

GUIDANCE NOTE NO 6/2006

RESEARCH REPORT

Issued in relation to Rule 9.23 of the Listing Requirements;

And

Pursuant to Rule 2.09 of the Listing Requirements.

1.0 Introduction

1.1 Pursuant to Rule 9.23, a listed company must ensure that:-

- (a) the research report (hereinafter referred to as the "Research Report") is prepared and submitted to the Exchange, for public release, not later than 2 months after the end of each half of a financial year, in the manner set out in subparagraph (b) below; and
- (b) its Sponsor, during the tenure of its sponsorship, prepares and submits the Research Report to the Exchange, after which the listed company may engage any Adviser to prepare and submit the Research Report on its behalf.

1.2 Rule 9.23 further provides that the Sponsor or the Adviser, as the case may be, must ensure that the Research Report is factual, does not contain any recommendation and includes such information as may be prescribed by the Exchange.

1.3 This Guidance Note is issued to prescribe the requirements for the content of the Research Report.

1.4 Nothing in this Guidance Note shall be read to restrict the generality of 2.20 of the Listing Requirements.

2.0 Standard of disclosure

2.1 A Sponsor or Adviser, as the case may be, must ensure that the Research Report contains sufficient information to:-

- (a) enable investors to make informed investment decisions; and
- (b) provide an update to shareholders on the listed company's financial performance and implementation of its business development plan.

3.0 Details of disclosure

3.1 Without limiting the generality of paragraph 2.1 above, a Sponsor or Adviser, as the case may be must include, at the minimum, the following information in the Research Report:-

- (a) the financial period under review;
- (b) a table summarising the financial results of the listed company on a consolidated basis, for 5 financial years in the format set out in Appendix GN 6/2006-A, or if its operating history is less than 5 years, the financial results of the listed company on a consolidated basis since its incorporation;
- (c) in relation to the industry(ies) in which the listed company and the group operate, a discussion on the outlook of the industry;
- (d) without attributing financial forecasts and projections, an objective commentary on the future prospects of the listed company and the group, including the factors that are likely to influence the prospects of the listed company and the group;
- (e) a brief description and update on the development milestones of the business development plan as at the end of each half of a financial year, and a statement as to whether the business development plan is carried out as planned. If not, a statement as to the reasons why the business development plan was not carried out as planned;
- (f) a commentary on the financial impact of the progress of the business development plan on the listed company;
- (g) where a listed company has undertaken research and development, a brief description of such research and development, including the following:-
 - (i) the timeline and update on the status of the research and development;
 - (ii) capital outlay for the research and development;
 - (iii) any financial impact on the listed company as regards the expenditure and future allocation for research and development; and
 - (iv) the scope and the potential outcome of the research and development once completed;
- (h) the names of the 10 securities account holders having the largest number of securities of the listed company according to the Record of Depositors and the number and percentage of securities held. In the case of securities account holders which are nominees as defined under the Securities Industry (Central Depositories) Act 1991, information in the account qualifier field of the securities account must also be stated;
- (i) a brief description and update on the achievement of the financial forecast disclosed in the prospectus, including a statement as to whether the financial forecast is met. If not, a statement as to the reasons why the financial forecast is not met; and
- (j) where applicable, a brief explanation of the status of utilisation of proceeds raised from any corporate proposal, which shall include the information prescribed in the following table:-

| Purpose | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Deviation Amount RM'000 | % | Explanations |
|---------|-----------------------------------|---------------------------------|-------------------------------|---|--------------|
| (i) | | | | | |
| (ii) | | | | | |
| (iii) | | | | | |
| (iv) | | | | | |
| (v) | | | | | |
| Total | | | | | |

4.0 Effective Date

4.1 This Guidance Note takes effect on 3 July 2006.

Appendix GN 6/2006 -A

Summary of financial results for 5 financial years (inclusive of current period under review)

| | Audited Results of past 4 financial years | | | | Cumulative financial year to date |
|--|--|-------------------|-------------------|-------------------|--|
| Year ended [] (To insert financial year end) | (Year X-4) | (Year X-3) | (Year X-2) | (Year X-1) | (Year X) |
| Revenue | | | | | |
| Profit Before Tax (PBT) | | | | | |
| PBT Margin (%) | | | | | |
| Profit/(loss) after tax | | | | | |
| Gross earnings per share (EPS) | | | | | |
| Net EPS | | | | | |