORT (Cont'd)

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## 7.4 Consolidated statements of cash flows

	Financial years ended 31 December			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	12,877	14,659	20,329	13,524
Adjustments for:				
Allowance/(Reversal) for foreseeable losses	743	941	(572)	402
Amortisation of development cost	-	-	14	27
Amortisation of investment properties	17	10	8	6
Depreciation of plant and equipment	787	845	996	822
Development cost written off	462	-	-	-
Gain on disposal of plant and equipment	(80)	(62)	(232)	-
Gain on disposal of asset held for sale	-	-	(7)	-
(Gain)/Loss on disposal of investment properties	(1,250)	33	-	-
Goodwill written off	-	48	-	-
Finance costs	1,169	738	807	595
Finance income	(87)	(146)	(113)	(58)
Loss on disposal of other investments	-	64	-	-
Reversal of allowance for diminution of other investment	-	(45)	-	-
Plant and equipment written off	24	21	72	25
Unrealised foreign exchange (gain)/loss	(102)	(177)	(168)	343
Operating profit before working capital changes	14,560	16,929	21,134	15,686

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.4 Consolidated statements of cash flows (continued)

	Audited			Financial period ended 30 September 2011 RM'000
	2008 RM'000	2009 RM'000	2010 RM'000	
Changes in working capital:				
Inventories	(5,743)	(2,096)	(132)	(243)
Trade and other receivables, deposits and prepayments	3,303	(4,963)	(5,755)	(8,661)
Trade and other payables and deferred income	(518)	7,610	(3,130)	810
Cash generated from operations	11,602	17,480	12,117	7,592
Income taxes paid	(2,676)	(2,527)	(5,616)	(3,952)
Interest paid	(1,091)	(712)	(746)	(538)
Interest received	87	146	113	58
<b>Net cash generated from operating activities</b>	<b>7,922</b>	<b>14,387</b>	<b>5,868</b>	<b>3,160</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary, net of cash acquired	(5,651)	-	-	-
(Increase)/Decrease in pledged deposits placed with licensed banks	(66)	257	-	2
Proceeds from disposal of investment property	3,536	72	-	-
Proceeds from disposal of other investment	-	1	-	-
Proceeds from disposal of plant and equipment	108	83	243	-
Proceeds from disposal of asset held for sale	-	-	440	-
Purchase of plant and equipment	(1,646)	(638)	(1,506)	(2,333)
Increase in development costs	(84)	-	(32)	(418)
<b>Net cash used in investing activities</b>	<b>(3,803)</b>	<b>(225)</b>	<b>(855)</b>	<b>(2,749)</b>

## 9. ACCOUNTANT REPORT (Cont'd)

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## 7.4 Consolidated statements of cash flows (continued)

	← Audited →			Financial period ended 30 September 2011 RM'000
	2008 RM'000	2009 RM'000	2010 RM'000	
<b>Cash flows from financing activities</b>				
(Repayment of)/Proceeds from loans and borrowings	(2,194)	(4,510)	1,326	(6,940)
Repayment of finance lease liabilities, net	(221)	(134)	(281)	(303)
Dividend paid to owners of the Company	(676)	(886)	(7,000)	(3,517)
Dividend paid to non-controlling interests	-	(29)	-	-
Interest paid	(78)	(26)	(62)	(57)
<b>Net cash used in financing activities</b>	<b>(3,169)</b>	<b>(5,585)</b>	<b>(6,017)</b>	<b>(10,817)</b>
Net increase/(decrease) in cash and cash equivalents	950	8,577	(1,004)	(10,406)
Foreign exchange differences on cash held	10	19	155	157
Cash and cash equivalents at beginning of year/period	7,625	8,585	17,181	16,332
<b>Cash and cash equivalents at end of year/period</b>	<b>8,585</b>	<b>17,181</b>	<b>16,332</b>	<b>6,083</b>

(iii)

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.4 Consolidated statement of cash flows (continued)

## (i) Purchase of plant and equipment

The cost of plant and equipment acquired by the Group by means of finance lease and cash are as follows:

	← ----- Audited ----- →		
	Financial years ended 31 December		Financial period ended
	2008	2009	30 September 2011
	RM'000	RM'000	RM'000
Aggregate cost of plant and equipment acquired	1,754	1,098	2,731
Acquired by means of finance lease	108	460	1,225
Acquired by cash	1,646	638	1,506
			2,333
			-
			2,333

## (ii) Non-cash transaction

During the period ended 30 September 2011, the Company undertook a bonus issue totalling 81,604,142 ordinary shares of RM0.50 each at par to the shareholders of the Company vide the capitalisation of all its share premium and RM39,020,354 of its retained profits.

## (iii) Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statements of financial position amounts:

	← ----- Audited ----- →		
	At 31 December		At
	2008	2009	30 September 2011
	RM'000	RM'000	RM'000
Cash and bank balances	6,651	15,064	14,201
Deposits (excluding deposits pledged)	2,114	2,186	2,227
Bank overdrafts	(180)	(69)	(96)
	8,585	17,181	16,332
			8,318
			2,270
			(4,505)
			6,083

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements

## 7.5.1 Revenue

	←----- Audited -----→			
	Financial years ended 31 December			Financial
	2008	2009	2010	period ended 30 September 2011
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
Contract revenue	27,484	38,868	47,779	33,033
Sale of goods	102,681	97,493	115,940	81,037
	<u>130,165</u>	<u>136,361</u>	<u>163,719</u>	<u>114,070</u>

## 7.5.2 Finance costs

	←----- Audited -----→			
	Financial years ended 31 December			Financial
	2008	2009	2010	period ended 30 September 2011
	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	207	17	24	150
Bills payable	877	695	721	388
Term loans	63	-	-	-
Finance lease liabilities	22	26	62	57
	<u>1,169</u>	<u>738</u>	<u>807</u>	<u>595</u>

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.3 Tax expense

	←----- Audited -----→			
	Financial years ended 31 December			Financial period ended
	2008	2009	2010	30 September 2011
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysian - current year	2,382	3,212	4,924	3,803
- prior year	241	(278)	184	(261)
Overseas - current year	-	25	41	42
- prior year	-	(1)	-	(3)
	2,623	2,958	5,149	3,581
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences				
- current year	(390)	286	(106)	(302)
- prior year	130	(57)	(333)	(60)
	(260)	229	(439)	(362)
<b>Total tax expense</b>	2,363	3,187	4,710	3,219

The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment.

Subject to agreement by the Inland Revenue Board, EITA Group has unutilised reinvestment allowance amounting to RM549,000 (2010: RM1,840,000; 2009: RM4,194,000; 2008: RM4,940,000) which will provide the Group with future tax savings of approximately RM137,000 (2010: RM460,000; 2009: RM1,049,000; 2008: RM1,235,000).

## 7.5.4 Comparative figures in the statements of comprehensive income

During the financial year ended 31 December 2010, the Group reclassified the following comparative amounts to be consistent with the 2010's presentation. The reclassification relates to the net amount arising from the impairment loss for doubtful debts, reversal of the impairment loss for doubtful debts, bad debts written off, bad debts recovered, provision for foreseeable loss, and reversal of allowance for diminution in value of investment, to be reclassified from the respective captions to other operating expenses.

For financial year 31 December 2009, the Group also reclassified management fee expense of RM250,000 in the other operating expenses to be set off against a negative management fee expense reported in the administrative expenses amounting to RM250,000.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.4 Comparative figures in the statements of comprehensive income (continued)

The effect as a result of the above is as follows:

	As previously stated	As restated
Financial year ended 31 December 2008	RM'000	RM'000
Contract costs recognised as an expense	(6,843)	(7,586)
Distribution expenses	(3,120)	(2,722)
Administrative expenses	(15,899)	(15,567)
Other operating expenses	(952)	(372)
Other operating income	3,028	2,461
Financial year ended 31 December 2009		
Contract costs recognised as an expense	(11,518)	(12,041)
Administrative expenses	(16,134)	(16,510)
Other operating expenses	(2,966)	(2,052)
Other operating income	1,542	1,527



## 9. ACCOUNTANT REPORT (Cont'd)

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## 7.5 Notes to the consolidated financial statements (continued)



## 7.5.5 Plant and equipment

Cost	Audited					Total RM'000
	Renovation and furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in- progress RM'000	
<i>Audited</i> At 31 December 2008	2,133	3,077	1,997	4,997	-	12,204
At 31 December 2009	2,193	3,245	2,178	4,877	-	12,493
At 31 December 2010	1,902	2,446	2,425	5,731	-	12,504
At 30 September 2011	1,885	2,540	2,431	5,693	1,990	14,539

## 9. ACCOUNTANT' REPORT (Cont'd)

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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.5 Plant and equipment (continued)



<i>Accumulated depreciation</i>	Audited					Total RM'000
	←	Renovation and furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	
<i>Audited</i> At 31 December 2008		1,219	2,818	1,791	2,537	8,365
At 31 December 2009		1,341	3,024	1,550	2,527	8,442
At 31 December 2010		830	2,111	969	2,893	6,803
At 30 September 2011		886	2,197	1,250	3,020	7,353

## 9. ACCOUNTANT REPORT (Cont'd)

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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.5 Plant and equipment (continued)

Carrying amounts	Audited					Total RM'000
	Renovation and furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in- progress RM'000	
<i>Audited</i> At 31 December 2008	914	259	206	2,460	-	3,839
At 31 December 2009	852	221	628	2,350	-	4,051
At 31 December 2010	1,072	335	1,456	2,838	-	5,701
At 30 September 2011	999	343	1,181	2,673	1,990	7,186

*Assets under finance lease*

Included in plant and equipment are motor vehicles and machineries acquired under finance lease liabilities with a net book value of RM1,508,000 (2010: RM1,817,000; 2009: RM598,000; 2008: RM172,000).

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.6 Investment properties

	←----- Audited ----->			
	2008	At 31 December 2009	2010	At 30 September 2011
	RM'000	RM'000	RM'000	RM'000
<i>Cost</i>				
Leasehold buildings	1,502	507	507	222
<i>Accumulated depreciation</i>				
Leasehold buildings	55	34	41	26
<i>Carrying amounts</i>				
Leasehold buildings	1,447	473	466	196

7.5.6.1 Based on the Directors' valuation, the estimated fair values of the investment properties approximate the carrying amounts at reporting date. The investment properties are currently idle.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.7 Intangible assets

	←----- Audited ----->			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
<i>Cost</i>				
Goodwill on consolidation	2,389	2,331	2,331	2,331
Development costs	141	141	174	591
	2,530	2,472	2,505	2,922
<i>Accumulated amortisation</i>				
Goodwill on consolidation	740	730	730	730
Development costs	-	-	14	41
	740	730	744	771
<i>Carrying amounts</i>				
Goodwill on consolidation	1,649	1,601	1,601	1,601
Development costs	141	141	160	550
	1,790	1,742	1,761	2,151

7.5.7.1 Goodwill arose from acquisition of subsidiaries in the previous financial years.

## 7.5.8 Other investments

	←----- Audited ----->			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
<i>At cost:</i>				
Unquoted shares	65	-	-	-
Less: Allowance for diminution in value	(45)	-	-	-
	20	-	-	-
Golf club membership	10	10	10	10
	30	10	10	10

The equity instruments and golf club membership above do not have a quoted market price in an active market and as such, its fair value cannot be reliably measured. Therefore, the unquoted shares and golf club membership are measured at cost.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.9 Deferred tax assets and liabilities

## Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	←----- Audited -----→			
	2008	At 31 December 2009	2010	At 30 September 2011
	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>				
Plant and equipment	52	102	88	82
Provisions	(375)	(920)	(1,404)	(1,564)
Other items	(520)	33	39	27
	<u>(843)</u>	<u>(785)</u>	<u>(1,277)</u>	<u>(1,455)</u>
<b>Liabilities</b>				
Plant and equipment	77	249	192	205
Provisions	12	12	123	(86)
Other items	-	(1)	(2)	9
	<u>89</u>	<u>260</u>	<u>313</u>	<u>128</u>
<b>Net</b>				
Plant and equipment	129	351	280	287
Provisions	(363)	(908)	(1,281)	(1,650)
Other items	(520)	32	37	36
Net deferred tax assets	<u>(754)</u>	<u>(525)</u>	<u>(964)</u>	<u>(1,327)</u>

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.10 Inventories

	←-----Audited-----→			
	At 31 December			At 30 September
	2008	2009	2010	2011
	RM'000	RM'000	RM'000	RM'000
Raw materials	2,135	3,192	2,613	3,616
Work-in-progress	4,110	2,752	591	323
Finished goods	17,638	15,854	16,457	16,764
Equipment and parts	2,748	6,930	9,174	8,408
	<u>26,631</u>	<u>28,728</u>	<u>28,835</u>	<u>29,111</u>
Recognised in profit or loss:				
Inventories recognised as cost of sales	92,420	85,679	104,082	72,185
Write-down to net realisable value	3,078	477	442	580
Written off	-	-	81	-

The inventories written-down and written off are included in cost of sales.

## 7.5.11 Trade and other receivables

	←-----Audited-----→			
	At 31 December			At 30 September
	2008	2009	2010	2011
	RM'000	RM'000	RM'000	RM'000
	Restated			
<b>Trade</b>				
Progress billings receivable	8,049	12,813	11,735	10,645
Less: Impairment loss	(256)	(1,011)	(2,343)	(2,147)
	7,793	11,802	9,392	8,498
Trade receivables	31,264	28,495	31,999	37,354
Less: Impairment loss	(2,184)	(2,518)	(3,448)	(4,003)
	29,080	25,977	28,551	33,351
Amount due from contract customers	6,279	8,750	14,618	19,180
Advances to suppliers	189	791	427	25
<b>Non-trade</b>				
Amount due from a director	-	426	-	-
Other receivables	286	298	151	226
Less: Impairment loss	(24)	(63)	(51)	(188)
	262	235	100	38
	<u>43,603</u>	<u>47,981</u>	<u>53,088</u>	<u>61,093</u>

**9. ACCOUNTANTS' REPORT (Cont'd)**

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**7.5 Notes to the consolidated financial statements (continued)****7.5.11 Trade and other receivables (continued)**

7.5.11.1 Included in progress billings receivable is retention sum amounting to RM3,279,000 (2010: RM2,929,000; 2009: RM3,122,000; 2008: RM1,970,000) relating to project contracts.

7.5.11.2 Trade debts amounting to Nil (2010: Nil; 2009: Nil; 2008: RM4,000) have been written off against the allowance for doubtful debts previously made.

7.5.11.3 Amount due from a director amounting to RM426,000 in 2009 was in respect of the proceeds arising from the disposal of an investment property. The amount was fully paid to the Group in March 2010.

7.5.11.4 Included in progress billings and trade receivables are amounts owing by companies in which a substantial shareholder is connected to certain directors of EITA Group of RM173,000 (2010: RM646,000; 2009: RM227,000; 2008: RM301,000). The amounts are interest-free and repayable based on the normal credit terms.

**7.5.11.5 Construction work-in-progress**

	←----- Audited -----→			
	At 31 December			At 30 September 2011
	2008 RM'000	2009 RM'000	2010 RM'000	RM'000
Aggregate cost incurred to date	89,721	99,996	116,605	139,477
Add: Attributable profits	11,647	13,443	12,032	15,005
	<u>101,368</u>	<u>113,439</u>	<u>128,637</u>	<u>154,482</u>
Less: Progress billings	(99,528)	(107,159)	(116,384)	(136,145)
Less: Recognised losses	(743)	(1,684)	(1,112)	(1,514)
	1,097	4,596	11,141	16,823
Deferred income (Note 7.5.20)	5,182	4,154	3,477	2,357
Amount due from contract customers	<u>6,279</u>	<u>8,750</u>	<u>14,618</u>	<u>19,180</u>

**7.5.12 Deposits and prepayments**

	←----- Audited -----→			
	At 31 December			At 30 September 2011
	2008 RM'000	2009 RM'000	2010 RM'000	RM'000
Deposits	612	555	709	984
Prepayments	426	552	1,533	1,698
	<u>1,038</u>	<u>1,107</u>	<u>2,242</u>	<u>2,682</u>



## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.13 Asset classified as held for sale

	←----- Audited ----->			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
<i>Cost</i>				
Freehold building	-	435	-	285
<i>Accumulated depreciation</i>				
Freehold building	-	2	-	(21)
<i>Carrying amounts</i>				
Freehold building	-	433	-	264

## 7.5.14 Cash and cash equivalents

	←----- Audited ----->			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
Deposits placed with licensed banks	2,114	2,186	2,227	2,270
Deposits placed with licensed banks – held as lien*	2,600	2,343	2,343	2,344
Cash and bank balances	6,651	15,064	14,201	8,318
	<u>11,365</u>	<u>19,593</u>	<u>18,771</u>	<u>12,932</u>

\* Deposits placed with licensed bank are held as lien by licensed banks for credit facilities granted to EITA Group (Note 7.5.18) and have been excluded as cash and cash equivalents in the statements of cash flows.

**9. ACCOUNTANTS' REPORT (Cont'd)**

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**7.5 Notes to the consolidated financial statements (continued)****7.5.15 Share capital**

	←----- Audited ----->			
	2008	At 31 December 2009	2010	At 30 September 2011
	RM'000	RM'000	RM'000	RM'000
<b>Authorised ordinary shares of RM0.50 (2008: RM1.00) each</b>				
Number of shares in '000	25,000	1,000,000	1,000,000	1,000,000
Amount in RM'000	25,000	500,000	500,000	500,000
<b>Issued and fully paid ordinary shares of RM0.50 (2008: RM1.00) each</b>				
Number of shares in '000	12,698	25,396	25,396	107,000
Amount in RM'000	12,698	12,698	12,698	53,500

On 16 December 2009, the Company undertook a subdivision of the ordinary shares of RM1.00 each into ordinary shares of RM0.50 each on the basis of two (2) new ordinary shares of RM0.50 each for every one (1) ordinary share of RM1.00 each. Please refer to paragraph 2.2 for further details.

On 29 September 2011, the Company undertook a bonus issue totalling 81,604,142 ordinary shares of RM0.50 each at par to the shareholders of the Company vide the capitalisation of all its share premium of RM1,781,717 and RM39,020,354 of its retained profits.

**7.5.16 Reserves****7.5.16.1 Translation reserve**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign subsidiary with functional currency other than RM.

**7.5.16.2 Retained profits**

The Finance Act 2007 introduced a single tier company income tax system with effect from period of assessment 2008. The Company has opted to frank dividends under the single tier company income tax system.

**7.5.17 Non-controlling interests**

This consists of the non-controlling interest's proportion of share capital and reserves of a subsidiary, net of its share of subsidiary's goodwill on consolidation.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.18 Loans and borrowings

	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
<b>Non-current</b>				
Finance lease liabilities	105	390	1,043	729
<b>Current</b>				
Secured bank overdrafts	180	69	96	4,505
Secured bills payable	15,023	10,332	13,458	6,518
Unsecured bills payable	1,620	1,800	-	-
Finance lease liabilities	75	117	407	419
	<u>16,898</u>	<u>12,318</u>	<u>13,961</u>	<u>11,442</u>
Total	<u>17,003</u>	<u>12,708</u>	<u>15,004</u>	<u>12,171</u>

**Security**

The secured borrowings of the Group are secured and supported by way of:

- i) an "all monies" Facilities Agreement to be stamped for RM10,100,000;
- ii) joint and several guarantees from the directors of certain subsidiaries and the Directors of the Company;
- iii) corporate guarantee by the Company;
- iv) a negative pledge over all the assets of certain subsidiaries; and
- v) deposits pledged as disclosed in Note 7.5.14

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.19 Trade and other payables, including derivative

	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
<b>Current</b>				
<b>Trade</b>				
Trade payables	10,118	15,107	14,278	17,975
<b>Non-trade</b>				
Other payables	4,549	4,612	5,301	5,325
Accrued expenses	3,942	7,352	4,954	3,739
Financial liability at fair value through profit or loss Held for trading, including derivative	-	-	-	80
	<u>8,491</u>	<u>11,964</u>	<u>10,255</u>	<u>9,144</u>
	<u>18,609</u>	<u>27,071</u>	<u>24,533</u>	<u>27,119</u>

7.5.19.1 Included in trade payables of the Group are the followings:

- i) Retention sum amounting to RM555,000 (2010: RM1,215,000 ; 2009: RM845,000; 2008: RM591,000);
- ii) A trade balance with corporate shareholders of Nil (2010: RM39,000; 2009: Nil; 2008: RM36,000). The amount due to corporate shareholders was unsecured, interest-free and repayable based on normal credit terms; and
- iii) Amounts payable to companies in which a substantial shareholder is connected to certain directors of EITA Group of RM229,000 (2010: RM376,000; 2009: RM455,000; 2008: RM286,000). The amounts are interest-free and repayable based on the normal credit terms.

7.5.19.2 Included in the other payables and accrued expenses of the Group are the following:

- i) Deposits and advances received from customers amounting to RM4,788,000 (2010: RM4,012,000; 2009: RM7,263,000; 2008: RM4,788,000); and
- ii) Deposits received for the disposal of investment property classified as asset held for sale amounting to RM24,000 (2010: Nil; 2009: RM44,000; 2008: Nil).

## 7.5.20 Deferred income

	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
Construction work-in-progress (Note 7.5.11.5)	5,182	4,154	3,477	2,357

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.21 Operating leases

## Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Group	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
Less than one year	843	933	1,764	1,881
Between one and five years	679	643	2,194	1,169
	<u>1,522</u>	<u>1,576</u>	<u>3,958</u>	<u>3,050</u>

The Group leases factory buildings under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. None of the leases includes contingent rentals.

## 7.5.22 Contingent liabilities – unsecured

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
Guarantees granted to third parties for performance of contract by subsidiaries	2,894	2,130	2,796	3,263

## 7.5.23 Capital commitments

Outstanding commitments in respect of capital expenditure at the end of the reporting period not provided for in the financial statements are:

Plant and equipment Contracted but not provided for and payable:	←----- Audited -----→			
	2008 RM'000	At 31 December 2009 RM'000	2010 RM'000	At 30 September 2011 RM'000
Within one year	-	370	60	3,853

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.24 Related parties

## Identity of related parties

For the purposes of these financial statements, parties are considered to be related to EITA Group if EITA Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where EITA Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of EITA Group either directly or indirectly. The key management personnel includes all the Directors of EITA Group, and certain members of senior management of EITA Group.

The significant related party transactions for the Group are as follows:

	←----- Audited ----->			
	Transaction amount for			Financial period
	Financial years ended 31 December			ended
	2008	2009	2010	30 September
	RM'000	RM'000	RM'000	2011
	RM'000	RM'000	RM'000	RM'000
<b>Corporate shareholder</b>				
Purchases	317	102	71	185
<b>With a company in which a substantial shareholder is connected to a Director of the Company</b>				
<b>Sales</b>				
Tenaga Semesta Sdn. Bhd.	(74)	(706)	(30)	(253)
Platinum Victory Sdn. Bhd.	(4)	(14)	(361)	(98)
Platinum Victory Development Sdn. Bhd.	(232)	(7)	(313)	(36)
<b>Purchases</b>				
Tenaga Semesta Sdn. Bhd.	1,063	3,471	1,447	93
CTL Automation Sdn. Bhd.	73	290	487	273

The net balances outstanding arising from the above transactions, if any, have been disclosed in Note 7.5.11 and Note 7.5.19 to the accountants' report. There are no allowance for doubtful debts and bad debts written off in respect of these amounts. All the outstanding balances are expected to be settled in cash by the related parties.

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments

Certain comparative figures have not been presented for 31 December 2009 and 2008 by virtue of the exemption given in paragraph 44AA of FRS 7.

## 7.5.25.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Available-for-sale financial assets (AFS);
- (b) Loans and receivables (L&R);
- (c) Other liabilities (OL); and
- (d) Fair value through profit or loss (FVTPL):
  - Held for trading (HFT).

	Carrying amount RM'000	L&R RM'000	AFS RM'000
<b>30 September 2011</b>			
<b>Financial assets</b>			
Other investments	10	-	10
Trade and other receivables	61,093	61,093	-
Deposits excluding prepayments	984	984	-
Cash and cash equivalents	12,932	12,932	-
	75,020	75,010	10
<b>31 December 2010</b>			
<b>Financial assets</b>			
Other investments	10	-	10
Trade and other receivables	53,088	53,088	-
Deposits excluding prepayments	709	709	-
Cash and cash equivalents	18,771	18,771	-
	72,578	72,568	10
	Carrying amount RM'000	OL RM'000	FVTPL -HFT RM'000
<b>30 September 2011</b>			
<b>Financial liabilities</b>			
Trade and other payables, including derivative	(27,119)	(27,039)	(80)
Loans and borrowings	(12,171)	(12,171)	-
	(39,290)	(39,210)	(80)
<b>31 December 2010</b>			
<b>Financial liabilities</b>			
Trade and other payables	(24,533)	(24,533)	-
Loans and borrowings	(15,004)	(15,004)	-
	(39,537)	(39,537)	-

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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.2 Net gains and losses arising from financial instruments

	←----- Audited ----->	
	At	At
	30 September	31 December
	2011	2010
	RM'000	RM'000
Net losses arising on:		
Loans and receivables	541	1,533
Financial liabilities measured at amortised cost	1,196	769
Fair value through profit or loss:		
- Held for trading	80	-
	=====	=====

## 7.5.25.3 Financial risk management objective and policies

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 7.5.25.4 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. The Group's exposure to credit risk arises principally from its receivables. The Group's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to subsidiaries.

**Receivables***Risk management objectives, policies and processes for managing the risk*

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount to mitigate the exposure to credit risk.

*Exposure to credit risk and credit quality*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

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 ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Receivables as at 30 September 2011 amounting to Nil (2010: Nil; 2009: RM28,331; 2008: Nil) are secured by financial guarantees given by banks, shareholders or directors of the debtors.



## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.4 Credit risk (continued)

## Receivables (continued)

## Impairment losses

The ageing of trade and progress billings receivables as at the end of the reporting period was:

	←----- Audited -----→			
	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>30 September 2011</b>				
Not past due	19,001	-	-	19,001
Past due 0 - 30 days	7,340	-	-	7,340
Past due 31 - 90 days	9,319	-	-	9,319
Past due more than 90 days	12,339	(2,246)	(3,904)	6,189
	47,999	(2,246)	(3,904)	41,849

	←----- Audited -----→			
	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>31 December 2010</b>				
Not past due	19,747	-	-	19,747
Past due 0 - 30 days	7,916	-	-	7,916
Past due 31 - 90 days	6,442	-	(19)	6,423
Past due more than 90 days	9,629	(2,685)	(3,087)	3,857
	43,734	(2,685)	(3,106)	37,943

The movements in the allowance for impairment losses of trade and progress billings receivables during the period were:

	←----- Audited -----→	
	Group	
	RM'000	RM'000
At 1 January 2011/2010	5,791	3,529
Impairment loss recognised	359	2,262
At 30 September 2011/31 December 2010	6,150	5,791



## 7.5 Notes to the consolidated financial statements (continued)

### 7.5.25 Financial instruments (continued)

#### 7.5.25.4 Credit risk (continued)

##### Receivables (continued)

##### *Impairment losses (continued)*

The allowance account in respect of trade and progress billings receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Full impairment loss was not made for trade and progress billings receivables which was past due for more than 90 days as certain of the amounts relates to retention sum and there are collections being received on an ongoing basis from the remaining balance of debts.

##### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors the results of the subsidiaries and repayments made by the subsidiaries on an ongoing basis.

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to financial guarantees amounts to RM7,488,000 (Restated 2010: RM13,458,000; 2009: RM10,401,000; 2008: RM14,416,000) representing the outstanding banking facilities of the subsidiaries as at end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### 7.5.25.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

## 9. ACCOUNTANT REPORT (Cont'd)



## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.27 Financial instruments (continued)

## 7.5.27.5 Liquidity risk

*Maturity analysis*

The table below summarises the maturity profile of the Group's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate %	Audited			
			Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>30 September 2011</b>						
Secured bills payable	6,518	4.15% - 6.17%	6,821	6,821	-	-
Finance lease liabilities	1,148	4.72% - 7.00%	1,247	472	380	395
Bank overdraft	4,505	7.65% - 8.10%	4,854	4,854	-	-
Trade and other payables (exclude derivatives)	27,039	-	27,039	27,039	-	-
	39,210		39,961	39,186	380	395
<i>Derivative financial liabilities</i>						
Forward exchange contracts (gross settled):	80	-	80	80	-	-
Outflow	39,290		40,041	39,266	380	395

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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.27 Financial instruments (continued)

## 7.5.27.5 Liquidity risk (continued)

	Carrying amount RM'000	Contractual interest rate %	Audited			
			Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>31 December 2010</b>						
Secured bills payable	13,458	4.20% - 5.81%	14,077	14,077	-	-
Finance lease liabilities	1,450	4.72% - 6.87%	1,606	479	467	660
Bank overdraft	96	6.8%	103	103	-	-
Trade and other payables	24,533	-	24,533	24,533	-	-
	39,537		40,319	39,192	467	660



## **7.5 Notes to the consolidated financial statements (continued)**

### **7.5.27 Financial instruments (continued)**

#### **7.5.27.6 Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

#### **Currency risk**

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar (SGD), U.S. Dollar (USD), Thailand Baht (THB), Swiss Franc (CHF), Japanese Yen (JPY), European Union Currency (EUR) and Hong Kong Dollars (HKD).

#### *Risk management objectives, policies and processes for managing the risk*

The Directors monitor the exposure on a regular basis to ensure no significant adverse impact. It is the Group's policy to enter into forward foreign currency contracts to hedge against significant exposures to exchange rate fluctuations.

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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.27 Financial instruments (continued)

## 7.5.27.6 Market risk (continued)

## Currency risk (continued)

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	←	Audited						→
	SGD	USD	THB	CHF	JPY	EUR	HKD	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>30 September 2011</b>								
Trade and other receivables	3,382	2,102	415	-	-	3	-	
Trade and other payables	(1,528)	(9,351)	-	(558)	(625)	(307)	(193)	
Cash and bank balances	1,399	348	-	294	-	-	-	
<b>Net exposure in the statements of financial position</b>	<b>3,254</b>	<b>(6,901)</b>	<b>415</b>	<b>(264)</b>	<b>(625)</b>	<b>(304)</b>	<b>(193)</b>	
<b>31 December 2010</b>								
Trade and other receivables	2,534	1,536	415	260	72	-	-	
Trade and other payables	(934)	(6,010)	-	(466)	(490)	(312)	-	
Cash and bank balances	-	223	-	3,028	-	-	-	
<b>Net exposure in the statements of financial position</b>	<b>1,600</b>	<b>(4,251)</b>	<b>415</b>	<b>2,822</b>	<b>(418)</b>	<b>(312)</b>	<b>-</b>	

## 9. ACCOUNTANTS' REPORT (Cont'd)



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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.6 Market risk (continued)

## Currency risk (continued)

*Currency risk sensitivity analysis*

A 10% (31.12.2010: 10%) strengthening of RM against the following currencies at the end of the reporting year would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or (Loss)	
	30 September 2011 RM'000	31 December 2010 RM'000
SGD	(244)	(120)
USD	518	319
THB	(31)	(31)
CHF	20	(212)
JPY	47	31
EUR	23	23
HKD	14	-
	=====	=====

A 10% (31.12.2010: 10%) weakening of RM against the above currencies at the end of the reporting year would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

**Interest rate risk**

The Group's 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. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group is exposed to interest rate risk when a financial instrument's value will fluctuate as a result of changes in market interest rate.

Excess funds are placed with licensed banks for short term periods during which the interest rates are fixed.

The Group's interest bearing financial liabilities are mainly bank overdrafts, bills payable, finance lease liabilities and term loans. The Group adopts a policy of managing the interest rate risk through the use of fixed and floating rate debts.

## 9. ACCOUNTANTS' REPORT (Cont'd)



*EITA Resources Berhad*  
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 12 March 2012

## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.6 Market risk (continued)

## Interest rate risk (continued)

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-earning and interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	◀-----Audited-----▶	
	30 September 2011 RM'000	31 December 2010 RM'000
<b>Fixed rate instruments</b>		
Financial assets	4,614	4,570
Financial liabilities	(1,148)	(1,450)
	<u>3,466</u>	<u>3,120</u>
<b>Floating rate instruments</b>		
Financial liabilities	<u>(11,023)</u>	<u>(13,554)</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting year would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000
<b>30 September 2011</b>		
Floating rate instruments	<u>(83)</u>	<u>83</u>
<b>31 December 2010</b>		
Floating rate instruments	<u>(102)</u>	<u>102</u>



## 9. ACCOUNTANT' REPORT (Cont'd)



## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.7 Fair value of financial instrument

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	31 December 2008		31 December 2009		31 December 2010		30 September 2011	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Finance lease liabilities	181	167	507	462	1,450	1,268	1,148	1,042
Forward exchange contracts	-	-	-	-	-	-	80	80

The following summarises the method used in determining the fair value of financial instruments reflected in the above table.

## 9. ACCOUNTANTS' REPORT (Cont'd)



EITA Resources Berhad  
Accountants' Report  
12 March 2012

## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.7 Fair value of financial instrument (continued)

*Derivatives*

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

*Non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

*Interest rates used to determine fair value*

The interest rates used to discount estimated cash flows, where applicable, are as follows:

	←----- Audited -----→			
	←----- At 31 December 2008 -----	----- At 31 December 2009 -----	----- At 30 September 2010 -----	----- At 30 September 2011 -----→
Finance lease liabilities	3.60% - 6.50%	3.60% - 6.09%	4.72% - 6.87%	4.72% - 7.00%

## 7.5.25.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>30 September 2011</b>				
<b>Financial asset</b>				
Forward exchange contracts	-	(80)	-	(80)

## 9. ACCOUNTANTS' REPORT (Cont'd)



EITA Resources Berhad  
Accountants' Report  
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## 7.5 Notes to the consolidated financial statements (continued)

## 7.5.25 Financial instruments (continued)

## 7.5.25.8 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 creditor and market confidence and to sustain future development of the business. The Directors monitor the adequacy of capital on an ongoing basis. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants.

The debt-to-equity ratio at 30 September 2011 and 31 December 2010 were as follows:

	30.9.2011 RM'000	31.12.2010 RM'000
Total borrowings (Note 7.5.18)	12,171	15,004
Less: Cash and cash equivalents (Note 7.5.14)	(12,932)	(18,771)
Net debt at 30 September 2011/31 December 2010	<u>(761)</u>	<u>(3,767)</u>
Total equity	<u>75,150</u>	<u>64,781</u>
Debt-to-equity ratio	<u>(0.01)</u>	<u>(0.06)</u>

There were no external capital requirements imposed on the Group.

## 7.5.26 Comparative figures in the statements of financial position

Certain comparative figures in the statement of financial position have been reclassified to be consistent with current year's presentation. The following comparative figures for 31 December 2008 and 2009 have been reclassified to conform with current year's presentation pursuant to the adoption of FRS 7, *Financial Instruments: Disclosure*.

	As previously stated RM'000	As restated RM'000
<b>Financial year ended 31 December 2008</b>		
Receivables, deposits and prepayments	44,641	-
Trade and other receivables	-	43,603
Deposits and prepayments	-	1,038
Payables and accruals	23,791	-
Trade and other payables	-	18,609
Deferred income	-	5,182
<b>Financial year ended 31 December 2009</b>		
Receivables, deposits and prepayments	49,088	-
Trade and other receivables	-	47,981
Deposits and prepayments	-	1,107
Payables and accruals	31,225	-
Trade and other payables	-	27,071
Deferred income	-	4,154



## 8 Significant accounting policies

The significant accounting policies adopted by the EITA Group ("Group") set out below have been applied consistently to all the periods presented in this report.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

#### (ii) Non-controlling interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, Consolidated and Separate Financial Statements (revised) where losses attributable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if in doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.



## 8 Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

#### (i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

#### (ii) *Operations denominated in functional currencies other than Ringgit Malaysia*

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of profit or loss on disposal.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

### (c) Financial instruments

#### (i) *Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.



## 8 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (i) Initial recognition and measurement (continued)

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

#### (ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

##### Financial assets

#### (a) Loans and receivables

Loans and receivables category comprises trade and other receivables, refundable deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

#### (b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity that are not held for trading.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

All financial assets are subject to review for impairment (see paragraph 8(m)(i)).

##### Financial liabilities

All financial liabilities are measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with the gain or loss recognised in profit or loss.

#### (iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.



## 8 Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (iii) *Financial guarantee contracts (continued)*

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### (iv) *Derecognition*

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Plant and equipment

#### (i) *Recognition and measurement*

Items of plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.



## 8 Significant accounting policies (continued)

### (d) Plant and equipment (continued)

#### (i) Recognition and measurement (continued)

The gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative years are as follows:

Renovation and electrical installation	10 years
Furniture and fittings	10 years
Office equipment	10 years
Computer equipment	5 years
Motor vehicles	5 years
Plant and machinery	10 years

Depreciation methods and useful lives are reviewed and adjusted as appropriate at the end of the reporting period.

### (e) Leased assets

#### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.





## 8 Significant accounting policies (continued)

### (e) Leased assets (continued)

#### (i) Finance lease (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease.

### (f) Intangible assets

#### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

#### (ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and overheads that are directly attributable to preparing the assets for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.



## 8 Significant accounting policies (continued)

### (f) Intangible assets (continued)

#### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

#### (iv) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

Other intangible assets are amortised from the date that they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods for capitalised development costs is 5 years.

Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

### (g) Investment property

#### (i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of good or for administration purpose. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties at the Group level.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for plant and equipment as stated in paragraph 8(d).

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of 50 – 99 years for buildings.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.



## 8 Significant accounting policies (continued)

### (g) Investment property (continued)

#### (ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on best available market values, being the estimated amount for which a property could be exchanged on the date of the estimation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the weighted average cost formula, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity. 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.

### (i) Receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with paragraph 8(c).

### (j) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell.

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Investment property once classified as held for sale are not amortised or depreciated.



## 8 Significant accounting policies (continued)

### (k) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of trade and other receivables as amount due from contract customers in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

### (l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with paragraph 8(c).

### (m) Impairment

#### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.



## 8 Significant accounting policies (continued)

### (m) Impairment (continued)

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, assets arising from construction contract, deferred tax asset and non-current assets (or disposal groups) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### *Issue expenses*

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.



## 8 Significant accounting policies (continued)

### (o) Employee benefits

#### *Short term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

### (p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### *Contingent liabilities*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (q) Revenue and other income

#### (i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.



## 8 Significant accounting policies (continued)

### (q) Revenue and other income (continued)

#### (ii) Project contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work and claims, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a project contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

#### (iii) Commission and management fee

Commission and management fee income are recognised in profit or loss as they accrue.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established.

#### (v) Interest income

Interest income is recognised as it accrues, using the effective interest method.

### (r) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.



## 8 Significant accounting policies (continued)

### (s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on the net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed.

## 9 Events subsequent to the balance sheet dates

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

Yours faithfully,

**KPMG**  
 Firm Number: AF 0758  
 Chartered Accountants

Petaling Jaya, Selangor

**Peter Ho Kok Wai**  
 Approval Number: 1745/12/13(J)  
 Chartered Accountant





KPMG (Firm No. AF 0758)  
Chartered Accountants  
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Internet : www.kpmg.com.my

## Independent auditors' report to the members of EITA Holdings Sdn. Bhd.

(Company No. 398748-T)  
(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of EITA Holdings Sdn. Bhd., which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, 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 6 to 65.

#### *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 Financial 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.

9. ACCOUNTANTS' REPORT (Cont'd)



Appendix 1

69

Company No. 398748-T

*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 of 31 December 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 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in note 6 to the financial statements.
- c) We are satisfied that the accounts 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 audit reports on the accounts 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.

  
KPMG  
Firm Number: AF 0758  
Chartered Accountants

  
Lim Hun Soon @ David Lim  
Approval Number: 1514/05/10(J)  
Chartered Accountant

Petaling Jaya,

Date: 16 JUL 2009



**KPMG (Firm No. AF 0758)**  
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## **Independent auditors' report to the members of EITA Resources Berhad**

(Formerly known as EITA Holdings Sdn. Bhd.)  
(Company No. 398748-T)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of EITA Resources Berhad (formerly known as EITA Holdings Sdn. Bhd.), which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, 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 60.

#### *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 Financial 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.



Company No. 398748-T

*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 of 31 December 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 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts 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 audit reports on the accounts 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.



**KPMG**

Firm Number: AF 0758

Chartered Accountants



**Lim Hun Soon @ David Lim**

Approval Number: 1514/05/10(J)

Chartered Accountant

Petaling Jaya,

Date: 21 May 2010



**KPMG (Firm No. AF 0758)**  
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## Independent auditors' report to the members of EITA Resources Berhad

(Company No. 398748-T)  
(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of EITA Resources Berhad, which comprises the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 information, as set out on pages 7 to 78.

#### *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 are 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.



Company No. 398748-T

*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 of 31 December 2010 and of their 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 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 accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts 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 audit report on the accounts 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.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Lim Hun Soon @ David Lim**  
Approval Number: 1514/05/12(J)  
Chartered Accountant

Petaling Jaya

Date: 19 May 2011



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## Independent auditors' report to the Board of Directors of EITA Resources Berhad

(Company No. 398748-T)  
(Incorporated in Malaysia)

### Report on the Financial Statements

We have audited the financial statements of EITA Resources Berhad, which comprises the statements of financial position as at 30 September 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 information, as set out on pages 1 to 69.

#### *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 for such internal control as the Directors determine are 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.

9. ACCOUNTANTS' REPORT (Cont'd)



Company No. 398748-T

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as of 30 September 2011 and of their financial performance and cash flows for the period then ended.

**Other Matters**

The comparatives for the statements of comprehensive income, statements of changes in equity and statements of cash flows as well as the comparatives in the notes to the financial statements relating to the statements of comprehensive income for the previous period ended 30 September 2010 were extracted and compiled by management from the Group's and the Company's management accounts. We did not perform an audit on these comparatives and accordingly express no assurance thereon.

A handwritten signature in black ink, appearing to be 'Kln' followed by a long horizontal stroke.

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya

Date: 10 JAN 2012



10. **INDEPENDENT MARKET RESEARCH REPORT**

*(Prepared for inclusion in the Prospectus)*



**VITAL FACTOR CONSULTING**  
Creating Winning Business Solutions

Vital Factor Consulting Sdn Bhd  
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Tel: (603) 7728-0248  
Fax: (603) 7728-7248  
Email: enquires@vitalfactor.com  
Website: www.vitalfactor.com

**12 MAR 2012**

The Board of Directors  
**EITA Resources Berhad**  
Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

Dear Sirs

**Independent Assessments of the Electrical and Electronic Component and Equipment,  
Lifting and Handling Equipment Focusing on Elevators, and Busduct System  
Industries in Malaysia**

The following is an independent assessment of the Electrical and Electronic Component and Equipment, Lifting and Handling Equipment focusing on Elevators, and Busduct System Industries in Malaysia prepared by Vital Factor Consulting Sdn Bhd for inclusion in the prospectus of EITA Resources Berhad (herein together with all or any one or more of its subsidiaries will be referred to as "EITA Group" or the "Group") in relation to its listing on the Main Market of Bursa Malaysia Securities Berhad.

**1 BACKGROUND AND INTRODUCTION**

- EITA Group's business activities are in the marketing and distribution of electrical and electronic components and equipment, design and manufacture of elevator and busduct systems. In addition, the Group is supported by other revenue streams namely maintenance of elevator systems and provision of electrical and security system solutions as well as manufacture of electrical and electronic components and equipment namely centralised dimming systems, ballasts and connectors.
- As EITA Group focuses on three main sectors namely electrical and electronic components and equipment, elevators and busduct systems, this report shall focus on these three industries.

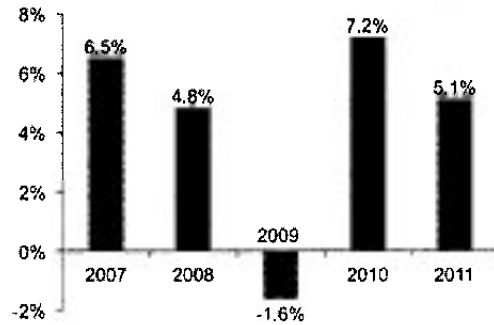


## VITAL FACTOR CONSULTING

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### 2 ECONOMIC PERFORMANCE OF MALAYSIA

- The performance of the Malaysian economy has a direct impact on businesses operating in Malaysia. A growing economy will provide the basis for business growth.
- Amidst the international financial turmoil and a sharp deterioration in the global economic environment, the Malaysian economy grew by 4.8% in 2008. Robust domestic demand, in particular sustained private consumption and strong public spending, supported growth in Malaysia during this year.
- In 2009, Malaysia's real GDP contracted moderately by 1.6% due to the spill over effects of the global recession. Although real GDP in the first quarter of 2009 contracted by 6.2% compared to the same period in the previous year, the implementation of fiscal stimulus measures by the Malaysian Government subsequently led to the recovery in the last quarter of 2009.
- In 2010, the Malaysian economy registered real GDP growth of 7.2%. The growth was driven by expansion in domestic demand, which was supported by private and public sector spending.
- In 2011, Malaysia's real GDP grew by 5.1% led by favourable domestic demand conditions supported by private and public sector spending.



Source: Bank Negara Malaysia

Figure 1. Real GDP Growth

(Source: Bank Negara Malaysia)



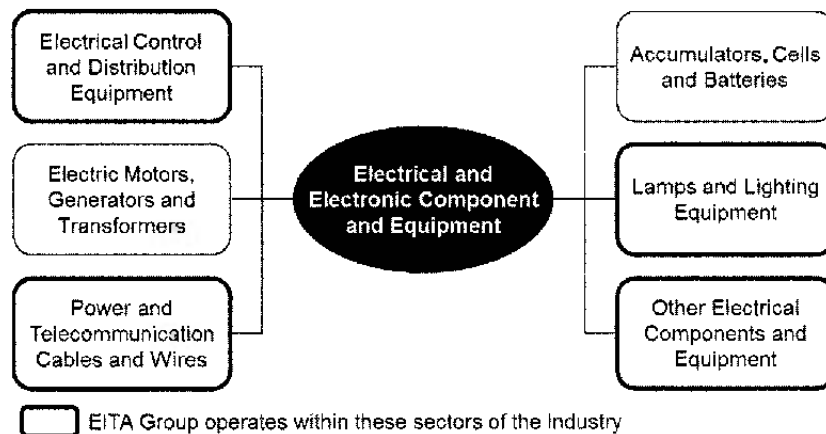
## VITAL FACTOR CONSULTING

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### 3 OVERALL INDUSTRY STRUCTURE

#### 3.1 Structure of the Electrical and Electronic Component and Equipment Industry

- In general, the Electrical and Electronic Component and Equipment Industry deals with electrical products that are both finished products and intermediate or semi-finished products used as parts and components used in finished products.



**Figure 2. Structure of the Electrical and Electronic Component and Equipment Industry**

- Electrical control equipment refers to electrical and electronic components and equipment that are designed to monitor and control other equipment and devices. These include, among many others, control panels, which incorporate components and devices like meters, switches, circuit breakers, fuses, microprocessors, sensors and protection devices.
- Electric distribution equipment refers to electrical and electronic components and equipment that is designed to distribute electric power over a large area, such as in national and municipal electricity grids, and within buildings. These include switchgears and switchboards, which incorporate, among many others, components and devices like switches, over-current and other protective devices, busses, measuring instruments, regulatory equipment, transformers and meters.
- EITA Group operates within the electrical control and distribution equipment sector of the Electrical and Electronic Component and Equipment Industry.

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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- Other sub-sectors of the Electrical and Electronic Component and Equipment Industry include:
  - Electric motors, generators and transformers;
  - Power and telecommunications cables and wires;
  - Accumulators, cells and batteries, including capacitors, lead-acid batteries, and rechargeable batteries;
  - Lamps and lighting equipment;
  - Other electrical and electronic components and equipment, such as ballast, signalling equipment and electrodes for furnaces.
  
- EITA Group's involvement in the Electrical and Electronic Component and Equipment Industry is summarised in the following table:

Industry Sub-Sector	EITA Group's Involvement
Electrical Control and Distribution Apparatus	<ul style="list-style-type: none"> <li>• Marketing and distributing a range of products, including inverters, circuit breakers, automatic transfer switches, magnetic contactors, programmable logic controllers, power quality management systems, recording devices, metering devices, timers, relays, and capacitors.</li> </ul>
Power and Telecommunications Cables and Wires	<ul style="list-style-type: none"> <li>• Marketing and distributing a range of fire resistant cables.</li> </ul>
Lamps and Lighting Equipment	<ul style="list-style-type: none"> <li>• Manufacturing Centralised Dimming System (CDS), connectors and ballast.</li> <li>• Marketing and distributing a range of other products.</li> </ul>
Other Electrical and Electronic Components and Equipment	<ul style="list-style-type: none"> <li>• Marketing and distributing a range of other products.</li> </ul>

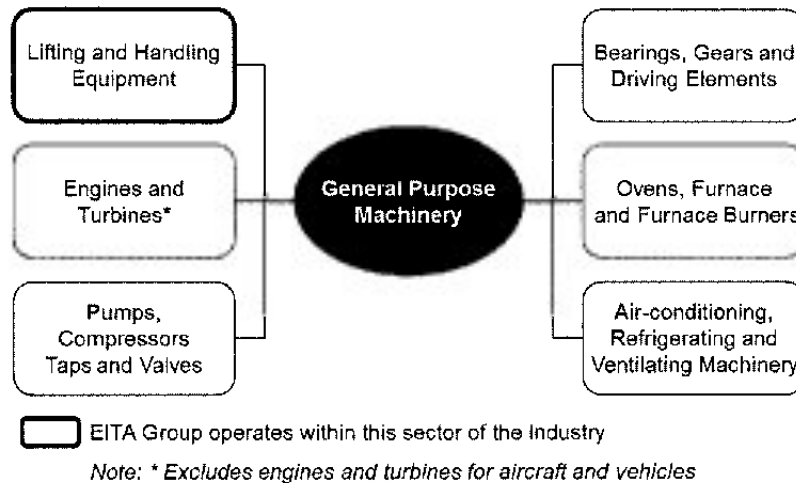


## VITAL FACTOR CONSULTING

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### 3.2 Structure of the Lifting and Handling Equipment Industry

- The Lifting and Handling Equipment Industry is a sub-sector of the larger general purpose machinery industry. General purpose machinery refers to machinery that, with little or no modification, can be used in a range of applications by users operating in a number of different industries.



**Figure 3. Structure of the General Purpose Machinery Industry**

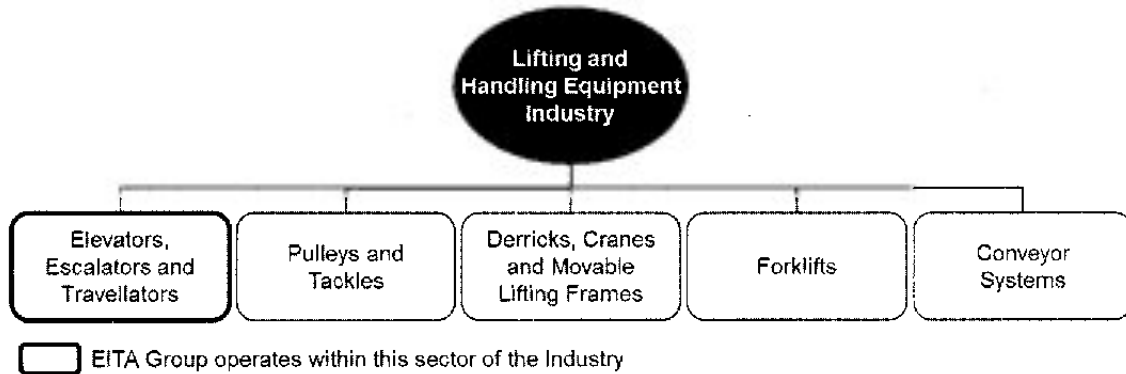
- The Lifting and Handling Equipment Industry is concerned with designing and manufacturing machinery and equipment that is primarily designed to transport people and goods. The industry does not include vehicles such as cars, trucks, locomotives, ships and airplanes. EITA Group operates within this sector of the General Purpose Machinery Industry.
- Other sub-sectors of the general purpose machinery industry include:
  - Engines and turbines, which includes internal combustion engines, steam turbines, hydraulic turbines and gas turbines;
  - Pumps, compressors, taps and valves, which are used to move liquids, gases and slurries;
  - Bearings, gears and driving elements, which are designed to control and transmit mechanical power from one point to another;
  - Ovens, burners and furnace burners that are used in commercial and laboratory applications;
  - Air-conditioning, refrigeration and ventilating machinery, which are used to cool, freeze, and circulate air and other gasses;
  - Other general purpose machinery, including distilling equipment, heat exchangers, filtering or purifying machinery, and weighing machinery.

## 10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

**VITAL FACTOR CONSULTING**

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- The overall structure of the Lifting and Handling Equipment Industry is depicted in the following diagram.



**Figure 4. Structure of the Lifting and Handling Equipment Industry**

- Elevators, escalators and travellators are primarily designed to transport people from one location to another. Elevators are commonly used to move people and goods vertically between various floors of a building, while escalators and travellators are commonly used to move people horizontally or at an incline between floors of buildings. EITA Group operates within this sector of the Lifting and Handling Equipment Industry.
- Other examples of lifting and handling equipment include:
  - Pulleys and tackles, which may be operated by hand or by an external power source;
  - Derricks, cranes and movable lifting frames such as overhead travelling cranes, tower cranes, and gantry cranes for handling shipping containers;
  - Forklifts of the type used to handle goods in warehouses;
  - Conveyor systems, including conveyor belt systems used to handle goods in manufacturing facilities.
- As EITA Group primarily designs, manufactures and installs elevators, the report shall focus on elevators as part of the overall Lifting and Handling Equipment Industry.

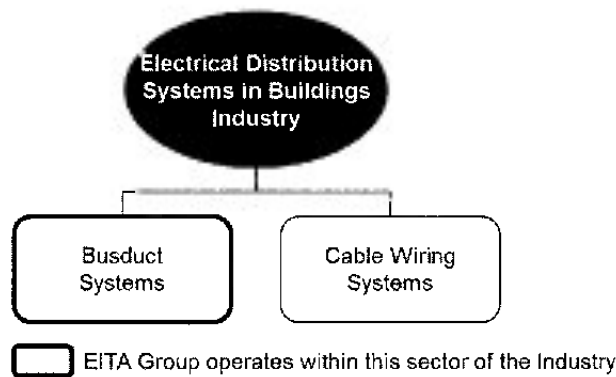


## VITAL FACTOR CONSULTING

Creating Winning Business Solutions

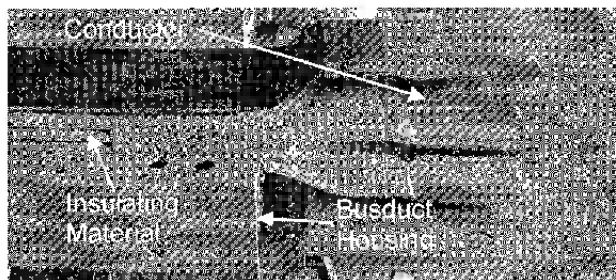
### 3.3 Structure of the Busduct System Industry

- The Busduct System Industry falls under the electrical distribution systems for the buildings industry. Electrical distribution systems for buildings refer to the equipment that is used to distribute electricity within buildings. Cable wiring systems and busduct systems are currently the two main types of electrical distribution systems that are installed in buildings.



**Figure 5. Structure of the Electrical Distribution Systems in Buildings Industry**

- Electrical cables are used to conduct electricity in a cable wiring system. An electrical cable is usually made of one or more lengths of conducting material that is enclosed with an insulating material. The most common types of conducting material currently in use are copper and aluminium.
- A busduct system is a type of electrical distribution system where the electrical current is carried through a number of individual fully insulated and sealed conductor bars that are assembled within a grounded enclosure or housing. Busduct systems are usually used in applications where heavy current is transmitted, such as in industrial buildings; large commercial buildings such as hotels, office tower blocks and shopping centres; and institutional buildings.



A Busduct System

- EITA Group is currently involved in design and manufacture of busduct systems.

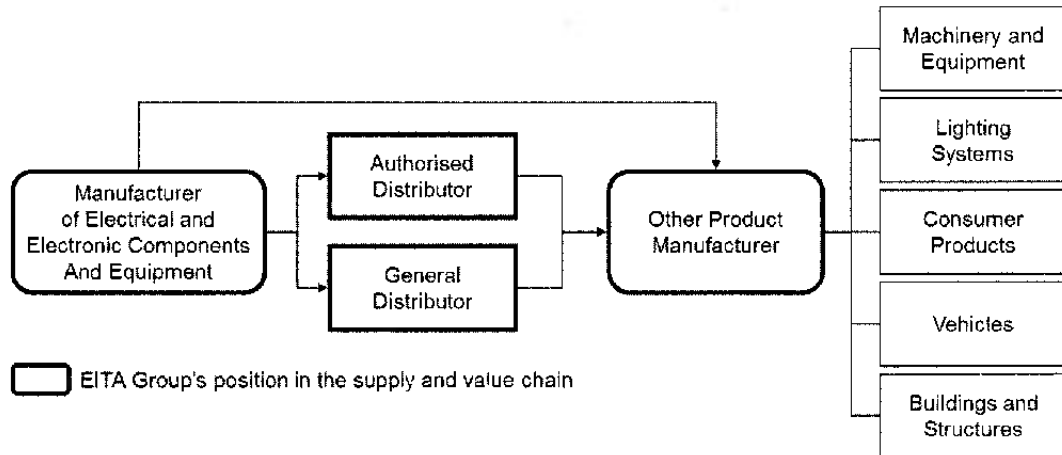


## VITAL FACTOR CONSULTING

Creating Winning Business Solutions

### 3.4 Industry Supply and Value Chain of the Electrical and Electronic Component and Equipment Industry

- EITA Group's positioning within the industry supply and value chain of the Electrical and Electronic Component and Equipment Industry is depicted in the diagram below:



**Figure 6. EITA Group's Position in the Supply and Value Chain of the Electrical and Electronic Component and Equipment Industry**

- The manufacturer of electrical and electronic components and equipment refers to the company involved in designing the product and is normally the brand owner. The product may be manufactured in-house, or manufactured by a contractor commonly referred to as an original equipment manufacturer.
- The manufacturer of electrical and electronic components and equipment may sell its products directly to other product manufacturers, or engage a distributor to sell its products. Such distributors include authorised distributors, which may be on an exclusive or non-exclusive basis, and general distributors, which include importers, wholesalers and retailers.
- Electrical components and equipment are primarily used by other manufacturers to produce other products. For example, a control board is a type of electrical control and distribution equipment that is used to monitor and control the function of other machinery and equipment.



10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



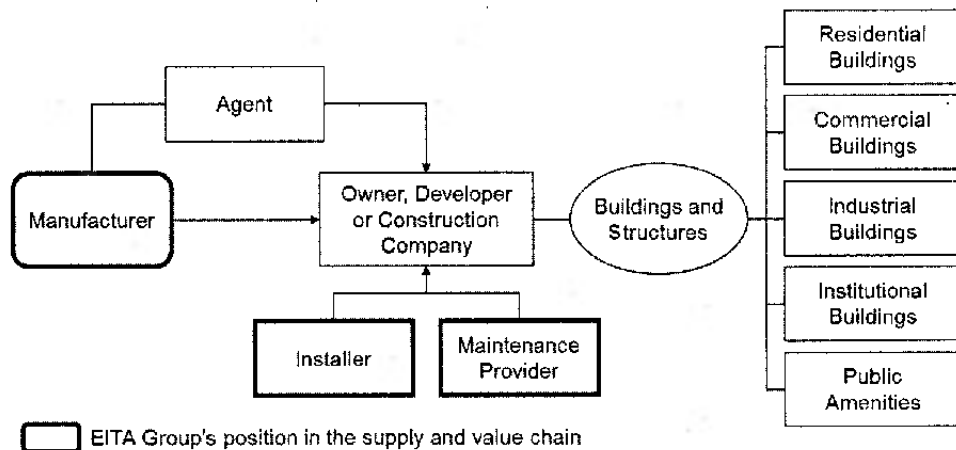
**VITAL FACTOR CONSULTING**  
Creating Winning Business Solutions

- EITA Group is an authorised distributor and general distributor of certain types of electrical and electronic components and equipment. The Group's positioning is summarised in the following table:

EITA Group's Position	Types of Electrical and Electronic Components and Equipment
Manufacturer	<ul style="list-style-type: none"> <li>Central Dimming System</li> <li>Ballast</li> <li>Connectors</li> </ul>
Authorised Distributor and General Distributor	<ul style="list-style-type: none"> <li>Electric control and distribution apparatus</li> <li>Power cables and telecommunications cables and wires</li> <li>Lamps and lighting equipment</li> <li>Other electrical and electronic components and equipment</li> </ul>

3.5 Industry Supply and Value Chain for Elevators

- EITA Group's positioning within the industry supply and value chain for the elevator segment of the lifting and handling equipment industry is depicted in the diagram below:



**Figure 7. EITA Group's Position in the Supply and Value Chain for Elevators**

- The manufacturer refers to the company that is involved in designing the elevator, and is normally the brand owner. The manufacturer itself may undertake its own manufacturing or outsource some parts of the manufacturing process.
- A manufacturer may sell its products directly to customers such as the owners, property developers and construction companies, or appoint agents to help in its sales and marketing efforts.

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



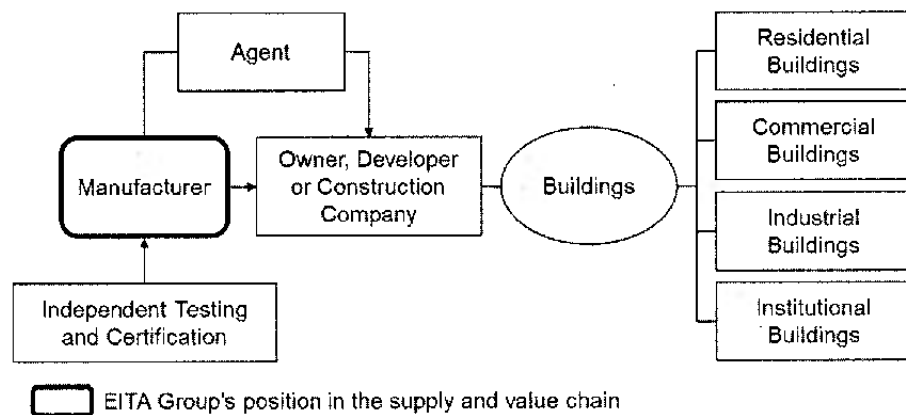
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- A company that wishes to install passenger elevators must generally comply with the relevant technical and safety standards, particularly for elevator systems that are used to transport people. Many manufacturers comply with the necessary requirements, and are involved in installing the elevators that they manufacture. However, there are some manufacturers that will use third parties to do the installation. Usually such manufacturers are from overseas and they do not have the resources locally to undertake installation.
- Elevators are commonly installed in one or more of the following:
  - residential building such as condominiums;
  - commercial buildings such as office towers, shopping complexes and hotels;
  - industrial buildings such as factories;
  - public amenities such as airports and train stations.
- Elevators require periodic inspection and maintenance to ensure safe and efficient operation, and to prevent or minimise the occurrence of breakdown.
- Maintenance services may be provided by the manufacturer or by a third-party service provider. An equipment manufacturer may recognise one or more third-party service providers as authorised maintenance service providers for its passenger elevators.
- EITA Group is currently involved in the design and manufacture of elevators. The Group also provides installation and maintenance services.

**3.6 Industry Supply and Value Chain for Busduct Systems**

- EITA Group's positioning within the industry supply and value chain for the busduct systems segment of the electrical distribution systems in buildings industry is depicted in the diagram below:



**Figure 8. EITA Group's Position in the Supply and Value Chain for Busduct Systems**

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**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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- The manufacturer refers to the company that is involved in designing the busduct system, and is normally the brand owner. The manufacturer may manufacture the busduct system itself or outsource some parts of the manufacturing process.
- Manufacturers may engage an independent third-party to test their busduct systems and certify that they comply with internationally recognised standards. A manufacturer that successfully obtains third-party certification is in a better position to market its busduct systems, and is more likely to gain customer acceptance for its products.
- A manufacturer may market its products directly to customers such as owners, property developers and construction companies, or appoint agents to help in its sales and marketing efforts.
- Busduct systems are usually used in buildings to distribute heavy electrical current. The types of buildings that may use busduct systems include:
  - residential buildings such as condominiums
  - commercial buildings such as office towers, shopping complexes, data centres and hotels;
  - industrial buildings such as factories;
  - institutional buildings such as hospitals and airports.
- EITA Group is currently involved in the design and manufacture of busduct systems.

**4 SUBSTITUTE PRODUCTS**

- In general, while users may choose between different brands and manufacturers, there are no practical substitutes for electrical and electronic components and equipment as a whole. Our society is currently heavily dependent on the use of electrical and electronic products, and as such, there is no practical substitute for electrical and electronic components and equipment, which are incorporated into our electrical and electronic products, or to support their usage.
- Apart from the use of stairs, ramps and ladders, there are currently no practical substitutes for the use of elevators in moving large numbers of people between floors of buildings, particularly in tall buildings. Tall modern buildings such as condominiums and office towers would not be practical without elevators.
- Cable wiring systems are substitutes for busduct systems.



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### 5 GOVERNMENT REGULATIONS, POLICIES AND INCENTIVES

- The government regulations and policies that are relevant to EITA Group include:
  - Manufacturing Licence;
  - Registration with the Department of Occupational Safety and Health for the installation, maintenance and inspection of elevators;
  - Registration of EITA Group employees as Competent Persons under the Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970;
  - Formation of workplace safety and health committees;
  - Registration with the Construction Industry Development Board;
  - Registration with Pusat Khidmat Kontraktor;
  - Trademark registration, and applications to register trademarks.

#### 5.1 Manufacturing Licence

- Application for a manufacturing licence under the Industrial Coordination Act, 1975 is required for companies with shareholders' funds of RM2.5 million or above or engaging 75 or more full-time employees (*Source: Malaysian Industrial Development Authority*).

#### 5.2 Department of Occupational Safety and Health

- The Department of Occupational Safety and Health (DOSH) is a department under the Ministry of Human Resources. DOSH is responsible for the administration and enforcement of legislations relating to occupational safety and health, including the installation, maintenance and inspection of goods and passenger elevators, escalators and dumbwaiters.
- Companies that are engaged in installing, maintaining and inspecting goods and passenger elevators, escalators and dumbwaiters are required to be registered with DOSH.
- Individuals who are engaged in installing and maintaining elevators are required to be registered as Competent Persons under the Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970.
- Under the Occupational Safety and Health Act 1994, employers in manufacturing industries shall establish safety and health committees at the place of work if there are 40 or more employees.

#### 5.3 Registration with the Construction Industry Development Board

- It is mandatory under Parliament Act 520 (Act 520) for all builders, contractors and sub-contractors, whether local or foreign, to register with the Construction Industry Development Board Malaysia (CIDB), before undertaking or executing any construction work in Malaysia (*Source: CIDB*).

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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**5.4 Registration with Pusat Khidmat Kontraktor**

- All companies that want to submit bids for any Government tender are required to be registered with Pusat Khidmat Kontraktor (PKK).

**5.5 Government Incentives**

- As part of the Malaysian Government's effort to nurture the growth and development of the Machinery and Equipment Industry, there are incentives provided for companies in the manufacture of machinery and machinery components under the Promotion of Investments Act 1986. The incentives include:
  - Pioneer Status;
  - Investment Tax Allowance;
  - Reinvestment Allowance.

*(Source: Malaysian Industrial Development Authority)*

**5.6 Trademarks**

- Under the Trade Marks Act 1976 and Trade Marks Regulations 1997, all trademarks have to be registered before a trademark can be adopted in relation to any goods or services. *(Source: Trade Marks Act 1976 and Regulations, and Patents Act 1983 and Regulations).*

**5.7 Environmental Regulations**

- According to the Environmental Quality (Scheduled Waste) Regulations 2005, every generator of waste that is classified as a Scheduled Waste under the abovementioned regulations shall ensure that the Scheduled Wastes generated by the operator are properly stored, treated on-site, recovered on-site for material or product from such Scheduled Waste, or delivered to and received at prescribed premises for treatment, disposal or recovery of material from Scheduled Wastes *(Source: Environmental Quality (Scheduled Waste) Regulations 2005).*

**6 SUPPLY AND SUPPLY DEPENDENCY**

- The supply of electrical and electronic components and equipment, elevators, and busduct systems comprises locally manufactured and imported products.

**6.1 Local Production**

- Between 2005 and 2009, value of gross output of the manufacture of lifting and handling equipment (which includes elevators, among others) increased at an average annual rate of 2.8%. In 2009, the value of gross output grew by 12.8% to reach RM1.2 billion (based on 62 establishments).

10. INDEPENDENT MARKET RESEARCH REPORT (*Cont'd*)**VITAL FACTOR CONSULTING**

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- Between 2007 and 2011, sales value of the manufacture of electricity distribution and control apparatus (which includes, among others, electrical and electronic components and equipment of the type distributed by EITA Group) increased at an average annual rate of 29.5%. In 2011, the sales value of the manufacture of electricity distribution and control apparatus grew by 58.1% to reach RM3.5 billion.
- Between 2007 and 2011, sales value of the manufacture of electric power cables and wires (which includes, among others, busduct systems of the type manufactured by EITA Group) increased at an average annual rate of 7.9%. In 2011, the sales value of the manufacture of electric power cables and wires grew by 12.3% to reach RM2.1 billion.

*(Source: Department of Statistics)*

- The value of gross output of the manufacture of lifting and handling equipment increased in 2009 and as a whole between 2005 and 2009 while the sales value of the manufacture of electricity distribution and control apparatus and the sales value of the manufacture of electric power cables and wires increased in 2011 and as a whole between 2007 and 2011.

**6.2 Imports**

- Between 2006 and 2010, the import value of electricity distribution and control apparatus (which includes, among others, electrical and electronic components and equipment of the type distributed by EITA Group) declined at an average annual rate of 0.5%. In 2010, it grew by 24.0% to reach RM4.9 billion. From January to August of 2011, the import value of electricity distribution and control apparatus totalled RM3.3 billion, representing a decline of 2.9% compared to the corresponding period in 2010.
- From January to August of 2011, China was the largest source of imported electricity distribution and control apparatus, accounting for 19.9% of total imports by value. Japan and Singapore were the second and third largest sources of imports, accounting for 16.3% and 14.2% of imports by value respectively. Some of the other sources of imports during this period included the United States and Hong Kong.
- Between 2006 and 2010, the import value of elevators increased at an average annual rate of 15.4%. In 2010, import value grew by 272.4% to reach RM145.7 million. From January to August of 2011, the import value of elevators totalled RM114.4 million, representing a growth of 65.7% compared to the corresponding period in 2010.
- From January to August of 2011, China was the largest source of imported elevators, accounting for 39.3% of total imports by value. Singapore and Thailand were the second and third largest sources of imports, accounting for 22.4% and 17.1% of imports by value respectively. Some of the other sources of imports during this period included Japan and Germany.

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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- Between 2006 and 2010, import value of electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts (which includes, among others, busduct systems of the type manufactured by EITA Group) increased at an average annual rate of 41.0%. In 2010, import value grew by 7.6% to reach RM13.2 million. From January to August of 2011, the import value of electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts totalled RM30.3 million, representing a significant growth of 273.2% compared to the corresponding period in 2010.
- From January to August of 2011, Hong Kong was the largest source of imported electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts, accounting for 41.6% of total imports by value. China and Indonesia were the second and third largest sources of imports, accounting for 13.9% and 9.0% of imports by value respectively. Some of the other sources of imports during this period included Vietnam and Japan.

*(Source: Department of Statistics)*

- The import value of electricity distribution and control apparatus, elevators, and electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts increased in 2010. For the period of January to August of 2011, the import value of elevators and electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts increased while the import value of electricity distribution and control apparatus decreased compared to the corresponding period in 2010.

**7 DEMAND AND DEMAND DEPENDENCIES**

- Demand for electrical and electronic components and equipment, elevators and busduct systems comprise both local consumption and exports.

**7.1 Electrical and Electronic Components and Equipment**

- Between 2006 and 2010, the export value of electricity distribution and control apparatus (which includes, among others, electrical and electronic components and equipment of the type distributed by EITA Group) increased at an average annual rate of 24.2%. In 2010, export value grew by 50.7% to reach RM6.5 billion. From January to August of 2011, the export value of electricity distribution and control apparatus totalled RM4.3 billion, representing growth of 2.3% compared to the corresponding period in 2010.

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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- From January to August of 2011, Singapore was the largest export destination for electricity distribution and control apparatus, accounting for 21.1% of total exports by value. The United States and Japan were the second and third largest export destinations, representing 12.3% and 10.3% of exports by value respectively. Some of the other export markets during this period included Mexico and Hong Kong.

*(Source: Department of Statistics)*

- In general, demand for electrical and electronic components and equipment is dependent on the performance of its user industries. The electrical and electronic components and equipment supplied by EITA Group is used by the following user industries:
  - Overall manufacturing industry;
  - General purpose machinery industry;
  - Special purpose machinery industry.
- Between 2007 and 2011, sales value of the overall manufacturing sector increased at an average annual rate of 2.3%. In 2011, the sales value of the overall manufacturing sector grew by 10.0% to reach RM588.9 billion.
- Between 2005 and 2009, the value of gross output for the manufacture of general purpose machinery increased at an average annual rate of 6.7%. In 2009, the value of gross output for the manufacture of general purpose machinery grew by 4.5% to reach RM12.8 billion (based on 534 establishments).
- Between 2005 and 2009, the value of gross output for the manufacture of special purpose machinery increased at an average annual rate of 8.2%. In 2009, the value of gross output for the manufacture of special purpose machinery declined marginally by 0.2% to RM5.4 billion (based on 679 establishments).
- Between 2007 and 2011, the GDP contribution of the construction sector (at current prices) increased at an average annual rate of 10.3%. In 2011, the GDP contribution of the construction sector (at current prices) grew by 8.8% to reach RM26.9 billion.

*(Source: Department of Statistics and Bank Negara Malaysia)*

**7.2 Elevator Systems**

- Elevators are primarily purchased by the Construction Industry for installation in buildings and structures. Similarly, busduct systems of the type manufactured by EITA Group are primarily purchased by the Construction Industry for installation in buildings and structures.



## 10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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- Between 2005 and 2009, the value of elevators and escalators purchased by the Construction Industry in Malaysia increased at an average annual rate of 14.8%. The value of purchases in 2009 totalled RM426.1 million.
- Between 2006 and 2010, export value of elevators increased at an average annual rate of 17.5%. In 2010, export value declined by 33.4% to RM22.9 million. From January to August of 2011, the export value of elevators totalled RM14.5 million, representing a growth of 22.0% compared to the corresponding period in 2010.
- From January to August of 2011, Vietnam was the largest export destination for elevators, accounting for 27.3% of total exports by value. Bangladesh and Jordan were the second and third largest export destinations, representing 13.1% and 10.8% of exports by value respectively. Some of the other export markets from January to August of 2011 included Mauritius and Bahrain.

(Source: Department of Statistics)

- Demand for elevators is generally dependent on the performance of the construction industry. Demand for elevators is dependent on the starts recorded for the following types of property:
  - Residential property;
  - Shopping complexes;
  - Purpose-build office blocks;
  - Hotels.
- The number of residential property, shopping complexes, purpose-built office blocks, and hotel starts recorded in Malaysia between 2006 and 2010 are summarised in the table below:

	Residential Property		Shopping Complexes		Purpose Built Offices		Hotels	
	Number of Units	Growth Rate (%)	Space (m <sup>2</sup> )	Growth Rate (%)	Space (m <sup>2</sup> )	Growth Rate (%)	No. of Rooms	Growth Rate (%)
2006	144,268		346,284		167,836		910	
2007	133,948	-7.2	302,566	-12.6%	330,477	96.9%	1,310	44.0%
2008	298,135	122.6	453,456	49.9	222,436	-32.7	2,373	81.1
2009	86,743	-70.9	429,987	-5.2	142,992	-35.7	4,458	87.9
2010	84,210	-2.9	420,255	-2.3	603,366	322.0	1,868	-58.1
<b>AAGR (%)</b>	<b>-12.6</b>		<b>5.0</b>		<b>37.7</b>		<b>19.7</b>	

Note: AAGR = Average Annual Growth Rate between 2006 and 2010.

(Source: Valuation and Property Services Department, Ministry of Finance)



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### 7.3 Busduct Systems

- Between 2005 and 2009, the value of cables (which includes busduct systems) purchased by the Construction Industry in Malaysia increased at an average annual rate of 8.4%. The value of purchases in 2009 was RM1.0 billion.
- Between 2006 and 2010, the export value of electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts (which includes, among others, busduct systems of the type manufactured by EITA Group) increased at an average annual rate of 16.6%. In 2010, export value grew by 31.8% to reach RM37.0 million. From January to August of 2011, the export value of electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts totalled RM29.3 million, representing a growth of 6.6% compared to the corresponding period in 2010.
- From January to August of 2011, Singapore was the largest export destination for electricity power cables for a voltage exceeding 80 volts but not exceeding 1,000 volts, accounting for 34.7% of total exports by value. Thailand and Indonesia were the second and third largest export destinations, representing 23.1% and 17.1% of exports by value respectively. Some of the other export markets from January to August of 2011 were Vietnam and Myanmar.

*(Source: Department of Statistics)*

- Demand for busduct systems is generally dependent on the performance of the construction industry. Demand for busduct systems is dependent on the starts recorded for the following types of property:
  - Residential property;
  - Shopping complexes;
  - Purpose-built office blocks;
  - Hotels;
  - Industrial buildings.
- The number of residential property, shopping complexes, purpose-built office blocks, and hotel starts recorded in Malaysia between 2006 and 2010 are summarised in section 7.2 above. The number of industrial property starts recorded in Malaysia between 2006 and 2010 is summarised in the table below:

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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	Industrial Property	
	Number of Units	Growth Rate (%)
2006	427	
2007	655	53.4
2008	494	-24.6
2009	703	42.3
2010	638	-9.2
AAGR (%)	10.6	

Note: AAGR = Average Annual Growth Rate between 2006 and 2010.  
(Source: Valuation and Property Services Department, Ministry of Finance)

**8 COMPETITION****8.1 Nature of Competition in the Industry**

- Operators in the Electrical and Electronic Component and Equipment Industry, the Lifting and Handling Equipment Industry focusing on elevators, and the Busduct System Industry face normal competitive conditions.
- In such an environment, the industry is subjected to normal supply and demand conditions moderated by the price mechanism. Operators compete based on product and service differentiation, and other factors of competition.

**8.2 Factors of Competition**

- As with most free enterprise environment, the factors that are used to compete and to differentiate one operator from another include the following:
  - Range of brands covered;
  - Elevator system safety;
  - Busduct system certification;
  - Quality of the products and services offered;
  - Ability to offer total customised solutions;
  - Track record.
- **Range of Brands Covered**

Operators that carry and distribute a wide range of electrical and electronic components and equipment are in a better position to meet their customers' requirements. EITA Group, through its subsidiaries, are currently authorised distributors for a wide range of electrical and electronic components and equipment.


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- **Elevator System Safety**

Safety is an important competitive factor for operators who design, manufacture, install and maintain elevator systems as they are commonly used to transport people. Operators are required to prove to regulatory authorities that the elevator systems that they design and manufacture meet with the required safety standards. Operators who install and maintain elevators have to prove that they have the personnel and know-how to do so.

EITA Elevator (M) Sdn Bhd is registered with DOSH as a company for the installation, maintenance and inspection of electric goods and passenger elevators, escalators and dumbwaiters. EITA Group's elevator system designs have received EC type-examination Certificates from TÜV SÜD Industrie Service GmbH.

The elevator systems that have EC type-examination Certificates satisfy the essential safety requirements of the EC lift (i.e. elevator) directive 95/16/EC. EITA Group may install the elevator systems for which EC type-examination Certificates have been obtained in European Commission countries. EC type-examination Certificates are internationally recognised.

- **Busduct System Certification**

Product safety and reliability are also important competitive factors for operators who design and manufacture busduct systems as they are commonly used to conduct large current. Operators are required to provide evidence through independent third party testing that the performance of their busduct systems are in line with the ratings assigned to them. For example, an operator may obtain ASTA Type Test Certification stating that their busduct system has passed tests in accordance to an internationally recognised standard. An operator may also obtain independent third party certification that their busduct system has passed tests on a specific parameter in accordance to an internationally recognised standard.

Operators also have to prove that their busduct systems meet with other requirements, such as the resistance of the housing to penetration by solids and water, and resistance to fire.

Some of EITA Group's busduct systems have received the following independent third party certification:

- ASTA Type Test Certification to the IEC 60439-2 standard;
- Independent third-party certification as having passed short circuit tests in accordance to the IEC 60439-2 standard;
- Independent third-party certification as having passed temperature rise limit tests in accordance to the IEC 60439-2 standard;
- Independent third-party certification as having met internationally recognised standards for resistance to fire.


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EITA Group's busduct system housings have been independently tested and certified to meet with internationally recognised standards for resistance against solid material penetration and water ingress.

- **Quality of Products and Services Offered**

Product quality is an important factor of competition in the Electrical and Electronic Component and Equipment Industry as these products are commonly used as components in other machinery, equipment and other products.

Product quality is an important factor of competition in the lifting and handling equipment industry focusing on elevators as these products are commonly used to transport people. As a result, customers regard quality, safety and reliability as important considerations when selecting between different operators.

EITA Group's elevator system designs have received EC type-examination Certificates from TÜV SÜD Industrie Service GmbH.

- **Ability to offer customised total solutions**

Designers and manufacturers of elevators who are able to offer a total customised solutions to their customers are in a better position to meet the needs of owners, property developers and construction companies. This is because practically all buildings differ in terms of height, number of floors, height between the floor and ceiling, space available for elevator shafts, and interior layout.

This makes it essential that designers and manufacturers are able to offer customised designs that suit the requirements of individual buildings. It is also important that designers and manufacturers be involved in the whole process, starting from the initial conceptualisation and design phase with the owners, property developers or construction companies together with their engineers and architects, right up to final installation and commissioning.

EITA Group has the capability to offer customised solutions to its clients, and is involved in all stages of the design, manufacturing, installation and commissioning phases. The Group also offers after-sales maintenance services for elevator systems.

- **Track Record**

Customers would normally select suppliers of electrical and electronic components and equipment, and designers and manufacturers of elevators, escalators and travellers that possess strong track record.



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EITA Group has also been involved in marketing and distributing electrical and electronic components and equipment since 1996, and has a proven track record of helping its customers with their electrical and electronic components and equipment sourcing requirements.

EITA Group has been involved in the elevator business since 1998, and began designing and manufacturing elevators in 2002. As at 31 January 2012, EITA Group has an installed base of approximately 1,489 elevators, escalators and travellers.

### 8.3 Competitive Intensity

- Competitive intensity among operators in the Electrical and Electronic Component and Equipment Industry is **intense**.
- Competition among operators in the Electrical and Electronic Component and Equipment Industry is based on the following:
  - Customers may choose to purchase electrical and electronic components and equipment from different brands and manufacturers. As a result, competition is primarily between the various brands, manufacturers and their distributors, agents and representatives.
  - Operators who have been appointed as sole or exclusive distributors by a brand owner face less competition in distributing that particular brand's products. However, these operators will still have to compete against other brands, manufacturers and their distributors, agents and representatives.
- Competitive intensity among operators in the lifting and handling equipment industry focusing on elevators is **moderate**.
- Competition among operators in the lifting and handling equipment industry focusing on elevators is based on the following:
  - Competition is limited to the pool of designers, manufacturers and installers that comply with the relevant regulatory requirements. Customers may select from this pool of designers and manufacturers.
- Competitive intensity among operators in the busduct system industry is **moderate**.
- Competition among operators in the busduct system industry is based on the following:
  - Competition is reduced by the need for designers and manufacturers to obtain third-party certification for their busduct systems, without which it may be difficult to gain customer acceptance.



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### 8.4 Operators in the Industry

- There are a large number of electrical and electronic component and equipment brands currently available in the market, as well as unbranded generic products. These products are marketed and distributed by the brand owner or their representatives (such as authorised distributors and general distributors), as well as general importers and distributors who buy and resell.
- Examples of electrical and electronic component and equipment brands focusing on control equipment and power distribution equipment include, among others, the following (listed in alphabetical order):
  - ABB;
  - Danfoss;
  - GE;
  - Hitachi;
  - Mitsubishi;
  - Omron;
  - Siemens;
  - Socomech;
  - NIKKON lighting products, QPS transformers and SES current transformers (*brands of Success Transformer Corporation Berhad*);
  - Terasaki;
  - Toshiba;
  - Yaskawa.

*Note: This is a not an exhaustive list.*

*(Source: Vital Factor Consulting Sdn Bhd)*

- Some of the manufacturers and importers of elevator systems in Malaysia include, among others, the following (listed in alphabetical order):
  - Antah Schindler Sdn Bhd;
  - Atlantic Elevator Sdn Bhd;
  - Dong Yang Elevator (M) Sdn Bhd;
  - Dover Elevators (Malaysia) Sdn Bhd;
  - **EITA Group**;
  - Fuji Lift & Escalator Sdn Bhd;
  - Fujitec (M) Sdn Bhd;
  - Hitachi Elevator Engineering (M) Sdn Bhd;
  - Kone Elevator (M) Sdn Bhd;
  - MS Elevators Engineering Sdn Bhd;
  - Niche Elevator Sdn. Bhd (Kawasaki brand);
  - Nippon Lift Industry Sdn Bhd;
  - OTIS Elevator Company (M) Sdn Bhd;
  - Ryoden (Malaysia) Sdn Bhd (Mitsubishi brand);
  - Sanyo Elevator Sdn Bhd;
  - Sigma Elevator (M) Sdn Bhd;
  - SML Elevator Sdn Bhd;
  - Thyssen Krupp Elevator (Malaysia) Sdn Bhd;

*Note: This is a not an exhaustive list.*

*(Source: Vital Factor Consulting Sdn Bhd)*



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- Manufacturers of busduct systems in Malaysia include, among others, the following (listed in alphabetical order):
  - Davis Malaysia Sdn Bhd;
  - DBTS Industries Sdn Bhd;
  - **EITA Group;**
  - Henikwon Corporation Sdn Bhd;
  - Megaduct Technology Sdn Bhd;
  - Multi-B Sdn Bhd (a subsidiary of Translite Project Sdn Bhd);
  - Pacific MK Corporation Sdn Bhd;
  - Power Plug Busduct Sdn Bhd;
  - Tamco Switchgear (Malaysia) Sdn Bhd.

*Note: This is a not an exhaustive list.*

*(Source: Vital Factor Consulting Sdn Bhd)*

## 9 BARRIERS TO ENTRY

### 9.1 Set-up Costs and Time

- Set-up costs generally create a barrier to entry for a new entrant who wishes to market and distribute electrical and electronic components and equipment. Set-up cost is estimated at approximately RM8 million to RM10 million, which is used for working capital to purchase inventory and provide trade credit to customers. With this level of investment, it is estimated that the new entrant will be able to generate revenue of between RM12 million to RM15 million per year.
- In general, set-up costs and time form a barrier to entry for a new entrant who wishes to design and manufacture elevators. A new entrant must secure approval from the relevant authorities for the design of elevators, as well as obtain the relevant licences to manufacture and install elevators, which can be time consuming.
- The new entrant must be able to secure working capital to fund its on-going operations, as well as purchase the machinery, equipment, and computer software needed to design and manufacture passenger elevators. The estimated capital required for a new designer and manufacturer of passenger elevators is estimated at RM15 million, spread over three years.
- It is estimated that the new entrant will require three to five years to stabilise its operations, after which its annual turnover is estimated at RM10 million.



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**9.2 Technical Expertise**

- Technical expertise forms a barrier to entry for a new entrant who wishes to market and distribute electrical and electronic components and equipment. Some technical knowledge and familiarity with the products being distributed is usually required to market the products.
- The need to have the relevant technical expertise creates a high barrier to entry for a new entrant who wishes to design and manufacture passenger elevators. Qualified and experienced engineers and designers are needed to design the elevator system, program the control software, and satisfy the relevant technical and safety requirements. Qualified and experienced technicians are also required to install the elevator system on-site. In particular, qualified engineers with relevant experience in elevator systems are usually required to design elevator systems.
- Similarly, the need to have the relevant technical expertise creates a high barrier to entry for a new entrant who wishes to design and manufacture busduct systems. Experienced engineers and designers are needed to design the busduct system to suit the building that it is intended for.

**9.3 Third-Party Certification for Busduct Systems**

- The need to obtain third-party certification creates a barrier to entry for a new entrant that wishes to design and manufacture busduct systems. This is because the process of certification is tedious and incurs monetary costs.
- Busduct system designers and manufacturers send their products for third-party certification to prove that the ratings assigned to the busduct system are verified by independent testing. Third-party certification is also carried out to test for parameters such as resistance of the external housing to solid matter penetration and water ingress.
- Safety and reliability are important considerations when prospective customers select designers and manufacturers as busduct systems are commonly used to conduct large electrical current. Third party certification by internationally recognised bodies provides prospective customers with an indication of a busduct system's expected performance.
- A new entrant that does not have third-party certification from an internationally recognised body may find it difficult to gain market acceptance for its busduct systems. In addition, some potential customers will only accept busduct systems that have third-party certification. This creates a barrier to entry as the new entrant may be excluded from certain segments of the market.

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**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

**9.4 Track Record**

- Track record creates a barrier to entry for new entrants who wish to distribute electrical and electronic components and equipment. The new entrant that secures a distributorship or agency from an established manufacturer can make use of the manufacturer's track record to establish itself.
- Track record creates a barrier to entry for new entrants who wish to design and manufacture passenger elevators, as it will be difficult for a new entrant to secure customers for passenger elevators without a proven track record. The new entrant has to demonstrate that the passenger elevators that they design and manufacture comply with the safety requirements of the relevant authorities.
- In this respect, established designers and manufacturers of passenger elevators with a proven track record have an advantage over new entrants.
- Similarly, track record creates a barrier to entry for new entrants who wish to design and manufacture busduct systems. However, a new entrant can generally demonstrate that its busduct systems meet safety and reliability requirements if it possesses the relevant third-party certification.

**9.5 Access to Technology**

- Access to technology creates a barrier to entry for new entrants who wish to distribute electrical and electronic components and equipment. While new entrants that are not able to secure supplies of branded products can still distribute non-branded products, they are likely to face a higher level of competition by doing so.
- Access to technology and designs create a barrier to entry for new entrants who wish to design and manufacture passenger elevators, as well as busduct systems. New entrants may have to seek partnerships from more established operators, or develop their own expertise and designs.

**10 RELIANCE ON AND VULNERABILITY TO IMPORTS**

- In general, operators in the Electrical and Electronic Component and Equipment Industry are somewhat reliant on imports, as many of the products supplied by the industry are manufactured in other countries.
- Similarly, operators in the Electrical and Electronic Component and Equipment Industry are somewhat vulnerable to competition from imports, as these products are manufactured overseas.

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

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- Operators in the lifting and handling equipment industry focusing on elevators are somewhat reliant on imports, as many of the parts and components used are manufactured overseas.
- Operators in the lifting and handling equipment industry focusing on elevators are somewhat vulnerable to competition from imports, as agents and distributors can source complete systems from overseas manufacturers for installation in Malaysia. However, competition from imports is reduced by the following factors:
  - Overseas operators who wish to install elevators in Malaysia are required to form a local company and register with the CIDB;
  - Elevators have to meet with the standards set by Malaysian authorities, such as DOSH, before they can be registered by the same authorities.

**11 INDUSTRY OUTLOOK**

- The outlook of the Malaysian economy is dependent on the following indicators:
  - In 2011, real GDP growth in Malaysia was 5.1%;
  - As for 2012, the Malaysian government has forecasted real GDP growth of between 5.0% and 6.0% for Malaysia.

*(Source: Bank Negara Malaysia and Ministry of Finance)*

- The outlook of the Electrical and Electronic Component and Equipment Industry will be influenced by the performance of the manufacturing sector as a whole:
  - In 2011, real GDP of the manufacturing sector grew by 4.5% and is forecasted to grow by 4.5% in 2012. *(Source: Bank Negara Malaysia and Ministry of Finance)*
- The outlook of the Lifting and Handling Equipment Industry focusing on elevators and the Busduct System Industry may be affected by the performance of the construction sector:
  - In 2011, real GDP of the construction sector recorded a growth of 3.5%, and is forecasted to grow by 7.0% in 2012. *(Source: Bank Negara Malaysia and Ministry of Finance)*
- In the medium-term, the outlook of the Electrical and Electronic Component and Equipment Industry, the Lifting and Handling Equipment Industry, and the Busduct System Industry will be affected by the global economic outlook moving forward:
  - According to the International Monetary Fund, the global economy registered growth at a real rate of 5.1% in 2010 and is projected to grow by 4.0% in 2011 and 2012 respectively. *(Source: International Monetary Fund)*

**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- The growth of the global economy should improve the prospects of the Electrical and Electronic Component and Equipment Industry, the Lifting and Handling Equipment Industry and the Busduct System Industry as a whole by stimulating its user industries, such as the overall manufacturing industry and the construction industry.

**12 THREATS AND RISKS ANALYSIS****12.1 Global Financial Crisis**

- A prolonged and/or widespread economic downturn such as the current global financial crisis may negatively affect the economies of Malaysia and other countries.
- This slowdown in the local and global economies may affect the demand for new property development, which in turn may reduce demand for elevators.
- A slowdown in the local and global economies may result in a general slowdown in manufacturing activity, which may reduce demand for electrical and electronic components and equipment.

**Mitigating Factors**

- Although demand for new elevators may be negatively affected by an economic downturn, it is likely that demand for maintenance services will be more resilient as they require periodic maintenance to keep them in safe operating order.
- Between 2007 and 2011, sales value of the overall manufacturing sector increased at an average annual rate of 2.3%. In 2011, the sales value of the overall manufacturing sector grew by 10.0% to reach RM588.9 billion. *(Source: Department of Statistics)*

**12.2 Dependency on Brand Owners**

- Authorised and general distributors of electrical and electronic components and equipment are generally dependent on brand owners to the extent that they rely on the brand owners for the supply of electrical and electronic components and equipment. Any disruption or break in the relationship with their brand owners will have a negative impact on their ability to supply electrical and electronic components and equipment to their customers.

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**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- It may be difficult and time consuming for authorised and general distributors in the Electrical and Electronic Component and Equipment Industry to form relationships with other brand owners should there be a disruption in their relationship with their current brand owners.

**Mitigating Factors**

- The stability and robustness of strategic partnerships can be enhanced through equity participation, for example through a joint venture.
- In addition, there is generally a lower chance that a long-standing strategic relationship will be disrupted, especially if the distributor has been performing well.

**13 AREAS OF GROWTH AND OPPORTUNITY**

**13.1 Increasing Preference for Branded Electrical and Electronic Components and Equipment**

- There are opportunities for authorised and general distributors increase the value of their sales by increasing their customer's preference for branded electrical and electronic components and equipment.
- Branded electrical and electronic components and equipment can be positioned as being more technologically advanced, reliable, consistent and of a higher quality than generic electrical and electronic components and equipment.

**13.2 Export Markets**

- There are export opportunities for Malaysian designers and manufacturers of elevators and busduct systems, particularly in the South East Asian region and the Middle East. Addressing export markets will enable designers and manufacturers of elevators and busduct systems to expand their customer base, and reduce the risk of over dependence on individual markets.
- Operators with in-house design and R&D capabilities are in a better position to develop products that are suitable for use in export markets, where customer requirements and preferences may differ.

**13.3 Product Diversification**

- Product diversification presents opportunities for operators to enlarge their customer base and more importantly, enable them to reduce the risk of being overly dependent on a narrow range of products and services.

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**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**


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**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- Operators in the lifting and handling equipment industry that possess in-house design and R&D capabilities are in a better position to develop systems and equipment to meet new applications and requirements.
- Operators who supply a diverse range of electrical and electronic components and equipment are in a stronger position to sustain their businesses during an economic slowdown.

**14 DRIVERS OF GROWTH**

- Some of the drivers of growth for the electrical and electronic components and equipment industry are as follows:
  - **Economic Growth and Demand from End-user Industries:** General economic growth as well as demand from end-user industries should create demand for the electrical and electronic component and equipment industry. Growth of the economy in general is likely to create demand for the overall manufacturing industry, and general purpose machinery and special purpose machinery industries. This will, in turn, create demand for various types of electrical and electronic components and equipment.
  - **Growth of the Construction Industry:** The growth of the construction industry, particularly the construction of new residential, commercial and industrial buildings, particularly high-rise buildings, will drive demand for elevators.

**15 CRITICAL SUCCESS FACTORS**

The critical success factors for operators in the Electrical and Electronic Component and Equipment Industry include the following:

- **Relationship with brand owners:** Operators in the Electrical and Electronic Component and Equipment Industry that do not manufacture their own products have to maintain a good working relationship with brand owners to ensure that they have a continuous supply of electrical and electronic components and equipment. Any disruption in the relationship with brand owners will disrupt their ability to serve their customers.
- **Product and service quality:** To ensure business sustainability, operators in the Electrical and Electronic Component and Equipment Industry must continuously supply electrical and electronic components and equipment that meet with the relevant industry standards and customer requirements.
- **Established track record:** Operators have to demonstrate that the electrical and electronic components and equipment that they supply have been proven to meet customer expectations.

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**10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- **Wide customer base and distribution network:** Operators with a wide customer base and distribution network are better placed to achieve greater consistency in terms of business performance as they are in a better position to mitigate against a temporary slowdown in demand from individual customers or user industries by increasing their focus on other customers and user industries.

The critical success factors for designers and manufacturers of elevator systems include the following:

- **Product safety and quality:** Operators must prove that the elevator systems that they design and manufacture comply with safety standards set by the relevant regulatory authorities. They must also prove that the elevator systems that they manufacture are reliable and of a high quality. An accident or equipment failure resulting from a mistake on the part of the operator will have a negative effect on their reputation and ability to secure new orders.
- **Qualified personnel:** Designers and manufacturers of elevators must employ and retain engineers and technical personnel with relevant expertise and experience.
- **In-house design capabilities:** Operators require in-house design capabilities as most customers require some degree of customisation to the elevators that they purchase. The ability to develop new designs also allows operators to enhance their existing products and to differentiate themselves from their competitors. Operators without in-house design capabilities may need to outsource this critical function.
- **In-house R&D capabilities:** The possession of in-house R&D capabilities and facilities is important, as it enables designers and manufacturers of elevators to independently improve their existing systems, and develop new designs and features. On-going R&D is essential to provide designers and manufacturers with a competitive edge, promoting sustainability and long-term success in the market.

The critical success factors for designers and manufacturers of busduct systems include the following:

- **Third-party Certification:** Operators must demonstrate that the busduct systems that they design and manufacture are safe and reliable by obtaining third-party certification from an internationally recognised body.
- **In-house design capabilities:** In-house design capabilities are required as most customers require customised solutions for their busduct systems. The ability to develop new designs also allows operators to develop new products and enhance their existing products. Operators without in-house design capabilities may need to outsource this critical function.

10. INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



**VITAL FACTOR CONSULTING**

Creating Winning Business Solutions

- **In-house R&D capabilities:** The possession of in-house R&D capabilities and facilities allow designers and manufacturers to independently develop new busduct systems, and improve their existing busduct systems. On-going R&D is essential to provide designers and manufacturers with a competitive edge, promoting sustainability and long-term success in the market.

**16 MARKET SIZE, SHARE AND RANKING**

**16.1 Elevator Systems**

- In 2010, the market size for elevators and escalators in Malaysia based on the value of elevators purchased by the Construction Industry is estimated at **RM470 million** (Source: *Vital Factor Consulting Sdn Bhd*).
- In 2010, EITA Group's market share of elevators in Malaysia (based on revenue derived from sales of elevators in Malaysia for the financial year ended 31 December 2010) was estimated at **10%** (Source: *Vital Factor Consulting Sdn Bhd*).

**16.2 Busduct Systems**

- In 2010, EITA Group ranked **sixth** (based on revenue) among companies involved in the manufacturing of busduct systems in Malaysia (Source: *Vital Factor Consulting Sdn Bhd*).

Vital Factor Consulting Sdn Bhd had prepared this report in an independent and objective manner and had taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, secondary statistics and information, and primary market research. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibilities for the decisions or actions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the shares of any company.

Yours sincerely

Wooi Tan  
Managing Director



11. DIRECTORS' REPORT

*(Prepared for inclusion in the Prospectus)*



Date : 12 MAR 2012

The Shareholders of  
**EITA Resources Berhad**  
Third Floor, No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

**EITA RESOURCES BERHAD**

(Company No.: 398748-T)  
(Formerly known as EITA Holdings Sdn. Bhd.)  
Lot 4, Block A, Jalan SS 13/7,  
Subang Jaya Industrial Estate,  
47500 Subang Jaya,  
Selangor Darul Ehsan, Malaysia.  
Tel: 603-5637 8099 Fax: 603-5637 8128

Dear Sir/Madam

On behalf of the Board of Directors of EITA Resources Berhad ("**EITA**" or "**Company**"), I wish to report after due enquiry by the Board of Directors of EITA, that between the period from 30 September 2011 (being the date to which the last audited financial statements of EITA and its subsidiaries ("**Group**") have been made up) to the date of this letter (being a date not earlier than 14 days before the issuance of this Prospectus), that:-

- (a) The business of the Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen since 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) There have been, since the latest audited financial statements of the Group, no default or any known event that could give rise to a default situation, in respect of payments, of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (f) Save as disclosed in this Prospectus, there have been, since the last audited financial statements of the Group, no material changes in the published reserves or any unusual factors affecting the profits of the Group.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**EITA RESOURCES BERHAD**

  
**FU WING HOONG**  
Group Managing Director

## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 12.1 SHARE CAPITAL

- (a) No shares will be allocated or sold on the basis of this Prospectus later than twelve (12) months after the date of issue of this Prospectus.
- (b) Neither our Company nor our subsidiaries have any share capital that is under option, or agreed conditionally or unconditionally to be put under option.
- (c) As at the date of this Prospectus there is only one (1) class of shares in our Company, being ordinary shares of RM0.50 each, the details of which are outlined in Section 2.1 of this Prospectus.
- (d) Save as disclosed in Sections 2.1, 4.1.2 and 4.1.4 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two (2) years preceding from the date thereof.
- (e) Save for the IPO Shares reserved for the employees of our Group as disclosed in Section 2.3.1(b) of this Prospectus, there is currently no other scheme for or involving our Directors or employees of our Company or our subsidiaries.
- (f) As at this date hereof, our Company does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

### 12.2 ARTICLES OF ASSOCIATION

The following provisions are extracted from our Company's Articles of Association. The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association.

#### (a) Transfer of securities

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

##### **Article 31**

*Subject to the provisions of these Articles, the Act, the Depositories Act and the Rules (with respect to transfer of a deposited security) all transfers of securities shall be in writing in the form prescribed and approved by the Exchange, or such form as may from time to time, be prescribed under the Act or approved by the Exchange, or such relevant authorities of the stock exchanges on which the Company's securities are listed. All transfers of Deposited Securities shall be effected in accordance with the Rules.*

##### **Article 32**

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

## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

### **Article 33**

*Subject to these Articles, there shall be no restriction on the transfer of fully paid securities except where required by law. However, no shares shall in any circumstances be knowingly transferred to any infant, bankrupt or person of unsound mind. In the case of deposited securities, the Bursa Depository may refuse to register any transfer that does not comply with the Depositories Act and the Rules.*

### **Article 35**

*Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.*

### **Article 36**

*Neither the Company nor the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares by registered Members apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to Company or the 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 set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee and/or 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 thereto.*

### **(b) Remuneration of directors**

The provisions in our Articles of Association in respect of remuneration of the Directors are as follows:-

### **Article 112**

*The fees of the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled to rank in such division for a proportion of the fees related to the period during which the Director has held office provided always that :-*

- (i) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profit or turnover. Salaries payable to executive Directors may not include a commission on or percentage of turnover.*
- (ii) The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meeting of the Company or in connection with the business of the Company.*
- (iii) Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (iv) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

**Article 113**

- (i) The Directors shall be entitled to be re-imbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance or their duties as Directors.
- (ii) If by any arrangement with the Directors, any Directors shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special excursions 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 or a committee of Directors, the Directors may pay him extra remuneration, in addition to his Director's fees.

**Article 142**

A managing Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (which shall not include a commission on or percentage of turnover) as the Directors may determine. It may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

**Article 110 (iii)**

An alternate Director shall not be entitled to receive remuneration otherwise than out of the remuneration of the Director appointing him.

**(c) Voting and Borrowing Powers of Directors**

The provisions in our Articles of Association dealing with voting powers of the Directors in the proposals, arrangements or contracts in which they are interested in and the borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:-

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**Article 116**

- (i) *The Directors may exercise all the powers of the Company to borrow money or to mortgage or charge its undertaking, property, uncalled capital, or any part thereof, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related third party.*
- (ii) *The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*
- (iii) *The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.*

**Article 117**

*The Directors may exercise all the powers of the Company in relation to any official seal for use outside Malaysia and in relation to branch register.*

**Article 118**

*The Directors may procure the establishment and maintenance of any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons who are or who shall have been at any time in the employment or service of the Company or any associated Company or to any persons who are or who have been a Director or other officer of and holds or have held salaried employment in the Company or any associated Company, or the wives, widows, families or dependents of any such persons. The Directors may also procure the establishment of subsidy or subscription and support to any institutions, association, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibitions or for any public, general or useful object. Provided that any Director holding such salaried employment shall be entitled to retain any benefit received by him hereunder subject only where the Act requires, to proper disclosure to the Members of the Company in general meeting.*

**Article 121**

*A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any Company 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 realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established provided always that Sections 131, 131A and 132E and all other relevant provisions of the Act and these Articles are complied with.*

## 12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)

### **Article 130**

*Every Director shall comply with Sections 131, 131A and 135 of the Act and who is personally interested directly or indirectly in any contract or arrangement or proposed contract or arrangement with the Company shall declare his interest to the board of Directors as soon as he becomes aware of such contract or arrangement and such Director shall not participate in deliberations concerning such contract or arrangement nor shall he cast his vote in respect of any matter arising therefrom.*

### **Article 131**

*A Director may vote in respect of:-*

- (i) Any arrangement for giving the Director himself or any other 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*
- (ii) Any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by a deposit of a security.*

### **Article 132**

*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 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 whereat the terms of such appointment as hereinafter mentioned are considered or where any decision is taken upon any contract or arrangement which he is in any way interested provided always that he has complied with Section 131, 131A and all other relevant provisions of the Act and these Articles.*

#### **(d) Changes In Capital and Variation of Class Rights**

The provisions in our Company's Articles of Association in respect of the changes in capital or variation of class rights, which are as stringent as those provided in the Act, are as follows:-

### **Article 57**

*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 shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths 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 that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one third (1/3) of the issued shares of the class and that any holder may demand in a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.*

**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**Article 58**

*The rights conferred upon the holders of shares of any class 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 59**

*The Company may from time to time by ordinary resolution increase the share capital by the creation and issue of new shares, such new capital to be of such amount 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 shall prescribe.*

**Article 60**

*Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Rules.*

**Article 61**

*The Company may by ordinary resolution from time to time:-*

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; or*
- (ii) sub-divide its existing shares, or any of them into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provision of the Act, and so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the resulting shares, one or more of such shares may by the resolution by which such sub-division is effected, be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares; or*
- (iii) cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.*

**Article 62**

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

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**12.3 LIMITATION OF RIGHTS**

There are no limitations on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of our Company.

**12.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (a) The names, addresses and occupations of the Directors of our Company are set out in the Corporate Directory of this Prospectus.
- (b) A Director is not required to hold any qualification share in our Company unless otherwise so fixed by the Company in general meeting.
- (c) Save as disclosed in Section 2.9 of this Prospectus, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by our Company or our subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company or our subsidiaries or in connection with the issue or sale of any capital of our Company or any of our subsidiaries and no Directors, proposed Directors, Promoters or experts is or are entitled to receive any such payment.
- (d) Save and except for salaries, employment related benefits, dividends payable to the Promoters and/or substantial shareholders and/or Directors of our Company, related party transactions and remuneration and benefits for services rendered in all capacities to our Group as disclosed in Sections 5.2.3 and 7 of this Prospectus, there are no other amounts or benefits paid or intended to be paid or given to any of the Promoters, substantial shareholders or Directors within two (2) years preceding the date of this Prospectus.
- (e) Save as disclosed in Section 7.5 of this Prospectus, none of the other Directors and/or substantial shareholders of our Company has interest in any contract or arrangement subsisting at the date of this Prospectus, which is significant in relation to the business of our Company or our Group taken as a whole.
- (f) Save as disclosed in Sections 5.1 and 5.2 of this Prospectus, the Directors and/or substantial shareholders of our Company are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over our Company.

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## **12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

### **12.5 MATERIAL CONTRACTS**

Save as disclosed below, as at the date of this Prospectus, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by us and our subsidiaries within two (2) years preceding the date of this Prospectus:-

- (a) On 24 October 2010 and 21 October 2011, Furutec Electrical entered into a MOU and Research Collaboration Agreement with USM respectively upon terms and conditions as contained therein;
- (b) By way of a sale and purchase agreement dated 30 May 2011, EITA Elevator disposed of a property held under Strata Title M1/19/257, on Geran 5424, Lot 2000, Seksyen 46, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 1,270 square feet for a sale consideration of RM350,000 to Ho Swee Peng & Ho Swee Fong. As at the LPD, this agreement is pending completion;
- (c) By way of a sale and purchase agreement between EITA-Schneider, Sime Darby USJ Development Sdn Bhd and Sime Darby Property (Klang) Sdn Bhd dated 30 June 2011, EITA-Schneider agreed to purchase all that industrial land bearing Lot No. 14 measuring approximately 2.90 acres located at Bandar Bukit Raja (Eastern Division), Klang for a purchase price of RM5,684,580. As at the LPD, the sale and purchase agreement is pending completion and we have paid RM3,126,519 representing 55.0% of the purchase consideration; and
- (d) Underwriting Agreement dated 6 March 2012 between the Company and the Sole Underwriter for the underwriting of 10,000,000 Public Issue Shares ("**Underwritten Shares**") at an underwriting commission of 2.0% of the total value of the Underwritten Shares and upon the terms and conditions contained therein.

### **12.6 MATERIAL LITIGATION AND ARBITRATION**

As at the LPD, we are not presently involved in any material litigation and arbitration, whether as plaintiff or defendant or as a third party, which has a material effect on our position or business and we are not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceedings which might materially affect our position or business.

### **12.7 REPATRIATION OF CAPITAL AND PROFITS**

To the best knowledge of our Directors, there are no governmental laws, decrees, regulations or other legislations in Singapore that may affect the repatriation of capital and the remittance of profit by EITA Technologies Singapore to Malaysia.

### **12.8 GENERAL INFORMATION**

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

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

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**12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**12.9 CONSENTS**

- (a) The written consent of the Adviser, Sole Underwriter and Sole Placement Agent, Company Secretaries, Principal Bankers, Registrars and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (b) The written consent of the Reporting Accountants and Auditors to the inclusion in this Prospectus of their names, Accountants' Report and letter relating to the Proforma Consolidated Financial Information and audit reports in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and has not subsequently been withdrawn.
- (c) The written consent of Messrs Ken Wong & Co. (being the auditors of EITA Technologies Singapore for the FYE 2008 to FYE 2010 and FPE 2011) to the inclusion in this Prospectus of their names and statements in the form and context in which such statements appear in the Accountants' Report has been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (d) The written consent of Messrs William C. H. Tan & Associates (being the auditors of Furutec Electrical for the FYE 2008) to the inclusion in this Prospectus of their names and statements in the form and context in which such statements appear in the Accountants' Report has been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (e) The written consent of Messrs R.K. & Associates (being the auditors of Furutec Electrical for the FYE 2009) to the inclusion in this Prospectus of their names and statements in the form and context in which such statements appear in the Accountants' Report has been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (f) The written consent of the Independent Business and Market Research Consultants to the inclusion in this Prospectus of their names and the Independent Market Research Report in the form and context in which they are contained in this Prospectus, has been given before the issuance of this Prospectus and has not subsequently been withdrawn.

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## **12. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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### **12.10 DOCUMENTS FOR INSPECTION**

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

- (a) The Memorandum and Articles of Association of our Company;
- (b) The Directors' Report referred to in Section 11 of this Prospectus;
- (c) The Accountants' Report as included in Section 9 of this Prospectus;
- (d) The Reporting Accountants' letters relating to the Proforma Consolidated Financial Information as set out in Section 9.1 of this Prospectus;
- (e) The audited financial statements of our Company and our subsidiaries for the past three (3) FYE 2008 to FYE 2010 and FPE 2011;
- (f) The unaudited financial statements of our Company for the FPE 2010;
- (g) The material contracts referred to in Section 12.5 of this Prospectus;
- (h) The letters of consent referred to in Section 12.9 of this Prospectus;
- (i) The Independent Market Research Report by Vital Factor Consulting Sdn Bhd as set out in Section 10 of this Prospectus;
- (j) The approvals, major licences and permits referred to in Section 4.15 of this Prospectus;
- (k) The registered trade marks, licence agreement and technical collaboration agreement referred to in Section 4.13 of this Prospectus; and
- (l) The underlying documents relating to the four (4) authorised distributorships referred to in Section 4.16 of this Prospectus.

### **12.11 RESPONSIBILITY STATEMENTS**

Our Directors, Promoters and Offerors have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

AmlInvestment Bank, 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 IPO.

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## **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE**

### **13.1 OPENING AND CLOSING OF APPLICATIONS**

Applications will be accepted from 10.00 am on 26 March 2012 to 5.00 pm on 30 March 2012 or for such further period or periods as the Directors and Promoters of our Company together with the Sole Underwriter in their absolute discretion may mutually decide. In the event that the closing date of the Applications is extended, you will be notified of the change in a widely circulated daily Bahasa Malaysia and English newspapers in Malaysia. Should the application period be extended, the dates for the balloting, allotment of the IPO Shares and the Listing will be extended accordingly. **Late applications will not be accepted.**

### **13.2 METHODS OF APPLICATION**

Application Forms, Electronic Share Applications and Internet Share Applications.

### **13.3 PROCEDURES FOR APPLICATIONS**

THE FOLLOWING RELEVANT APPLICATION FORMS ISSUED WITH THE NOTES AND INSTRUCTIONS PRINTED THEREIN ARE ENCLOSED WITH THIS PROSPECTUS AND ARE DEEMED TO FORM PART THEREOF:-

**(a) Applications by the Malaysian Public via balloting**

Applications for the 6,500,000 Shares made available to the Malaysian Public must be made on the **White** Application Forms provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution **cannot** apply for the Shares by way of Electronic Share Application or Internet Share Application.

**(b) Applications by selected investors**

Selected investors being allocated the 17,000,000 Shares by way of private placement will be contacted directly by the Sole Placement Agent and are to follow the instructions as communicated by the Sole Placement Agent.

**(c) Applications by Bumiputera investors approved by MITI**

Bumiputera investors approved by MITI being allocated the 13,000,000 Shares by way of private placement will be contacted directly by the Sole Placement Agent and are to follow the instructions as communicated by the Sole Placement Agent.

**(d) Applications by eligible Directors, employees and business associates of our Group**

Application for the 3,500,000 Shares made available for eligible Directors, employees and business associates of our Group must be made on the **Pink** Application Forms provided and **not** on any other Application Form, or by way of Electronic Share Application or Internet Share Application

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## **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **13.4 APPLICATIONS USING APPLICATION FORMS**

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

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability, from AmInvestment Bank, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and EQUINITI.

**Pink** Application Forms together with copies of this Prospectus will be sent out to eligible Directors, employees and the business associates of our Group.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of EQUINITI and their immediate families are strictly prohibited from applying for the IPO Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 ordinary shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full upon application is RM0.76 per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for the 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 ("KPPK 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.

### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

IN THE CASE OF A CORPORATE/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 our Company and/or EQUINITI.

#### 13.5 TERMS AND CONDITIONS

Applications by way of White and Pink Application Forms shall be made on, and subject to, the 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 correspondence address in Malaysia with CDS account (Pink Application Forms only).

- (b) Applicants which are corporations/institutions incorporated in Malaysia and applying via White Application Forms must have a CDS account and be subject to the following:-

(i) 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

(ii) There is majority of Malaysian citizens on the board of directors/trustee.

Applicants which are corporations/institutions incorporated outside Malaysia and applying via Pink Application Forms must have a CDS account and provide a correspondence address in Malaysia. For clarification, applicants which are corporations/institutions incorporated outside Malaysia will not be allowed to apply for the Shares via White Application Forms.

- (c) Applicant which is a superannuation, co-operative, foundation, provident or pension fund must be established or operating in Malaysia and has 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 Sections 13.5 (b) and (c) above or the trustees thereof.
- (e) Application for the Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which **DO NOT STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

(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 FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:-

- AFFIN BANK BERHAD;
- ALLIANCE BANK MALAYSIA BERHAD;
- AMBANK (M) BERHAD;
- CIMB BANK BERHAD;
- HONG LEONG BANK BERHAD;
- MALAYAN BANKING BERHAD; OR
- PUBLIC BANK BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF "EQSB SHARE ISSUE ACCOUNT NO. 646" 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 MUST 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 EQUINITI/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) The Board reserves the right to require any successful applicant to appear in person at the registered office of EQUINITI within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) EQUINITI, on the authority of the Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (k) EQUINITI, on the authority of the Board reserves the right not to accept any Application or accept any 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 an adequate market for the shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the applicant within ten (10) Market Days from the date of the final ballot of the Applications lists by ordinary post or registered post respectively, 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 (KPPK 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/her 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) EQUINITI, on the authority of the Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post.
- (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:-
- Equiniti Services Sdn Bhd (11324-H) *(formerly known as MIDF Consultancy and Corporate Services Sendirian Berhad)*  
Level 8, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
P.O. Box 11122  
50736 Kuala Lumpur
- or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the Ground Floor of Menara MIDF, 82 Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 pm on 30 March 2012 or for such further period or periods as the Directors and Promoters of our Company together with the Sole Underwriter in their absolute discretion may mutually decide.
- (p) Directors and employees of EQUINITI and their immediate families are strictly prohibited from applying for the Shares.
- (q) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO EQUINITI.**

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## 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 13.6 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

#### 13.6.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution (as detailed in Section 13.6.2(o) below) and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 13.6.2 below 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);
  - EQSB Share Issue Account No. 646;
  - 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.

#### 13.6.2 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 ATM" in Section 13.6.1 above. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.**

The applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for 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 EQUINITI. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

### **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Upon the closing of the offer for the Application for the Shares, on 30 March 2012, at 5.00 pm ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Shares to EQUINITI as soon as practicable but not later than 12.00 pm of the second (2<sup>nd</sup>) business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for 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 predesignated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
  - The applicant has attained 18 years of age as at the Closing Date of the application for the IPO Shares;
  - The applicant is a Malaysian citizen residing in Malaysia;
  - The applicant has 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
  - The applicant hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to EQUINITI 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 above 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 EQUINITI, or any relevant regulatory bodies.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR SHARES AS 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 THE SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION..
- (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 Shares applied for as stated on the Transaction Record or any lesser number of 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 Shares or not to allot or allocate any 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 Shares applied for shall signify, and shall be treated as, his acceptance of the number of Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) EQUINITI, on the authority of our Directors 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 an adequate market for the shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from EQUINITI. EQUINITI shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. The applicants may check their accounts on the fifth Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from EQUINITI. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by EQUINITI crediting into the applicant's 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 Institutions.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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- (h) The applicant requests and authorises our Company:-
- (i) to credit the Shares allotted or allocated to the applicant into the CDS account of the applicant; and
  - (ii) to issue share certificate(s) representing such 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 the control of our Company, EQUINITI or the Participating Financial Institution, irrevocably agrees that if:-
- (i) our Company or EQUINITI does not receive the applicant's Electronic Share Application; or
  - (ii) 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 EQUINITI,
- the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, EQUINITI 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, EQUINITI 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:-
- (i) 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;
  - (ii) our Company, the Participating Financial Institutions, Bursa Depository and EQUINITI 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 to any cause beyond their control;

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iii) 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 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;
  - (iv) the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Shares allotted or allocated to the applicant; and
  - (v) our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (m) The Board reserves the right to require any successful applicant to appear in person at the registered office of EQUINITI at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. The Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) EQUINITI, on the authority of the Board reserves the right to reject applications which 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) Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**13.7 APPLICATIONS USING INTERNET SHARE APPLICATION**

**13.7.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the IPO 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 IPO Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the IPO 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 IPO 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:-
  - (i) The applicant has attained eighteen (18) years of age as at the Closing Date of the application for the IPO Shares;
  - (ii) The applicant is a Malaysian citizen residing in Malaysia;
  - (iii) 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;
  - (iv) 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 IPO;

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (vi) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
  - (vi) The applicant authorises the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (vii) 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 EQUINITI and the Internet Participating Financial Institution or the Authorised Financial Institution, the SC and any other relevant authority;
  - (viii) The applicant is not applying for the IPO 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
  - (ix) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the 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 or the Authorised 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 or the Authorised 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 or the Authorised 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 Internet Participating Financial Institution or the Authorised Financial Institution to effect the online payment of the application money for the IPO.
  - (j) As soon as the transaction is completed, a message from the Internet Participating Financial Institution or 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.

## **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **13.7.2 TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION**

Applications for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

#### **Internet Participating Financial Institution**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- Malayan Banking Berhad at [www.maybank2u.com.myor](http://www.maybank2u.com.myor)
- RHB Bank Berhad at [www.rhbbank.com.myor](http://www.rhbbank.com.myor)
- Public Bank Berhad at [www.pbepbank.com](http://www.pbepbank.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 IPO SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.**

**PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein:-

- (a) An applicant making an Internet Share Application shall:-
- (i) be an individual with a CDS Account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name;
  - (ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution or the Authorised 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



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iii) 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 IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions or the Authorised Financial Institution.

- (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 or the Authorised Financial Institution) and to undertake that the following information given are true and correct:-

- (i) The applicant has attained eighteen (18) years of age as at the date of the application for the IPO Shares;
- (ii) The applicant is a Malaysian citizen residing in Malaysia;
- (iii) 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;
- (iv) 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 IPO;
- (v) The Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
- (vi) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- (vii) 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 EQUINITI and the Authorised Financial Institution, the SC and any other relevant authority;
- (viii) The applicant is not applying for the IPO 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

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ix) The applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the 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 or the Authorised 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 or the Authorised 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 or the Authorised 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 IPO 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 13.7.2(c) herein.
- (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 IPO 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 IPO Shares applied for as stated on the Confirmation Screen or any lesser number of IPO 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 IPO Shares or not to allot any IPO Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

### **13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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 IPO 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:-

- (i) acceptance by the applicant of the number of IPO 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
  - (ii) 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 IPO Shares of our Company will be rejected. Our Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the IPO Shares to a reasonable number of applicants with a view to establishing an adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share 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 EQUINITI .

EQUINITI 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 or the Authorised 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 or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from EQUINITI. 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 EQUINITI by crediting into the applicant's account with the Participating Financial Institution or the Authorised Financial Institution within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application money (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 EQUINITI.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Except where EQUINITI is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution or the Authorised 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 or the Authorised 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 IPO Shares allotted, if any, before trading the IPO Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 pm on 30 March 2012 or for such further period or periods as the Directors and Promoters of our Company together with the Sole Underwriter in their absolute discretion may 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, EQUINITI 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, EQUINITI or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO 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 or the Authorised 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 or the Authorised Financial Institution, EQUINITI 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 or the Authorised 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 or the Authorised Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
- (i) In consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution or the Authorised Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
  - (ii) The applicant has irrevocably requested and authorised our Company to register the IPO Shares allotted to the applicant for deposit into the applicant's CDS Account;
  - (iii) Neither our Company nor the Internet Participating Financial Institution or the Authorised 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 EQUINITI or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or to any cause beyond their control;
  - (iv) 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 EQUINITI, our Company and/or the Internet Participating Financial Institution or the Authorised 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 or the Authorised Financial Institution;
  - (v) The acceptance of the offer made by the applicant to subscribe for the IPO 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;
  - (vi) 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;
  - (vii) In making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Underwriter, the Adviser and any other person involved in the IPO 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
  - (viii) 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.

### 13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution or the Authorised Financial Institution:-
- (i) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fee will be charged for application by their account holders;
  - (ii) CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
  - (iii) CIMB Bank Berhad ([www.cimbclicks.com.my](http://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;
  - (iv) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) - RM1.00;
  - (v) Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00; and
  - (vi) RHB Bank Berhad ([www.rhbbank.com.my](http://www.rhbbank.com.my)) – RM2.50.

#### 13.8 APPLICATION AND ACCEPTANCE

EQUINITI, on the authority of the 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 the Directors of our Company 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 and establishing an adequate market in the shares of our Company. Pursuant to the listing requirements of Bursa Securities, 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, our 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 the Directors of our Company.

In the event of an under-subscription by the Directors, employees and business associates of our Group, such shares will be made available for Application by the Malaysian Public.

Directors and employees of EQUINITI and their immediate families are strictly prohibited from applying for the Shares.

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH THE 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.

EQUINITI, RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL 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 AT THE ADDRESS REGISTERED WITH THE BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

**13.9 CDS ACCOUNTS**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of our Company as Prescribed Securities. In consequence thereof, the Share issued through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in 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 EQUINITI/our Company. 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 Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his/her CDS account number, EQUINITI on the authority of our Company will reject the Application. EQUINITI on the authority of the Directors of our Company 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.

**13.10 NOTICE OF ALLOTMENT**

The 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 the Listing of our Company. For Electronic Share Application or Internet Share Application, 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 the Listing of our Company. 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 EQUINITI website at [www.equiniti.com.my](http://www.equiniti.com.my) or by calling their respective ADAs at the telephone number as stated in Section 13.11 of this Prospectus or EQUINITI Enquiry Services Telephone at 03-2166 0933 or 03-2166 0811, between five (5) to ten (10) Market Days (during office hours only) after the date of the allotment of the Shares.

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**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****13.11 LIST OF AUTHORISED DEPOSITORY AGENTS**

The list of the ADAs and their respective Broker codes are as follows:-

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>KUALA LUMPUR</b>		
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 3 <sup>rd</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17 <sup>th</sup> Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No: 03-26976333	076-001
AMINVESTMENT BANK BERHAD	15 <sup>th</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20782788	086-001
BIMB SECURITIES SDN BHD	32 <sup>nd</sup> Floor Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No: 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	9 <sup>th</sup> Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No: 03-20891888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-21781133	052-009
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No: 03-21681168	066-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>KUALA LUMPUR (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	Nos.34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 <sup>th</sup> Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5 <sup>th</sup> Mile Cheras 56100 Kuala Lumpur Tel No: 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	2 <sup>nd</sup> 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	7 <sup>th</sup> , 22 <sup>nd</sup> , 23 <sup>rd</sup> , & 23A Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No.1, Jalan Imbi 55100 Kuala Lumpur Tel No: 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7 <sup>th</sup> - 9 <sup>th</sup> Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 <sup>th</sup> - 14 <sup>th</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8 <sup>th</sup> Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-21649080	073-001
M & A SECURITIES	Level 1-2, No. 45 & 47 The Boulevard, Mid-Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No: 03-22821820	057-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>KUALA LUMPUR (Cont'd)</b>		
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03-22978888	098-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-26910200	061-001
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
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	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-23338333	056-001
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, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> 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, 1 <sup>st</sup> & 10 <sup>th</sup> Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 <sup>th</sup> Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-20313011	051-001

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>KUALA LUMPUR (Cont'd)</b>		
RHB INVESTMENT BANK BERHAD	Level 9, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No: 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Fir 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03-20721277	058-003
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2 <sup>nd</sup> , 3 <sup>rd</sup> & 4 <sup>th</sup> 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, 2 <sup>nd</sup> 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	4 <sup>th</sup> 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	Ground Floor Tropicana City Office Tower 3 Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77173319	065-009
ECM LIBRA INVESTMENT BANK BERHAD	35, Ground and 1 <sup>st</sup> Floor Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No: 03-33488080	052-015
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-7724688	066-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	16 <sup>th</sup> , 18 <sup>th</sup> - 20 <sup>th</sup> 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	6 <sup>th</sup> Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No: 03-87361118	079-001
JF APEX SECURITIES BERHAD	15 <sup>th</sup> & 16 <sup>th</sup> 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	1 <sup>st</sup> Floor, Wisma UEP Pusat Pemiagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No: 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77259095	073-016
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

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
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 & 1 <sup>st</sup> 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	3 <sup>rd</sup> 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
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No: 03-33415300	064-007
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: 03-51920202	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

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>SELANGOR DARUL EHSAN (Cont'd)</b>		
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2 <sup>nd</sup> Floor, Wisma TA No.1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77295713	058-007
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No: 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73 A, 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 MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No: 06-3372550	052-016
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P. O. Box 248 75250 Melaka Tel No: 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No: 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No: 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka 75000 Melaka Tel No: 06-2833622	087-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>PERAK DARUL RIDZUAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No 05-6232328	078-009
CIMB INVESTMENT BANK BERHAD	Ground Floor, No 8, 8A-C 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 Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6939282	052-014
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	066-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2559988	068-015
M&A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-2419800	057-001



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>PERAK DARUL RIDZUAN (Cont'd)</b>		
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor, Level 1 & 2) 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2453400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No: 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No: 05-4651261	056-044
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
TA SECURITIES HOLDINGS BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Plaza Teh Teng Seng 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor, Bangunan Heng Guan 171, Jalan Burmah 10050 Pulau Pinang Tel No: 04-2299318	078-002

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>PULAU PINANG (Cont'd)</b>		
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 <sup>st</sup> 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, Lebuhraya Light 10200 Penang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2261818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7 <sup>th</sup> Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang No Tel: 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 <sup>th</sup> Floor Sentral Tower No. 3, Penang Street 10200 Penang 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

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>PULAU PINANG (Cont'd)</b>		
MERCURY SECURITIES SDN BHD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel No: 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2 <sup>nd</sup> Floor, Standard Chartered Bank Chambers 2 Lebu Pantai 10300 Pulau Pinang Tel No: 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> 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	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5402888	056-015
DSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No: 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	64, Bishop Street Tingkat Bawah, 3, 5 & 8, Lubuh Bishop 10200 Penang Tel No: 04-2634222	056-004
DSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No: 04-5831888	056-032
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2273000	064-004
<b>PERLIS INDERA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor, Podium Block KWSP Building 01000 Kangar Perlis Indera Kayangan Tel No: 04-9765200	076-003

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>PERLIS INDERA KAYANGAN (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indera Kayangan Tel No: 04-9793888	056-061
<b>KEDAH DARUL AMAN</b>		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1 <sup>st</sup> Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No: 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor, Wisma PKNK Jalan Sultan Badiishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70A, B, C Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No: 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No: 04-7209888	056-021
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No: 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No: 04-4204888	056-017
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No: 06-7655998	052-013

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>NEGERI SEMBILAN DARUL KHUSUS (Cont'd)</b>		
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-4553188	068-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7612288	068-007
OSK INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> 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, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No: 06-4421000	056-037
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	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	064-002
<b>JOHOR DARUL TAKZIM</b>		
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: 07-6637398	078-005

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
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 Tel No: 07-5121633	078-008
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	2 <sup>nd</sup> & 3 <sup>rd</sup> Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4342282	086-002
AMINVESTMENT BANK BERHAD	18 <sup>th</sup> & 31 <sup>st</sup> Floor, Selesa Tower Jalan Dato' Abudullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3343855	086-006
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

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
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. 33 & 35 (Ground & 1 <sup>st</sup> Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No: 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No: 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No: 07-9333515	073-009
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 17.1, Level 17, Menara Pelangi 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
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	6 <sup>th</sup> Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No: 07-2788821	056-006

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No: 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	1 <sup>st</sup> 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 & 1 <sup>st</sup> 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, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No: 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> 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, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No: 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali, 84000 Muar Johor Darul Takzim Tel No: 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 21 & 23, Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No: 07-3522293	056-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No: 07-3513232	064-005



**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>JOHOR DARUL TAKZIM (Cont'd)</b>		
PM SECURITIES SDN BHD	Ground & 1 <sup>st</sup> 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
<b>PAHANG DARUL MAKMUR</b>		
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 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No.A-27 (Level 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	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
DSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No: 09-5173811	056-007
<b>KELANTAN DARUL NAIM</b>		
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No: 09-7430077	056-020

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>KELANTAN DARUL NAIM (Cont'd)</b>		
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No: 09-7432288	058-004
<b>TERENGGANU DARUL IMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1 <sup>st</sup> & 2 <sup>nd</sup> 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 & 1 <sup>st</sup> Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> 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, 1 <sup>st</sup> Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6261816	056-055
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No: 088-313836	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, 9 <sup>th</sup> Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No: 088-311688	068-008

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>SABAH (Cont'd)</b>		
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	5 <sup>th</sup> 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
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> 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 93450 Kuching Sarawak Tel No: 082-358606	065-004
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	Ground & 1 <sup>st</sup> Floor No. 1 Jalan Pending 93450 Kuching Sarawak Tel No: 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No: 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338000	073-003

**13. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>ADA Code</b>
<b>SARAWAK (Cont'd)</b>		
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	No. 11-12 (Ground & 1 <sup>st</sup> Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No: 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Lot 170 and 171  Section 49, K.T.L.D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No: 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Lot 1269, 2 <sup>nd</sup> Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No: 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor & 1 <sup>st</sup> Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No: 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 221, Park City Commercial Centre Square Phase III, Jalan Tun Ahmad Zaidi, 97000 Bintulu Sarawak Tel No: 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12 G, H & I, Jalan Kampong Datu 96000 Sibul Sarawak Tel No: 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2 <sup>nd</sup> Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No: 082-236333	058-006