AUDITED FINANCIAL STATEMENTS OF ME FOR THE FYE 31 MARCH 2011 AND THE AUDITORS' REPORT THEREON

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

FINANCIAL REPORT

for the financial year ended 31 March 2011

CONTENTS

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of supplying engineering equipment, spare parts and tools and undertaking engineering and construction projects. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	RM
Profit for the financial year	5,967,599

DIVIDENDS

Since the end of the previous financial year, the Company paid a interim dividend of RM0.6375 per ordinary shares less 25% tax amounting to RM3,825,000.

The directors do not recommend the payment of any final dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated In Malaysia)
Company No : 10538 - D

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year.

HOLDING COMPANY

The holding company is MESB Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are as follows:-

TEOH HWA PENG
LOI YEW KUONG
TAN SRI DATO' HASHIM BIN MEON

DIRECTORS' INTERESTS

The interests of Teoh Hwa Peng in shares in the Company and its related corporations during the financial year are disclosed in the directors' report of the holding company.

By virtue of his shareholding in the holding company, Teoh Hwa Peng is deemed to have interests in shares in the Company and its related corporations to the extent of the holding company's interests, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

MAINTENANCE ENGINEERING SDN. BHD.
(Incorporated in Malaysia)
Company No : 10538 - D

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 21 JULY 2011

Teoh Hwa Peng

Loi Yew Kuong

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT BY DIRECTORS

We, Teoh Hwa Peng and Loi Yew Kuong, being two of the directors of Maintenance Engineering Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 9 to 51 are 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 state of affairs of the Company at 31 March 2011 and of its results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 21 JULY 2011

Teoh Hwa Peng

Loi Yew Kuong

STATUTORY DECLARATION

I, Teoh Hwa Peng, I/C No. 670407-09-5017, being the director primarily responsible for the financial management of Maintenance Engineering Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 9 to 51 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Teoh Hwa Peng, I/C No. 670407-09-5017 at
Kuala Lumpur in the Federal Territory
on this 21 July 2011

PESURUHJAYA SUMPAH
No. W - 275
Datin Hajah Raihela Wanchik
MALAYSIA

Teoh Hwa Peng

Before me

B-16-5
Blok B, Ting 16 Unit 5
Megan Avenue II
12 Jalan Yap Kwan Seng
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

Report on the Financial Statements

We have audited the financial statements of Maintenance Engineering Sdn. Bhd., which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 51.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAINTENANCE ENGINEERING SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Company No : 10538 - D

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 March 2011 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/12 (J)
Chartered Accountant

21 July 2011

Kuala Lumpur

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011

	NOTE	2011 RM	2010 RM
ASSETS			
NON-CURRENT ASSETS			
Investment in a subsidiary	6	185,299	388,114
Plant and equipment	7	805,650	668,958
Other assets	8	556,782	3,547,932
Other investments	9	145,600	-
		1,693,331	4,605,004
CURRENT ASSETS			
Amount owing by contract customers	10	530,183	498,757
Trade receivables	11	2,831,900	7,032,444
Other receivables and deposits		298,071	140,098
Amount owing by a subsidiary	12	1,310,174	1,296,934
Amount owing by holding company	13	1,193,496	-
Amount owing by related companies	14	3,984,235	4,642,605
Tax refundable		20,424	20,424
Fixed deposits with licensed banks	15	2,139,520	3,801,950
Cash and bank balances		3,733,216	10,279
		16,041,219	17,443,491
TOTAL ASSETS		17,734,550	22,048,495

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011 (CONT'D)

	NOTE	2011 RM	2010 RM
EQUITY AND LIABILITIES			
EQUITY			
Share capital	16	8,000,000	8,000,000
Capital reserve	17	175,297	378,112
Retained profits/(Accumulated loss)	18	516,689	(1,128,641)
TOTAL EQUITY		8,691,986	7,249,471
NON-CURRENT LIABILITY			
Hire purchase payables	19	556,537	455,017
CURRENT LIABILITIES			
Amount owing to contract customers	10	19,686	5,672,772
Trade payables	20	670,082	2,211,044
Other payables and accruals		6,296,757	3,771,034
Amount owing to holding company	13	-	768,750
Amount owing to related companies	14	1,291,865	1,552,097
Hire purchase payables	19	207,637	133,427
Bank overdrafts	21	-	234,883
		8,486,027	14,344,007
TOTAL LIABILITIES		9,042,564	14,799,024
TOTAL EQUITY AND LIABILITIES		17,734,550	22,048,495

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
REVENUE	22	3,577,110	5,939,584
COST OF SALES		(2,996,923)	(7,359,528)
GROSS PROFIT/(LOSS)		580,187	(1,419,944)
OTHER INCOME		7,956,776	496,380
		8,536,963	(923,564)
ADMINISTRATIVE EXPENSES		(1,027,480)	(477,816)
OTHER EXPENSES		(1,477,511)	(178,720)
FINANCE COSTS		(64,373)	(51,834)
PROFIT/(LOSS) BEFORE TAXATION	23	5,967,599	(1,631,934)
INCOME TAX EXPENSE	24	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		5,967,599	(1,631,934)
OTHER COMPREHENSIVE EXPENSES, NET OF TAX			
- Impairment loss on investment in a subsidiary, at valuation		(202,815)	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		5,764,784	(1,631,934)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		5,967,599	(1,631,934)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-			
Owners of the Company		5,764,784	(1,631,934)

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated In Malaysia)
Company No : 10538 - D

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	SHARE CAPITAL RM	CAPITAL RESERVE RM	RETAINED PROFITS/ (ACCUMULATED LOSS) RM	TOTAL RM
Balance at 1.4.2009		8,000,000	378,112	503,293	8,881,405
Total comprehensive expense for the financial year		-	-	(1,631,934)	(1,631,934)
Balance at 31.3.2010/1.4.2010					
- as previously reported		8,000,000	378,112	(1,128,641)	7,249,471
- effect of adopting FRS 139	4(a)(iii)	-	-	(497,269)	(497,269)
- as restated		8,000,000	378,112	(1,625,910)	6,752,202
Total comprehensive income for the financial year		-	(202,815)	5,967,599	5,764,784
Dividends	25	-	-	(3,825,000)	(3,825,000)
Balance at 31.3.2011		8,000,000	175,297	516,689	8,691,986

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	NOTE	2011 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		5,967,599	(1,631,934)
Adjustments for:-			
Bad debts written off		950,523	-
Allowance for impairment losses on receivables		272,993	-
Depreciation of plant and equipment		253,995	203,759
Equipment written off		-	3
Gain on disposal of plant and equipment		(7,999)	(287,613)
Interest expense		64,373	51,834
Interest income		(365,921)	(83,000)
Writeback of allowance for foreseeable losses		(683)	-
Operating profit/(loss) before working capital changes		7,134,880	(1,746,951)
Net (decrease)/increase in amount owing to contract customers		(5,683,829)	1,872,487
Decrease in trade and other receivables		6,557,088	2,582,056
Increase in trade and other payables		984,761	619,166
Increase in amount owing by related companies		(292,153)	(926,201)
CASH FROM OPERATIONS		8,700,747	2,400,557
Interest paid		(64,373)	(51,834)
NET CASH FROM OPERATING ACTIVITIES		8,636,374	2,348,723
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		72,291	83,000
Proceeds from disposal of plant and equipment		8,000	287,626
Purchase of plant and equipment	26	(19,688)	(182,886)
Advances to a subsidiary		(13,240)	(16,052)
Purchase of other investments		(145,600)	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(98,237)	171,688
BALANCE CARRIED FORWARD		8,538,137	2,520,411

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011 (CONT'D)

	NOTE	2011 RM	2010 RM
BALANCE BROUGHT FORWARD		8,538,137	2,520,411
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of hire purchase obligations		(195,269)	(29,501)
Advances and repayment to holding company		(1,962,246)	(1,676,379)
Dividend paid		(3,825,000)	-
(Repayment to)/Net advances from related companies		(260,232)	209,822
NET CASH FOR FINANCING ACTIVITIES		(6,242,747)	(1,496,058)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,295,390	1,024,353
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		3,577,346	2,552,993
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	27	5,872,736	3,577,346

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Malaysian Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	: 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.
Principal place of business	: No 63, Jalan 8/146, Bandar Tasik Selatan, Sg. Besi, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 July 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of supplying engineering equipment, spare parts and tools and undertaking engineering and construction projects. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANY

The holding company is MESB Berhad, a company incorporated in Malaysia.

The consolidated financial statements of the holding company are available at its registered office, located at the same registered office of the Company.

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

4. BASIS OF PREPARATION (CONT'D)

(a) FRSs and IC Interpretations (including the Consequential Amendments)

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 7, FRS 139 and IC Interpretation 9

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

4. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standards and Interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following:

(i) FRS 7 requires additional disclosures about the Company's financial instruments. Prior to 1 April 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 - Financial Instruments: Disclosures and Presentation. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Company has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the Company's financial statements for the current financial year.

(ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

FRS 101 (Revised) also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. This new disclosure is made in Note 29(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

MAINTENANCE ENGINEERING SDN. BHD.
(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

4. BASIS OF PREPARATION (CONT'D)

(a) (iii) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the Company's financial statements is summarised as follows:-

	NOTE	As at 1.4.2010 RM
Accumulated loss		
Remeasurement of trade receivables, rentention monies	(aa)	(497,269)

(aa) Prior to 1 April 2010, the retention monies were recorded at cost. With the adoption of FRS 139, these retention monies are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in profit or loss using the effective interest method.

All these financial impacts are recognised as an adjustment to the opening balance of retained profits or another appropriate reserve upon the adoption of FRS 139. Comparatives are not adjusted/represented by virtue of the exemption given in this standard

4. BASIS OF PREPARATION (CONT'D)

(b) The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and Revised FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011

4. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to FRS 138: Consequential Amendments Arising from Revised FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Annual Improvements to FRSs (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and usage factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of commercial and usage factors could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

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

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(iv) Construction Contracts

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

(a) Contract Revenue

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

(b) Contract Costs

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Revaluation of Investments

The Company's investments which are reported at valuation are based on valuation performed by the directors.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(vi) Revaluation of Investments (Cont'd)

The directors have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(vii) Fair Value Estimates For Certain Financial Assets And Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(b) Basis of Consolidation

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

No consolidated financial statements are prepared as explained in Note 6 to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currencies

(i) Functional and Presentation Currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia ("RM") which is the functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the statement of comprehensive income.

(d) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Held-to-maturity Investments*

  As at the end of the reporting period, there were no financial assets classified under this category.

- *Available-for-sale Financial Assets*

  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Financial Instruments (Cont'd)

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges

(iii) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(e) Investments in Subsidiaries

Investments in subsidiaries are stated at directors' valuation in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives.

Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	20 – 30%
Office equipment, furniture and fittings	10 – 15%
Site equipment and tools	30%

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period 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.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets 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 financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow. An impairment loss is recognised in profit or loss immediately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(h) Assets under Hire Purchase

Plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(f) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the periods of the respective hire purchase agreements.

(i) Amounts Owing By/(To) Contract Customers

The amounts owing by/(to) contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost comprises materials, cost of labour, direct expenses and applicable overheads.

(j) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Cash and Cash Equivalents

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

(m) Employee Benefits

(i) Short-Term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries the party:-
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;
(iii) the party is a joint venture in which the entity is a venturer;
(iv) the party is a member of the key management personnel of the entity or its parent;
(v) the party is a close member of the family of any individual referred to in (i) or (iv);
(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(o) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expnditure required to settle the obligation.

(q) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales returns and trade discounts.

(ii) Construction Contracts

Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on:-

(a) the survey of work performed;

(b) the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs; or

(c) completion of a physical proportion of the contract works;

whichever is applicable.

(iii) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

(vi) Rental Income

Rental income is recognised on an accrual basis.

6. INVESTMENT IN A SUBSIDIARY

	2011 RM	2010 RM
Unquoted shares at directors' valuation	919,261	919,261
Accumulated impairment losses -		
At 01.04.2010/2009	(531,147)	(531,147)
Addition during the financial year	(202,815)	-
At 31.03.2011/2010	(733,962)	(531,147)
	185,299	388,114

The unquoted shares stated at directors' valuation relate to the investment in shares in Crystal United Sdn. Bhd. The investment was revalued in 1995 based on the underlying net tangible assets of the subsidiary.

Details of the subsidiary, which is incorporated in Malaysia, are as follows:-

Name of Company	Effective Equity Interest 2011	Effective Equity Interest 2010	Principal Activity
Crystal United Sdn. Bhd.	100%	100%	Dormant.

The Company has applied paragraph 10 of FRS 127 - Consolidated and Separate Financial Statements which exempts the Company from preparing consolidated financial statements.

7. PLANT AND EQUIPMENT

	AT 1.4.2010 RM	ADDITION RM	DISPOSAL RM	DEPRECIATION CHARGE RM	AT 31.3.2011 RM
NET BOOK VALUE					
Motor vehicles	615,119	390,688	(1)	(231,915)	773,891
Office equipment, furniture and fittings	53,839	-	-	(22,080)	31,759
	668,958	390,688	(1)	(253,995)	805,650

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

7. PLANT AND EQUIPMENT (CONT'D)

	At 1.4.2009 RM	Addition RM	Disposal RM	Depreciation Charge RM	Written off RM	At 31.3.2010 RM
Net Book Value						
Motor vehicles	26	768,886	(13)	(153,777)	(3)	615,119
Office equipment, furniture and fittings	78,634	-	-	(24,795)	-	53,839
Site equipment and tools	25,187	-	-	(25,187)	-	-
	103,847	768,886	(13)	(203,759)	(3)	668,958

	At Cost RM	Accumulated Depreciation RM	Net Book Value RM
At 31.03.2011			
Motor vehicles	1,848,316	(1,074,425)	773,891
Office equipment, furniture and fittings	1,437,912	(1,406,153)	31,759
Site equipment and tools	6,504,771	(6,504,771)	-
	9,790,999	(8,985,349)	805,650
At 31.03.2010			
Motor vehicles	1,510,168	(895,049)	615,119
Office equipment, furniture and fittings	1,437,912	(1,384,073)	53,839
Site equipment and tools	6,504,771	(6,504,771)	-
	9,452,851	(8,783,893)	668,958

Included in the plant and equipment of the Company are motor vehicles with a net book value of RM773,882 (2010 – RM615,110) acquired under hire purchase terms.

8. OTHER ASSETS

Other assets represent retention monies which are due and receivable after twelve months from the end of the reporting period, upon expiry of the warranty period of the relevant contracts.

9. OTHER INVESTMENTS

	2011 RM	2010 RM
Club memberships, at fair value:-		
At 1 April 2010/2009	-	-
Addition	145,600	-
At 31 March 2011/2010	145,600	-

The club memberships are held in trust by certain directors.

Upon adoption of FRS 139 during the financial year, the Company designated its investments in club membership that were previously measured using the cost model as available-for-sale financial assets.

10. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

	2011 RM	2010 RM
Costs incurred on contract to-date	32,564,391	90,705,597
Less: Allowance for foreseeable losses	(352,419)	(353,102)
Loss attributable to work performed to-date	(6,326,020)	(5,217,053)
	25,885,952	85,135,442
Less: Progress billings	(25,375,455)	(90,309,457)
	510,497	(5,174,015)
The amounts owing comprise the following:-		
Amount owing by contract customers	530,183	498,757
Amount owing to contract customers	(19,686)	(5,672,772)
	510,497	(5,174,015)

MAINTENANCE ENGINEERING SDN. BHD.
(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

11. TRADE RECEIVABLES

	2011 RM	2010 RM
Trade receivables	1,097,192	4,070,859
Retention receivables	2,786,708	3,740,592
	3,883,900	7,811,451
Allowance for impairment losses	(1,052,000)	(779,007)
	2,831,900	7,032,444
Allowance for impairment losses:-		
At 1 April 2010/2009	(779,007)	(779,007)
Addition during the financial year	(272,993)	-
At 31 March 2011/2010	(1,052,000)	(779,007)

The Company's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

12. AMOUNT OWING BY A SUBSIDIARY

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

13. AMOUNT OWING BY/(TO) HOLDING COMPANY

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

14. AMOUNTS OWING BY/(TO) RELATED COMPANIES

	2011 RM	2010 RM
Amount owing by:		
- trade balances	1,269,322	1,016,834
- non-trade balances	2,714,913	3,625,771
	3,984,235	4,642,605
Amount owing to:		
- non-trade balances	(1,291,865)	(1,552,097)

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

14. AMOUNTS OWING BY/(TO) RELATED COMPANIES (CONT'D)

The trade balances are subject to the normal trade credit terms granted by the Company. The non-trade balances are unsecured, interest-free and repayable on demand. The amounts are to be settled in cash.

15. FIXED DEPOSITS WITH LICENSED BANKS

The deposits have been pledged to licensed banks as security for banking facilities granted to the Company.

The weighted average effective interest rate of the fixed deposits was 2.55% (2010 – 2.01%) per annum at the end of the reporting period. The fixed deposits have maturity periods ranging from one month to twelve months (2010 – one month to twelve months).

16. SHARE CAPITAL

	2011	2010	2011	2010
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	10,000,000	10,000,000	10,000,000	10,000,000
ISSUED AND FULLY PAID-UP	8,000,000	8,000,000	8,000,000	8,000,000

17. CAPITAL RESERVE

	2011 RM	2010 RM
Revaluation surplus on investment in a subsidiary	909,259	909,259
Impairment losses	(733,962)	(531,147)
	175,297	378,112

This reserve is not distributable by way of dividends.

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

18. RETAINED PROFITS

Subject to agreement with the tax authorities, at the end of the reporting period, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

19. HIRE PURCHASE PAYABLES

	2011 RM	2010 RM
Minimum hire purchase payments:		
- not later than one year	237,060	150,792
- later than one year and not later than five years	636,425	514,088
	873,485	664,880
Less: Future finance charges	(109,311)	(76,436)
Present value of hire purchase payables	764,174	588,444
The net hire purchase payables are repayable as follows:-		
Current:		
- not later than one year	207,637	133,427
Non-current:		
- later than one year and not later than five years	556,537	455,017
	764,174	588,444

The hire purchase payables bore a weighted average effective interest rate of 5.50% (2010 – 5.09%) per annum at the end of the reporting period.

20. TRADE PAYABLES

	2011 RM	2010 RM
Trade payables	330,693	1,623,497
Retention monies - due and payable within twelve months	339,389	587,547
	670,082	2,211,044

The normal trade credit terms granted to the Company range from 30 to 90 days.

21. BANK OVERDRAFTS

The bank overdrafts were subject to the weighted average effective interest rate of 6.80% per annum at the end of the previous reporting period.

The bank overdrafts are secured by:-

(i) a pledge of the fixed deposits of the Company; and

(ii) a corporate guarantee of the holding company.

22. REVENUE

Revenue of the Company represents the proportionate contract value attributable to work performed.

23. PROFIT/ (LOSS) BEFORE TAXATION

	2011 RM	2010 RM
Profit/(Loss) before taxation arrived at after charging/(crediting):-		
Audit fee:		
- current year	13,000	12,000
- overprovision in the previous financial year	(1,000)	(8,000)
Allowance for impairment losses on receivables	272,993	-
Bad debts written off	950,523	-
Depreciation of plant and equipment	253,995	203,759
Directors' non-fee emoluments	355,438	192,550
Equipment written off	-	3
Hire of motor vehicles and machinery	2,143	966
Interest expense:		
- bank overdrafts	36,960	47,644
- hire purchase	27,413	4,190
Realised loss on foreign exchange	-	144
Staff costs		
- salaries, wages, bonuses and allowances	342,331	335,119
- defined contribution plans	35,515	33,849
- other benefits	11,144	8,957
Compensation received on insurance claim	(7,428,564)	-
Interest income		
- fixed deposit	(72,291)	(83,000)
- long term receivable	(293,630)	-
Gain on disposal of plant and equipment	(7,999)	(287,613)
Rental income	(20,400)	(22,970)
Realised gain on foreign exchange	(124,728)	-
Writeback of allowance for foreseeable losses	(683)	-

24. INCOME TAX EXPENSE

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2011 RM	2010 RM
Profit/(Loss) before taxation	5,967,599	(1,631,934)
Tax at the statutory tax rate of 25% (2010 - 25%)	1,491,900	(407,984)
Tax effects of:-		
Non-deductible expenses	50,479	873,193
Utilisation of deferred tax assets previously not recognised	(1,542,379)	(465,209)
Tax for the financial year	-	-

Subject to agreement with the tax authorities, at the end of the reporting period, the Company has unutilised tax losses available to be carried forward for offset against future taxable business income as follows:-

	2011 RM	2010 RM
Unutilised tax losses	10,447,000	16,366,000

No deferred tax assets/(liabilities) are recognised in the statement of financial position for the following items:-

	2011 RM	2010 RM
Accelerated capital allowances, over depreciation	(100,000)	-
Unutilised tax losses	10,447,000	16,366,000
	10,347,000	16,366,000

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated In Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

25. DIVIDENDS

	2011 RM	2010 RM
Paid:-		
In respect of the financial year ended 31 March 2011		
- interim dividend of RM0.6375 per ordinary share, less 25% tax	3,825,000	-

26. PURCHASE OF PLANT AND EQUIPMENT

	2011 RM	2010 RM
Cost of plant and equipment purchased	390,688	768,886
Amount financed through hire purchase	(371,000)	(586,000)
Cash disbursed for purchase of plant and equipment	19,688	182,886

27. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:-

	2011 RM	2010 RM
Fixed deposits with licensed banks (Note 15)	2,139,520	3,801,950
Cash and bank balances	3,733,216	10,279
Bank overdrafts (Note 21)	-	(234,883)
	5,872,736	3,577,346

28. RELATED PARTY DISCLOSURES

For the purpose of these financial statements, the Company has related party relationships with its directors, key management personnel, entities of which the directors and/or key management have significant financial interests and entities within the same Group of companies.

The year end balances of the related parties at the end of the reporting period are disclosed in Notes 12 to 14 to the financial statements. The Company carried out the following transactions with the related parties during the financial year:

	2011 RM	2010 RM
Contract revenue received and receivable from a related company	932,497	2,317,790
Key management personnel compensation:		
- short-term employee benefits	355,438	294,476

The outstanding amounts of the related parties will be settled in cash. No guarantees have been given or received. No expenses have been recognised during the financial year as bad and doubtful debts in respect of the amounts owing by the related parties.

29. Financial Instruments

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its market risk(including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence are not exposed to foreign currency risk.

29. Financial Instruments (Cont'd)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(ii) Interest Rate Risk

The Company's exposure to interest rate risk arises mainly from interest-bearing financial asset and liabilities. The Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

The Company's exposure to interest rate risk is disclosed in Note 28(a)(iii).

(iii) Equity Price Risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Company's major concentration of credit risk relates to the amounts owing by a customer which constituted approximately 99% of its trade receivables as at the end of the reporting period.

29. Financial Instruments (Cont'd)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

Ageing analysis

The ageing analysis of the Company's trade receivables as at 31 March 2011 is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
2011				
Not past due	-	-	-	-
Past due:				
- less than 3 months	34,888	-	-	34,888
- 3 to 6 months	-			
- over 6 months	3,849,012	(1,052,000)	-	2,797,012
	3,883,900	(1,052,000)	-	2,831,900

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Company believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	WITHIN 1 YEAR RM	1 – 5 YEARS RM
2011					
Trade payables	-	670,082	670,082	670,082	-
Other payables and accruals	-	6,296,757	6,296,757	6,296,757	-
Amount owing to related companies	-	1,291,865	1,291,865	1,291,865	-
Hire purchase payables	5.50	764,174	873,485	237,060	636,425
		9,022,878	9,132,189	8,495,764	636,425
2010					
Trade payables	-	2,211,044	2,211,044	2,211,044	-
Other payables and accruals	-	3,771,034	3,771,034	3,771,034	-
Amount owing to holding company	-	768,750	768,750	768,750	-
Amount owing to related companies	-	1,552,097	1,552,097	1,552,097	-
Hire purchase payables	5.09	588,444	664,880	150,792	514,088
Bank overdrafts	6.80	234,883	234,883	234,883	-
		9,126,252	9,202,688	8,688,600	514,088

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. The Company's strategies were unchanged from previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:-

	2011 RM	2010 RM
Hire purchase payables	764,174	588,444
Trade payables	670,082	2,211,044
Other payables and accruals	6,296,757	3,771,034
Bank overdrafts	-	234,883
	7,731,013	6,805,405
Less: Fixed deposits with licensed banks	(2,139,520)	(3,801,950)
Less: Cash and bank balances	(3,733,216)	(10,279)
Net debt	1,858,277	2,993,176
Total equity	8,691,986	7,249,471
Debt-to-equity ratio	0.21	0.41

MAINTENANCE ENGINEERING SDN. BHD.

(Incorporated in Malaysia)
Company No : 10538 - D

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

29. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification of Financial Instruments

	2011 RM
Financial assets	
Available-for-sale financial assets	
Other investment at fair value	145,600
Loans and receivables financial assets	
Trade receivables	2,831,900
Other receivables and deposits	298,071
Amount owing by subsidiary	1,310,174
Amount owing by holding company	1,193,496
Amount owing by related company	3,984,235
Fixed deposits with licensed banks	2,139,520
Cash and bank balances	3,733,216
	15,490,612
Financial liabilities	
Other financial liabilities	
Trade payables	670,082
Other payables and accruals	6,296,757
Amount owing to related companies	1,291,865
Hire purchase payables	764,174
	9,022,878

29. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

30. CONTINGENT LIABILITY

A winding-up petition ("the Petition") was filed by a supplier in the Kuala Lumpur High Court in the previous financial year for a sum of RM7,282,757 inclusive of interest of 1.5% per annum against the Company.

Subsequently, the Company has filed the Affidavits in Opposition to the Petition and the application to strike out the Petition. Eventually, the Petition and the strike out application were withdrawn with no order as to costs during the financial year. As such the Petition is no longer valid and has been struck off by the Honorable Court.

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

The Directors have seen and approved this Circular and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular. They confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Circular misleading.

Information relating to TPSB as contained in this Circular has been obtained from publicly available documents and/or provided by the management of TPSB. The sole responsibility of the Board is limited to ensuring that such information has been accurately reproduced in this Circular.

2. CONSENT

HwangDBS has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereon in the form and context in which it appears.

3. DECLARATION OF CONFLICT OF INTERESTS

HwangDBS is not aware of any circumstances or relationships which exist or are likely to exist to give rise to a possible conflict of interest in relation to its role as the Principal Adviser for the Proposed ME Disposal.

4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

4.1 Material commitments

MESB Group

There are no material commitments incurred or known to be incurred by the Group as at the LPD that has not been provided for, which upon becoming enforceable, may have a material effect on the financial position or results of the Group.

ME

There are no material commitments incurred or known to be incurred by ME as at the LPD that has not been provided for, which upon becoming enforceable, may have a material effect on the financial position or results of ME.

4.2 Contingent liabilities

MESB Group

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred by the Group as at the LPD that has not been provided for, which upon becoming enforceable, may have a material effect on the financial position or results of the Group:

	RM'000
Corporate guarantees given to licensed bank for banking facilities granted to subsidiaries	25,630
Arising pursuant to a material litigation affecting one of MESB's subsidiary, as disclosed in Section 6 below	7,614
	33,244

ME

Save as disclosed below, there are no contingent liabilities incurred or known to be incurred by ME as at the LPD that has not been provided for, which upon becoming enforceable, may have a material effect on the financial position or results of ME:

	RM'000
Corporate guarantees given to licensed bank for banking facilities	2,246
Arising pursuant to a material litigation, as disclosed in Section 6 below	7,614
	9,860

5. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by ME within the past two (2) years immediately preceding the date of this Circular.

6. MATERIAL LITIGATIONS

Save as disclosed below, ME is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position or business of ME and the Board is not aware of any proceedings pending or threatened against ME or of any other facts likely to give rise to any proceedings which may materially affect the financial position or business of ME:

On 27 July 2011, ME (**"Defendant"**), a wholly-owned subsidiary of MESB, was served with a Writ of Summons by Zelleco Engineering Sdn Bhd (**"Zelleco"** or the **"Plaintiff"**), its sub-contractor in connection with a transmission line project undertaken by ME for Tenaga Nasional Berhad. Zelleco is claiming for a purported sum owing by ME to Zelleco for work done amounting to RM7,614,227.62, interest thereon and other costs. ME denies the claim by Zelleco on grounds that Zelleco was negligent and had failed to discharge its obligations as a sub-contractor for the design, manufacture and supply of galvanised towers which in turn had caused ME to suffer losses, including termination of its contract with Tenaga Nasional Berhad. ME is counter-claiming against Zelleco for special damages amounting to RM3,338,875.45, general damages (including for loss of reputation in a sum of RM1,000,000.00), interest thereon and other costs. The matter is fixed for trial on 21 to 22 March 2012.

The Directors of MESB are of the opinion that ME stands a good chance of disputing a substantial part of Zelleco's claim.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, during normal business hours from Mondays to Fridays (except for public holidays) from the date of this Circular up to and including the date of the EGM:

(i) Memorandum and Articles of Association of MESB and ME;

(ii) Audited consolidated financial statements of MESB for the FYE 31 March 2010 and 31 March 2011 and the unaudited quarterly results of MESB for the FPE 30 September 2011;

FURTHER INFORMATION

(iii) Audited financial statements of ME for the FYE 31 March 2010 and 31 March 2011 and the unaudited management financial statements of ME for the FPE 30 September 2011;

(iv) The relevant cause papers referred to in Section 6 above;

(v) Letter of consent referred to in Section 2 above; and

(vi) The Agreement in relation to the Proposed ME Disposal.

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MESB BERHAD
(Company No.: 337554-D)
(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of MESB Berhad ("**MESB**" or the "**Company**") will be held at Peacock 8, 6th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia on Monday, 19 March 2012 at 9.30 a.m., for the purpose of considering and if thought fit, passing the following Ordinary Resolution:

ORDINARY RESOLUTION

PROPOSED DISPOSAL OF 8,000,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING 100% EQUITY INTEREST IN MAINTENANCE ENGINEERING SDN BHD ("ME") TO TEPAT PESONA SDN BHD ("PURCHASER") FOR A TOTAL CASH CONSIDERATION OF RM4,500,000 ("PROPOSED ME DISPOSAL")

"**THAT** approval be and is hereby given to MESB to dispose of 8,000,000 ordinary shares of RM1.00 each representing 100% equity interest in ME to the Purchaser for a total cash consideration of RM4,500,000, subject to the adjustments, if any and in accordance with the terms and conditions of the Sale and Purchase of Shares Agreement dated 9 January 2012;

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed ME Disposal with full power to assent to any conditions, modifications, variations and/or amendments in any manner whatsoever as may be required by the relevant authorities and to take all such steps and to do all such acts, deeds and things and execute all such documents as they may deem necessary or expedient in the best interest of the Company."

BY ORDER OF THE BOARD

Lim Ming Toong (MAICSA 7000281)
Pang Chia Tyng (MAICSA 7034545)
Company Secretaries

Kuala Lumpur
29 February 2012

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*
2. *A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy must be deposited at Symphony Share Registrars Sdn Bhd, Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting.*
5. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*
6. *The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting is Monday, 12 March 2012.*

MESB BERHAD

FORM OF PROXY

NUMBER OF SHARES HELD

I/We, ________________________________Company/NRIC/Passport No.______________

of ____

being a member of MESB BERHAD, hereby appoint ____________________________________

of ____

and/or failing him/her, ____

of ____

and/or failing him/her, *THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Extraordinary General Meeting of the Company to be held at Peacock 8, 6th Floor, Pearl International Hotel, Batu 5, Jalan Klang Lama, 58000 Kuala Lumpur, Malaysia on Monday, 19 March 2012 at 9.30 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided, how you wish your vote to be cast in respect of the following resolution. In the absence of specific directions, your proxy may vote or abstain at his/her discretion. If you appoint two proxies, please specify the proportions of holdings to be represented by each proxy.

My/our proxy/proxies is/are to vote as indicated below:

ORDINARY RESOLUTION	FOR	AGAINST
Proposed disposal of 8,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Maintenance Engineering Sdn Bhd to Tepat Pesona Sdn Bhd for a total cash consideration of RM4,500,000		

The proportion of my/our shareholding to be represented by my/our proxy/proxies is as follows:

First named proxy	%
Second named proxy	%
	100%

If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy. In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

Dated this ________day of ______________2012

____

Signature / Common Seal of Shareholder

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.*
2. *A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
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5. *If the appointor is a corporation, the instrument appointing a proxy must be executed under its Common Seal or under the hand of its attorney.*
6. *The Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the meeting is Monday, 12 March 2012.*

* Delete where inapplicable.

Fold this flap for sealing

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AFFIX
STAMP

The Share Registrar

MESB BERHAD
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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