

**A GENRE ANALYSIS OF INFORMATION SUMMARIES
OF IPO PROSPECTUSES**

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ABSTRACT

The purpose of the study was to analyse the structure of information summaries of IPO prospectuses submitted to Bursa Malaysia. The framework of the study comprised Swales (1990), Bhatia (1993) and Hajibah Osman (2005). The investigation focused on uncovering the communicative purpose, rhetorical structure and linguistic devices of information summaries. In addition, visual analysis was conducted. An added feature to the study is an investigation of Move 9: Announcing Possible Risks. The corpus was derived from information summaries of IPO prospectuses submitted to Bursa Malaysia. Ten information summaries each from manufacturing and food and beverages were selected at random from Bursa Malaysia prepared with the assistance of investment advisers and the listed companies. The former comprise 15411 words in size while the latter is 17433 words in length. The whole corpus is 32844 words. The investigation revealed the communicative purpose as “to inform and to warn,” while, the rhetorical structure consists of ten moves. Linguistic devices are presented in realizing the moves such as in the use of Auxiliary Verbs and Passives. Visuals found are mainly tables in most moves especially in the Financial Highlight section. Lexical items specific to risks are presented in Move 9: Announcing Possible Risks. In conclusion, the study investigated information summaries and found nine moves. The moves were realized with the communicative purposes and linguistic devices including an analysis of visuals.

ABSTRAK

Kajian ini menggunakan pendekatan analisa genre dalam menerangkan bahagian ringkasan maklumat untuk propektus-prospektus IPO dengan menggunakan kerangka-kerangka kerja oleh Swales (1990), Bhatia (1993), dan Hajibah Osman (2005). Fokus kajian ialah mengenalpasti tujuan komunikatif, struktur retorikal dan sifat-sifat tatabahasa yang ada. Selain itu, kajian ‘visual’ dan berkaitan risiko dalam gerakan 3 (Move 9: Announcing Possible Risks,). Korpus kajian ini adalah ringkasan maklumat propektus-prospektus IPO di Bursa Malaysia. Sepuluh ringkasan maklumat dari industri pembuatan dan sepuluh dari industri makanan (15411 patah perkataan) dan minuman dipilih secara (17433 patah perkataan) rawak dari Bursa Malaysia disediakan oleh penasihat-penasihat dari bank pelaburan dan syarikat-syarikat. Dengan itu, keseluruhan korpus adalah 32844 patah perkataan. Penyelidikan ini mendapati tujuan komunikatif genre ini adalah bertujuan sebagai ‘makluman’ and ‘amaran’. Struktur retorikal korpus ini pula menemui sepuluh gerakan (moves). Pelbagai sifat tatabahasa dikenalpasti seperti penggunaan ‘Auxiliary Verbs’ dan ‘Pasif’ dalam merealisasikan gerakan-gerakan (moves) yang ada. Manakala ‘visual’ berbentuk jadual terutama sekali di seksyen ‘Financial Highlight’ dikenalpasti. Manakala gerakan berkenaan “Move 9: Announcing Possible Risks,”, tatabahasa spesifik kepada risiko-risiko diperincikan. Sebagai kesimpulan, kajian ini menjumpai sepuluh gerakan (moves) dari ringkasan-ringkasan maklumat yang dikumpul. Gerakan-gerakan (moves) tersebut juga dijumpai dibantu dengan tujuan-tujuan komunikasi dan ciri-ciri linguistik dengan kajian tambahan iaitu analisa ‘visual’.

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LIST OF ABBREVIATIONS

| | |
|-----|-------------------------------|
| IPO | Initial Public Offering |
| IS | Information Summaries |
| FB | Food and Beverages |
| M | Manufacturing |
| L1 | First Language |
| L2 | Second Language |
| ESP | English for Specific Purposes |
| ESL | English as a Second Language |

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CHAPTER 1

1.0 INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Various researches conducted in English for Specific Purposes or ESP and Applied Linguistics are based on the tenets of genre analysis. A major contribution to ESP is in the domain of professional discourse (Gunnarson, Linell and Nordberg, 1997). The results from various researches in professional discourse identified significant characteristics that are unique of the genres. Studies in professional genre are Nwogu (1991), Kathpalia (1992) and Bhatia (1993), Tessuto (2011), Bonyadi (2012) and Sarjit Singh, Sarimah Shamsuddin and Yasmin Hanafi Zaid (2012) just to name a few. Genre analysis was adopted in providing these professional domains with rich information in areas such as structures and organization, linguistic features and communicative purposes. Latest trends and needs of any of the above professional genres by the society can be investigated by genre analysis. Hence, it is common for the genre to be continuously renewed or new ones created (Gunnarson, Linell and Nordberg, 1997), thus allowing more researches in the area.

Genre analysis provides information such as the rhetorical organization (Mohamed Ismail Ahamad and Asmira Mohd Yusof, 2012; Stoller and Robinson, 2013) patterns (Lin and Evans, 2012), Moves and Steps (Sarimah Shamsuddin and Seyed Jamal Ebrahimi, 2013) and communicative purpose (Bhatia, 1991). It enables further research in related area.

Of interest to the present study are Information Summaries or IS in ‘Initial Public Offering’ or IPO prospectuses of public listed companies. IS of IPO prospectuses as a form

of professional and business discourse composed by experts need to be informative and persuasive yet concise and succinct. It will be interesting to see how these IS are composed in terms of structure and language use to seek potential investors and investments. It is also hoped that the findings will be able to explore how IS are used.

1.2 STATEMENT OF THE PROBLEM

Genre analysis has been adopted successfully in many studies of professional genres such as business reports (Delwis, 1999), engineering written work procedure (Sarjit Singh, Sarimah Shamsudin, Yasmin Hanafi Zaid, 2012), legal texts (Tessuto 2011 and Uhrig, 2013) and media texts (Bonyadi, 2012). However, studies in the area of IS of IPO prospectuses are few.

Many find it difficult to read and understand IS (Hwee, 2013). The importance of understanding IS that forms part of a prospectus is to help investors in deciding if they would like to invest in an IPO. Additionally, a prospectus is commonly lengthy and difficult for many to understand since it has filled with information such as how companies issue securities, sell stocks and acquire firms (Strong, 2004). These limitations are to an extent solved by reading and understanding the IS. Moreover, many members of the public and potential investors are constrained by time to read prospectuses thus resort to reading IS for gist. (Hwee, Personal Communication, February, 6, 2013 and Abd Ghafar Hamzah, Personal Communication, February, 6, 2013).

Since IS is a professional text, genre analysis is suitable to be adopted in the study. Genre analysis can assist in understanding IS by comprehending the salient information such as organization, linguistic features and purpose. Therefore, it will be interesting to investigate how the information in IS in IPO prospectuses is composed through its

organization, communicative purposes and linguistics features. Furthermore, the study will also provide various non-verbal communications such as visual analysis (Gunnarson, Linell and Nordberg, 1997) for further understanding.

1.3 OBJECTIVES

The objectives of the study are:

- 1) to examine the structural organisation of Information Summaries in prospectuses of public listed companies.
- 2) to identify the communicative strategies used in these identified Information Summaries.
- 3) to identify the linguistic features of Information Summaries.
- 4) to identify the type of visuals used in the Information Summaries.
- 5) to design a teaching module on Information Summaries writing.

1.4 RESEARCH QUESTIONS

The research questions of the study are:

- 1) What is the structure of Information Summaries of Bursa Malaysia's prospectuses?
- 2) How are the communicative strategies of the Information Summaries presented?
- 3) What are the linguistic features identified in the Information Summaries?
- 4) What are the types of visuals used in the Information Summaries?

1.5 SIGNIFICANCE OF STUDY

The outcome of the research will be beneficial for students and professionals in the field of business and finance. A guide can be drawn to help them in composing and comprehending an IPO prospectus.

Apart from the above, one of the main concerns is whether what we teach is similar to that in the real world when teaching students professional writing and ESP. It would therefore be useful to find out how IS are structured in the real world. It is hoped that the findings will benefit the English for Specific Purposes (ESP) instructors. With the identifications of moves, steps and language elements derived from IS from Bursa Malaysia, the rhetorical structure will be identified. This will serve as a guide to hone the skills required in teaching the writing of IS.

More importantly, it will also contribute to studies in genre analysis in the local context and professional genre in general. It is hoped that the findings can be applied to the writing of IS for the local workplace. Therefore, the study will be beneficial to ESL, ESP and local practitioners in the business and finance professions.

1.6 LIMITATIONS OF THE STUDY

The limitations of the study are:

- 1) This study will focus on information summaries in IPO prospectuses of public listed companies in Malaysia only. Other parts of the prospectuses will not be investigated.
- 2) The corpus will comprise of data collected for the period 2008-2011 for prospectuses for Manufacturing and 2000-2011 for Food and Beverages. This is to ensure an almost equal and therefore balanced amount of corpus is collected.

- 3) The study will not include sections such as business model, competitive strengths and future plans and dividend policy since these sections are not compulsory.

1.7 INFORMATION SUMMARIES (IS)

The IS of interest to the study are derived from IPO prospectuses submitted by Bursa Malaysia listed companies. A prospectus is a legal document required by the Bursa. Without it, an investment cannot take place as it is a requirement by Bursa. Such exercise is called 'floatation' or 'going public'. Companies or corporations, new and existing, are 'going public' to raise capital for expansion by inviting members of the public especially those with the intention to invest to acquire certain percentage of the company by investing in a market for Initial Public Offering or IPO. This is achieved when the company issues securities in the form of public stocks to the public. This is done when a company's ability to internally generate funds are insufficient. This normally increases public interest in the company and its securities (Mayo, 2000) especially if they are large corporations such as Astro Bhd, Facebook and Felda Global Ventures just to name a few.

An IS is a form of summary of a prospectus. Chuan (1997) underlined an IS should contain and reflect the prospectus. It should contain a summary of the following areas:

- a) Principal business of the issuer and its subsidiaries;
- b) Securities for distribution, offering price, and expected net proceeds;
- c) Use of proceeds;
- d) Risk factors; and
- e) Summary financial information.

An IS is generally about 2,500 words in length and usually 10-15 pages long and should serve the following functions:

...the introduction to and synopsis of the venture-to explain the company's reasons for existence, to entice you to investigate further, to enable you to grasp the viability of the whole notion, to instill confidence that its writer has the will to persevere in bad times, and to motivate you to want to read the entire business plan.

(Benjamin & Margulis, 2001; pp. 143-144).

These functions are also exhibited in the corpus collected. The IS function as a snapshot containing the salient points of prospectuses. Potential investors read them prior to reading the entire prospectus and may help in making a sound decision in buying a company's stocks.

The importance of understanding IS included in a prospectus may help investors to decide on an IPO. An IPO prospectus is made available at various avenues such as at the Bursa's official website and advisers. It is made for public viewing. However, it is more often read only by those involved in such investments activity. Many potential investors are constrained by time to read the prospectus thus resorted to reading IS for gist.

In relation to this, it is important for those interested to be able to read and understand a prospectus properly. It is the most important piece of information of an IPO. A key element for registration with the Securities Commissions and believed to be a "superior source of IPO firm information regarding the quality and potential for the firm, as it contains information for which IPO firm owners/managers can be held legally accountable with regard to the accuracy of the information" (Daily, Certo and Dalton, 2005 as cited in Welbourne and Cyr, 1999).

Currently there are about 1,000 listed companies offering various opportunities for investment either listed on Bursa Malaysia Securities Berhad Main Market or ACE Market. The Main Market provides an ideal platform for companies to raise funds while the ACE Market is designed for companies with growth potential from all business sectors.

In the present study, the data for the study will be gathered from Bursa Malaysia (formerly known as KLSE-Kuala Lumpur Stock Exchange). The corpus will comprise IS of IPO prospectuses submitted to Bursa Malaysia by listed companies. The study hoped to investigate the characteristics of local IS found in prospectuses submitted to the Bursa Malaysia. Subsequently, it provides the stakeholders, clients, students and instructors on how to understand the IS further.

1.8 SUMMARY

The study is conducted to uncover the characteristics of information summaries in IPO prospectuses made available to the masses by Bursa Malaysia. The chapter included the background of study, statement of problem, objectives, research questions, significance of study, scope and limitations, brief introduction to Bursa Malaysia and definitions of information summary.

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 INTRODUCTION

Genre-based approach has rapidly grown at an exceedingly fast pace (Candlin, 1993) and it has been implemented for the studies of various genres at different levels: structural, textual and lexico-grammatical. Initial adoption of such approach was intended to investigate how information is organized and presented to understand language use in genres of a particular setting and these researches significantly contribute to the identification and categorization of genres (Hopkins & Dudley-Evans, 1988). It helps in the exploration of patterns of a specific genre to identify recognizable structural identity (Hyland 2002) and generic integrity (Bhatia 1999 and 2002). These provide insights on the explanation of how and why writers construct texts the way they are (Bhatia, 1993).

Genre analysis has grown and augmented corpus-based analysis in providing a qualitative edge to a study. Such studies are achieved via the contribution of computer-readable corpora with techniques such as concordance, electronic tagging and manual frequency counts (Hajibah Osman, 2006). These provide quantitative empirical evidence of a pattern of language features in texts; realizations of a particular function of language, characterizing a variety of language and mapping occurrence of a language features through a text (Conrad, 2002). Results from genre-based studies have been used as basis in ESL course design (Burns, 2001) and ESP (Bloor 1998, Swales 2000).

The current study is investigating a professional genre that has been given little attention to by using genre analysis as this will assist in comprehending messages in the texts of a specific setting. Many studies have been concentrated on academic genres such as

research articles, abstracts, theses and on professional genres such as law, medicine and engineering. While in the genre of business, Information Summaries or IS are rare compared to sales letters, business reports, advertisements and brochures.

The chapter will look at Discourse Analysis and followed by Genre Analysis on two established models; Swales (1991) and Bhatia (1993) and research carried out in different settings namely academic and professional settings respectively. Visual analysis is also presented.

2.2 DISCOURSE

Studies on discourse have paved way for other related studies such as Anthropology, Linguistics, Formal Grammar, Pragmatics, Semiotic, Conversation Analysis, Sociolinguistics, The Psychology of Text Processing and Artificial Intelligence. These disciplines are realized to play a better role when used in combination such as Discursive Psychology, Interaction and Cognition and Critical Discourse Studies. Discourse Studies continue to flourish with the emergence of other dimensions and fields of studies such as Discourse Grammar, Stylistics, Rhetoric, Superstructures, Discourse Pragmatic, Conversation Analysis, Genre Analysis and Applied Discourse Studies. Discourse Analysis provides studies in various fields especially professional situations. Of interest of the research is Genre Analysis. It is a method or framework that provides 'insight' into how texts are composed.

In fulfilling the need of the society and in understanding some of the spoken and written texts in the professional 'realm', genre analysis was adopted as the framework. Some of the prominent studies in the genres analysis are legal texts, medical reports, business reports, business letters and engineering texts.

2.3 DISCOURSE ANALYSIS

The learning of a particular language has always been focusing on a single sentence, grammatical items, vocabulary or utterances that are thought to be representatives of the actual language in the real world. This makes it difficult in understanding and explaining a language. This is true especially in the context of textbooks written and made available commercially. Textbooks often provide examples that often do not generalize the necessary language items from the real world. Researchers and language analysts believe that more could be added in analyzing and describing a language. By adding discourse analysis, pragmatics, text-linguistics and critical discourse analysis, a language can be examined in a more natural situation.

The functions of language are often best understood in a discourse environment and that exploring language in context forces us to revise some commonly held understandings about the forms and meanings of language. In the case of grammar, in particular, the focus on text and discourse can help us to notice and analyze aspects of usage which have previously gone unnoticed and untaught (McCarthy and Carter, 1994, p. 12). Thus, by examining a language through discourse analysis, a more comprehensive description of a language can be provided.

The realm of discourse analysis as mentioned above would uncover the relationship that existed between texts. In this respect, discourse analysis will seek to answer questions on the coherence and cohesion of a text (Nunan, 1994). This is defined by Crystal (1992) as “A continuous stretch of (especially spoken) language larger than a sentence, often constituting a coherent unit, such as a sermon, joke or narrative” (p. 25).

There have been various distinctions on discourse analysis. First, the terms ‘text’ and ‘discourse’ are defined differently. The former refers to a written or tape record of a

communication while the latter refers to the piece of communication in context (Nunan, 1994, p. 29). Next, discourse analysis also takes into context ‘text-forming devices’ with relation to purposes, functions and contexts in order to exhibit linguistic features to communicate. This is also further achieved by putting the language in two broad categories; transactional or interpersonal. Moreover, discourse analysis will also be able to disclose communicative purposes for both spoken and written language (Nunan, 1994, p. 20).

It is interesting to note in Kobayashi (2003) that discourse analysis describes a basic interaction between ‘executer’ and ‘receiver’ of a message that is too simplistic. Genre analysis goes beyond providing information on interaction above by seeking to explain features such as communicative purposes, lexico-grammatical features and cultural elements ingrained that is an attribute of the community where the text had originated.

In relation to the above, discourse analysis serves as a ‘blanket’ to the study. Genre analysis as the framework of the current study fit well into the discourse analysis purview. In the context of functional linguistics, genre-based study is a method to uncover the functions of a language and these functions will decide the generic structure of the discourse with its communicative purposes (words and grammatical features) (Nunan, 1994, p. 49). Nunan concludes different communicative events to augur different types of discourse with its specific characteristics. Kobayashi (2003, p. 32) added that discourse analysis focuses on studying semantics in which the logical development is sought and described. In relation to this observation, the current study is looking at a corpus of IS. An investigation will ensue to place the corpus as having specific functions with generic structure and communicative strategies specifically characterized by its attributes for the benefits of ESP and the community affected by it.

2.4 GENRE

There are several realizations to genre-based approach. Norizah Hassan (2008) reported three prominent traditions: ESP, North American New Rhetoric and the Australian Systemic functional linguistics. The Australian Systemic Functional Linguistics observes genre as being closely related to register. Register represents the context of situation governed by field, tenor and mode while genre represents culture (Martin 1989, 1993 and Halliday and Hasan, 1985). It is common to find the analysis to be on textual patterns and lexico-grammatical features associated with field, tone and mode.

The North American New Rhetoric defines genre as means of social action (Miller, 1984). It involves ethnographic study of the surrounding context (Bakhtin, 1981; Miller, 1984, Berkenkotter and Huckin 1993) whereby genre occurs as a social action (Miller 1984). In this approach, focus is given on situational contexts mainly on the social purposes or actions where the genre occurs.

The ESP tradition is concerned with oral and written text types defined by their communicative purposes within social context. The approach defines genre from Swales' as a class of communicative events that has a set of shared communicative purposes (Swales, 1981, 1990). This approach is the focus of the current study as genres in ESP are often associated with discourse community namely academic and professional setting. The investigation of IS hopes to uncover the various tenets above with reference to the community it lies within. By focusing on the structural organization, the generic structure can be described, patterns in the genre can be identified as well as the grammatical features can be listed.

Swales (1986) defines genre as the following:

A genre is a recognized communicative event with a shared public purpose and with aims mutually understood by the participants within the event. A genre is, within variable degrees of freedom, a structured and standardized communicative event with constraints on allowable contributions in terms of their positioning, form and intent. Overt knowledge of the conventions of the genre is likely to be greater in those who routinely and professionally operate with genre rather than those who become involved in it occasionally. Societies give genre names to types of communicative events that they recognized as recurring. Named genres are manifested through spoken or written texts (or both) and their associated text-based tasks. Modified genre names (survey article, issue memo, panel discussion) indicate features that a speech community finds salient and thus provide a way into sub-genres.

(Swales, 1986, p. 13)

The work on genre started centuries ago arguably from the era of Aristotle until present time. Kathpalia (1992) conceptualizes 'genre' from various aspects; literature, rhetoric, sociolinguistics, text linguistics, systemic functional grammar and applied linguistics. She mentioned that earlier works on genre have been art-related such as literature, folklore, films etc. More recent genre based studies are extended to areas such as academic and professional settings and moves from a more communicative-based study to pedagogical-related purposes. These enable work on relevant theoretical framework, possible guides or manuals for certain texts and for teaching and learning purposes.

It is reported that the concept of genre is yet to be well defined. There has not been a generic discourse theory that governs a genre. Hence, various studies have tried to indicate various theories, discourse models, framework etc. for various texts. Haliday and Hasan (1985) defines genre as similar to register that is of three variables: field, tenor and mode. While Martin (1984, 1985, 1986) and Ventola (1987) see genre as a semiotic system identified via register and language. Subsequently, they added 'genre' to the three variables (field, mode, tenor) which was earlier realized by Haliday and Hasan (1985).

From the education point of view, genre is seen as only having one variable-field (Dixon 1987), While Miller (1984) defines genre in terms of similarities in substance and style of discourses such as audience, culture or rhetorical situations. In another work, genre is classified according to occasion, race, ideology, strategy, historical period, geographical location, intended effect and many more (Simons, 1978).

The above are just few studies that exhibit sheer determination by different experts in defining or explaining genre from different fields. Albeit these, no specific discourse theory or framework can best govern a study. For the current study, IS would add to the rich and vibrant realm of discourse studies. Study in the area is rare and by using genre analysis to map its structure, communicative strategies and linguistic features, the current study would contribute to teaching and learning.

Croce, (1909, as cited in Kathpalia, 1992) dichotomized his work ‘Estetica’ and found two distinctive patterns: the logical and the intuitive. The former is concerned with universal phenomena while the latter focused on the appreciation of a specific piece of art. He surmises that true arts do not take into account the importance of having generic structures since this will hamper reader’s reaction or appreciation to the art. While in ‘Anatomy of Criticism’, Northrop Frye believes a systematic method of knowledge by stressing the importance for outlining the different categories of a reading.

Earlier works have been reported to not take into consideration the demarcation of genres. They are usually ‘mixed’, hence resulting in a more balanced genre that are repetitive yet managed to maintained elements of creativity to the readers (Kathpalia, 1992, p. 11). Hence genre is seen as dynamic (Hirsh, 1967). Bakhtin (1986) on similar account, further explains genre in speech communication “the active role taken up by the addressee

helps in predicting words, length structures of the compositional structures of the speech Bakhtin (1986 as cited in Kathpalia, 1992, p. 12).

2.5 GENRE ANALYSIS

Prominent figures in genre-based approach related to the present study are Swales and Bhatia. Swales (1990) defines genre analysis as the study on language use within a particular setting while Bhatia (1993) further adds the importance of the form of language in relation to meaning. Genre analysis helps in discovering the organization of a particular text and contributes to the understanding of a specialist discourse. Thus, it helps readers of such discourse to understand the underlying message from the writers through the method genres are constructed, structured and communicated.

In accounting for various studies adopting the genre-based approach, one cannot do without taking into consideration the epistemological account that led to such growth. A spike in genre-based approach was reported in 1980's and 1990's especially with the advent of studies by Swales and Bhatia just to name a few. This is well noted by Candlin (1993) when it is reported in observation on how fast the approach has developed. The genre-based approach can be found to be further expanded to various levels: structural, textual and lexico-grammatical level at different academic and professional areas (Bhatia, 1993).

At the start of such studies, research done by various parties were only focusing on answering the question on how information is organized and presented to understand the language of a specific setting (Hopkins and Dudley-Evans, 1988). However, more explorations are being realized as data are plentiful and different. The discursive patterns of a particular genre for unrecognizable structural organisation were investigated (Hyland,

2002) in order to identify generic integrity (Bhatia, 2002). Bhatia (2008) observes that genre analysis should not be viewed in isolation. It should be analyzed with reference to professional practice and culture. A text should not only be analyzed for its internal but also external features.

By identifying moves, communicative strategies and structural organisation, a thick description of a genre can be provided. Swales (1981, 1990) studies on moves are seminal and responsible for other studies in the same area. “Each field, each discipline and each area of specialty has its acknowledged experts and special organizations that are gatekeepers and guardians of their special interest” (Stern, 1997 as cited in Norizah Hassan, 2008, p. 9).

2.5.1 Application of Genre Analysis

The contributions made from genre analysis are manifold. Studies conducted in various fields have contributed significantly to the expansion of genre itself, theoretically and practically. Kathpalia (1992, p. 382) acknowledges the role of a sound framework for linguistic studies in accepting or rejecting a genre theory. Katpalia (1992) looked at the main communicative strategies of sales promotion letters as a genre. A total of one hundred and two letters were investigated from the categories such as miscellaneous goods, oral presentations and performances, publications, financial services, miscellaneous services and real estate. It was found out that the main purpose of the genre is to persuade people in order to secure good returns. The moves are found out to be both made of obligatory and optional moves. The application of genre analysis enables the genre identification and realization following the tenets of Swales (1990).

In an ESP context, genre analysis has significantly contributed in many areas (Norizah, 2008; Hajibah, 2006; Kathpalia, 1992). Carrell (1983) studied if text structures (structural organisation) provided to students can improve reading comprehension; and the results found out that genre-based approach is important for both L1 and L2 for the teaching and learning of a particular genre and reading comprehension as well as various text-genre production.

The application of genre studies in ESP has been significant. It continues to provide people with a method in learning a concept both theoretically and physically. Norizah Hassan's (2008) work on genre analysis benefits the law segment while Hajibah Osman (2006) and Kathpalia (1992) contribute to both theories of genre as well as providing insights for the business industry. Some genre skills are reported to be acquired by students at an early stage through internalization. Studies in related areas have confirmed this namely: conversational interactions (Painter, 1986) recognition of negative why questions as suggestion Shatz (1983), knowledge of conversation structure with world knowledge (Nelson and Gruendel, 1979), knowledge of conventional narrative schemata (Poulsen et al, 1979; Shatz, 1984). It is regarded that by accompanying learning with certain schematic decisions (functional genres) understanding and eventually learning can take place. Teachers' roles in providing ample discussions and clarifications can help in making the learning less mechanical and dry as mentioned by various experts in related fields.

By providing students the communicative purposes, rhetorical structures and linguistics structures, students will be able to learn in a more meaningful manner. Instructors will be able to direct students to complete a task with less worrying

about their limited knowledge in the language and cultural factors as well as directing students to the right task and not the right text (Kathpalia, 1992).

In a more meaningful context, genre analysis is significant in enabling a 'guide' as an aid for the community. As in the present study, the unfamiliarity of IS is a defense for the design of a manual. Albeit criticism received that 'guides' and 'manuals' would hamper students' creativity in writing (Kathpalia, 1992 & Swales, 1990), their existence is highly valued especially in a non-native context (Supatranont, 2012).

Yeung (2007) reported that many business communication textbooks and reports are produced based on scientific reports adopted from the scientific disciplines which is described to be "stark, concise and objective" (Yeung, 2007; p 157), which is very much different to the belief of genre experts. Bragiela-Chiapini & Nickerson (1999), Bhatia (2002) and Swales (2004) are of the belief that "a particular discourse community normally evolves its own style and patterns of communication" (Yeung, 2007; p 157) hence the communicative strategies of the business community may be different to those of the science discipline. Some of the reasons for lack of studies in the area of business are difficulty in obtaining a corpus of authentic texts and diversity in formats and types.

Currently, many teaching materials are being developed based on intuition and professional experience and not led by research. The study on IS may by far provide a unique opportunity for such pedagogic-related material to be made available. Although IS is not a type of business report, it is related in the sense that it belongs to the same genre-business/finance. In addition, guidebooks and manuals

written mostly in ESP are very little as compared to academic and research genre (Martin, 2003).

2.6 CORPUS ANALYSIS

The need for a more efficient method in handling a vast amount of data such as on lexical and grammatical items in analyzing academic and professional discourse have given rise to corpus linguistics. The adoption of computer in corpus linguistics gives more credibility to the findings as well as qualitative edge to a research.

Early works based on corpus linguistics are Biber (1998) on multi-dimensional model of variation to identify qualitatively linguistic patterns by statistical analysis, Conrad (1996) on variation across different type of texts and Tribble (2000) on project proposal.

The possibility of studying larger corpora popularizes the use of computer-related applications. This enables researches to be able to access a variety of forms of language use but also specifically and systematically identify appropriate ones. Such study is observed in Hyland (1998).

The tradition of using corpus analysis in genre study is further intensified by giving attention to the functional and rhetorical aspects of corpora. Therefore, the need for tagging on the rhetorical moves is as salient as tagging for grammatical items and syntax (Flowerdew, 1998). This addition is evident in Upton & Connor (2001) when a corpus of job application letters and cross-cultural similarities and differences were investigated using a linguistic system of politeness.

The use of computer softwares such as Wordsmith Tools, Constituent Likelihood Automatic Word Tagging System and Coh-Metrix 2.0 provide opportunities for studies on

common vocabulary and lexical expressions and sentence patterns typical of a genre. This is evident in studies such as Nathan (2013), Kormos (2011) and Supatranont (2012).

2.7 SWALES' MODEL

Early framework of linguistic analyses used in ESP is limited to explaining the linguistic features of texts. Such is the register analysis that focuses on the individual linguistic element. Discourse analysis, on the other hand only describes the manner a text is organized as a set of communicative options (Davies, 1985, p.104). It does not identify the variations lies in terms of functions that its syntax represents under variety of situations.

As such, Swales devises genre-based analysis framework that studies the significance of moves. This is thought to enable ideas to relate to one another with text and beyond text to a bigger body of scientific knowledge and development (Hall et al, 1986, p. 149). Genre is commonly-recognised, typical “social action” in response to “a recurrent situation which requires rhetorical action (Bargiela-Chiappini & Nickerman, 1999, p. 9 as cited in Yeung, 1999, p. 158). While Swales (1990, p. 58) sees genre as “a class of communicative events, the members of which share some set of communicative purpose-it has certain structural characteristics including a beginning, middle and end (as cited in Upton & Connor, 2001, p. 316).

A genre comprises a class of communicative events, the members of which share some set of communicative purposes. These purposes are realized by the expert members of the parent discourse community and thereby constitute the rationale for the genre. This rationale shapes the schematic structure of the discourse and influences and constrains choice of content and style.

(Swales, 1990, p. 58)

Swales (1990) in the above definition, clearly describes genre analysis to look into areas such as communicative purposes above all and followed by structures and language. In his

groundbreaking study, Swales (1990) suggests ‘rhetorical movement’ analysis or move-step analysis (p.140). Swales identification of Moves and Steps in the introductory section of research articles is instrumental in numerous genre studies. Swales discourse model is depicted below:

- Move 1: Establishing a territory
 - Step 1 - Claiming centrality
 - Step 2 - making topic generalization(s)
 - Step 3 - reviewing items of previous research
 - Move 2: Establishing a niche
 - Step1 - Indicating a gap
 - Move 3: occupying the niche
 - Step1 - Announcing present research
- (1990, p. 141)

Swales explains the realization of a move is writer’s dependent and this is based on the choices over steps that can be made. As an example, the communicative purpose of Step 1 of Move 1-Claiming centrality is to seek “appeals to the discourse community whereby members are asked to accept that the research about to be reported is part of a lively, significant or well-established research area” (Swales, 1990, p. 144). In addition, steps and moves can be composed in a variety of lexical and grammatical forms from a single sentence up to several sentences long.

Moreover, Swales also of the observation that some moves and steps are compulsory and some are not. This is illustrated in Step 3 of Move 1-reviewing items of previous research whereby it is compulsory while other steps are optional (Swales, 1990, p. 148).

Critical to his breakthrough, Swales also based his study on areas such as paragraph organization, syntax structure and lexicons. Words like ‘recently’, ‘yet’, ‘however’, ‘considerable’ and ‘no studies’ are among the lexical signals found out in identification of moves and steps.

Also, there is no specific organization of a rhetorical structure; Swales reported that an alternative pattern is possible. (Chap. 4, n.d.). Despite limitation identified in delineating the difference between a move and a step, the current study on IS are based on the realization made by Swales in which Swales' analysis and identification of moves and steps are based on the analysis of both communicative purposes and linguistic structure of the summaries. The communicative purposes influence the written conventions that are flexible and different in terms of complexity of purpose, textual structure, medium, relationship between roles of interactants, variety of language, activity and institution. (Chap 4, n.d.).

Swales effort in genre is insightful, an eye-opener, informative yet like many other prototypes, is arguable and controversial. It leads to much effort for improvement thus paved the way for more genre-based studies in other areas. It is an eye-opener for many other studies in similar areas such as in academic and professional settings. Current studies inspired by Swales (1990) are Lin and Evans (2011), Supatranont (2012), Sarimah Shamsudin and Seyed Jamal Ebrahimi (2013).

2.8 BHATIA'S MODEL

A related study was conducted by Bhatia (1993) using business letters as data. In the study, Bhatia adopted Swales' rhetorical approach for moves and steps analyses based on communicative purposes and text organization. Bhatia identified seven moves and three steps from the study. Bhatia's model of genre analysis is derived from a study using a sales promotion letter and a job application letter. In comparison, the model was based on Swales (1990) realization on communicative purpose and rhetorical analysis. The study found seven Moves that can be used to comprehend similar texts; Move 1: Establishing Credential, Move 2: Introducing the offer, Move 3: Offering Incentives, Move 4: Enclosing

documents, Move 5: Soliciting response, Move 6 Using Pressure Tactics and Move 7: Ending politely (Bhatia, 1993, p. 46).

Bhatia achieved the discourse model above with relation to three levels of analysis; the lexico-grammatical features in genres, text-patterning or textualisation and the structural interpretation of a text-genre. The first level is achieved by analyzing text to find out the main language features, the second level is achieved by specifying language values in a particular genre while the third level is achieved through the identification of moves based on the regularities set out by its discourse community.

Bhatia's works however, are mostly concerning professional genres. In qualifying a study to be of a professional genre, Bhatia's suggestion in analyzing unfamiliar genres is applied. There are seven steps that an investigator can adopt based on the purpose of analysis, aspect of genre and background knowledge of a genre in question (Bhatia 1993, p. 22). The seven steps are depicted as the following:

- 1) Placing the given genre-text in a situational context
- 2) Surveying existing literature
- 3) Refining the situation/ contextual analysis
- 4) Selecting corpus
- 5) Studying the institutional context
- 6) Levels of linguistic analysis
- 7) Specialist information in genre analysis

(Swales 1993, pp. 22-46)

The first step 'Placing the given genre-text in a situational context' is used and to be advantageous to researcher if he or she has the knowledge within the community in which the genre is used realistically. In other words, the researcher is part of the community thus possesses the technical know-how and purposes on why such genre written the way they are. Outsiders may still have access to the knowledge via the abundance of literature (Bhatia, 1993, p. 22).

Second step 'Surveying existing literature' includes surveys done in areas related to the studies in relevant areas such as linguistic, tools, methods, theories, discourse, advice, guidebooks, manuals, discussions of the social structure, history, beliefs which are related to the genre under study (Bhatia, 1993, p. 23).

The third step, 'Refining the situation/ contextual analysis'; the researcher, involves in "defining the speaker/writer of the text, the audience, their relationship and their goals, the historical, socio-cultural, philosophic and or occupational placement of the community in which the discourse take place" (Bhatia, 1993, p. 23). Additionally, the researcher is able to identify "the network of surrounding texts and linguistic traditions that form the background to this particular genre-text, the topic/subject/extra-textual reality which the text is trying to represent, change or use and the relationship of the text to that reality" (Bhatia, 1993, p. 23).

Ensuing is step four; 'Selecting corpus'. The genre should be specific and 'distinguishable' from other genres (Bhatia, 1993). This can be achieved through the communicative purposes, situational context and the presence of textual characteristics with criteria prerequisite to its community.

The next step 'Studying the institutional context' is normally conducted if the text in question is taken from an established institution where the writing has been decided by its communicative intentions. It is both consciously understood and unconsciously followed by members of the community (Bhatia 1993, p. 24). This step will help to uncover how the study of the institutional context may be advantageous to explaining the text being researched.

The next step is looking into the 'Levels of linguistic analyses. By doing this, the researcher can investigate the structural organizations of a text, its linguistic features and

communicative purposes. In order to achieve these, Bhatia suggests three levels of investigations: Level 1: Analysis of lexico-grammatical features, Level 2: Analysis of text-patterning or textualization and Level 3: Structural interpretation of the text genre.

Last but not least, the researcher may also engage a member of the practicing community to confirm findings. By engaging a specialist from the community where the text is used, deeper descriptions can be provided. However, Bhatia (1993) warns as this is not an easy task as a competent and trained specialist is not always easy to acquire. They may also not be prepared to discuss about it openly or be in a position to explain on behalf of the community in terms of how language is used in the texts.

In relation to the realization on professional genre above is a study by Kathpalia (1992). The study, 'A genre analysis of promotional text' is a revelation for Bhatia in his work on professional texts. Kathpalia (1992) observes the limited number of promotional-based research done as compared to other fields. She explains that persuasive communication is very important to organizations in building business clientele, soliciting business and marketing one's product or services. A more professional approach and skills are required to achieve such aims.

She further explains that the availability of commercially-produced books are insufficient in helping readers to learn more on the linguistic aspects in achieving communicative purposes of texts. This is accentuated by the warning made by Swales where the realization on genre studies would only provide formulas such as manual and textbooks that may hamper creativity and critical thinking (Swales, 1990).

Another reason for investigating such genre lies in the uniqueness and innovation adopted by advertisers to attract potential readers or clients. It is worth investigating the differences existed in the texts. The wealth and availability of the data is also an attractive

proposition for the research. The researcher was provided with accessibility to the promotional texts; blurbs, print advertisements and sales promotion letters.

The study had found that the main communicative purpose of the three genres as similar that is as a persuasive intent to influence future actions, judgments and attitude of prospective customers. It was also found that they targeted at particular market segmentation. Blurbs are for varied specialization (popular fiction blurbs for lay readers, hard sciences for the specialist and non-fictional trade blurbs for the semi-specialist) and status-related (students at various level of education and various professionals) as well as different gender (books on pregnancy for women). It is also reported that market segmentation for media purpose is more obvious. (Financial papers for professionals, dailies for the generally educated and tabloid for the less educated). In addition, sales promotion segmentation are directed to people with ‘affinity’ in relation to past business dealing (Kathpalia, 1992)

2.9 ACADEMIC SETTING

2.9.1 Abstracts

There have been many studies in the area of abstracts conducted. Abstracts provide a gateway for readers in selecting articles for many reasons (Lorés, 2004) and a tool in mastering and managing information in the scientific community (Ventola, 1994a). One such studies; “A genre analysis of English and Spanish research paper abstracts in experimental social sciences” by Martin (2003) is aimed at investigating variations that exist between research articles written in English and in Spanish. Using multiple frameworks such as Dudley-Evans (1986), Salager-Meyer (1991), Santos (1996) and Swales (1980, 1991), Martin found out that the

Spanish abstracts exhibits similarities to the English abstracts in terms of international conventions set out by the English-speaking international academic community. Four structural units were identified; Introduction, Methods, Results, Conclusion (IMRD) with some variations.

Swales CARS and IMRD models are also the backbone to Lorés (2004) study on research article abstracts. The study titled “On RA abstracts: from rhetorical structure to thematic organization” looked at earlier studies on research article abstracts as models (Bhatia, 1993; Nwogu, 1990; Swales, 1990; Ventola 1994a; Ventola 1994b) in investigating the rhetorical structure. The findings reveals abstracts are rhetorically described based on CARS and IMRD models with distinct patterns of thematic distribution and choice.

In a more recent studies based on Swales (1990), Talebinezhad, Arbabi, Taki and Akhlaghi (2012) studied medical article abstracts written in Persian and translated into English. The study found all the moves as suggested by Swales with varying frequency. For articles written in Persian, it is observed that Move 1 of ‘Establishing a Territory was recorded at 87.5%. Move 2 or Establishing a Niche is at 59.3% while Move 3 is at 53.1%. In comparison, for English translated abstracts, the percentage is at 78.12 %, 25% and 93.75% respectively. The results to a significant degree demonstrate the relevance of Swales (1990) to the study.

While in Supatranont (2012) two hundred and ten abstracts from engineering, science, technology, business and liberal arts were studied. The focus is mostly focusing on language analysis using computer software programme - WordSmith Tools for concordance of words such as ‘aim’. ‘aims’ and ‘aimed’. These words were lemmatized and integrated in developing a writing template. The

study comprehensively identified various other grammatical features in abstracts such as active and passive voices, aspects of tenses and lexical items. This is beneficial as a guide for students specifically and ESP generally.

2.9.2 Research Articles

Earlier genre-based studies also looked at research articles introductions of various fields. Swales (1990) work is seminal and has sparked off great interest for many analysts to adopt his model further for various other texts. Anthony's work titled 'Writing Research Article Introductions in Software Engineering is one such study. Swales CARS model was used to describe the structure of the introductions. Twelve articles were examined for the research. The findings suggest that Swales' CARS model is effective to an extent. The study also suggests the model is limited in usage if the text is too detailed. Despite this, Swales' CARS is relevant for the research.

Kanoksilpatham (2005) in 'Rhetorical structure of biochemistry research articles' proposes a discourse structure that can be used by both native and non-native scientist in composing such articles. Fifteen moves were identified based on Swales framework. As compared to abstracts, an article contains more sections. Kanoksilpatham (2005) study is useful for those wanting to know the characteristics of the genre. Since an abstract is the summary of an article, it is condensed. As such the Moves identified are less and only suitable for the abstract. While a full article representing the whole study is extensive. Despite these variations, elements of Swales (1990) are present in the study. It is observed that Swales' Move 1 Establishing Territory can be found in Move 1: Announcing the importance of the

field and Move 2: Establishing Niche is similar to Move 2: Preparing for the present study. While, Move 3: Occupying the Niche is similar to Move 3: Introducing the present study and Move 10: Stating results.

Another study adopting Swales framework was Kobayashi (2003). Kobayashi (2003) studied English and Japanese Research Articles based on a framework by Kaplan as it looked at the teaching of English academic writing to Japanese speakers. Generally, the study is aimed at drawing pedagogical implications effective for teaching academic English to native speakers of Japanese. The study looked at the variations existed in the generic structure of areas such as abstract, introduction, methodology, result and discussion sections between the English and Japanese research articles. The findings revealed variation in the area of schematic structure, structure of section, use of lexical signals, reference to previous research and the use of metatextual phrases (2003, p. 394). This shows how western academic community's socio-cultural factors influence on the Japanese articles (Kathpalia; 1997).

The most recent study following Swales (1990) is Mohamed Ismail Ahamad and Amira Mohd Yusof (2012). The study investigated sixty Islamic research article introductions based on Swales' CARS model. It was found that variations exist with sixteen from the sixty research articles containing all the Moves found in CARS. While Move 2, gap indication is omitted as it is observed to be generally irrelevant. While, Step 2 of 'Making Topic Generalization' is commonly found. Further variations are the absence of Step 3 and Step 1B of Move 2. Other than the above, the study has also found other features that are not naturally found in CARS such as Quranic citations, reference and hadith.

The number of students studying business-related programmes is on the rise (Nathan, 2013). Research in the area of professional writing is abundant (Loudermilk, 2007). Significant contributions are being made in areas such as Applied Linguistics and ESP. In Nathan (2013), fifty-three business case reports were investigated based on Swales and Bhatia (1993). Various linguistic features as well as well Orientation, Analytical and Advisory Moves are identified along with structures unique to the genre.

2.9.3 Literature Reviews

There have been many research methodology books prescribing the theoretical aspects, frameworks and applications to assist novice researchers in conducting and reporting studies methodically. They are extensive and cover various aspects of research areas such as introduction, literature review, methodology, data analysis, discussion and conclusion. A study on literature review was recently conducted by Khoo, Na and Jaida (2011) looked at the structure of literature reviews in information science journal papers and identified various styles in its composition. A literature review often has the following sub-sections: Introduction, Body (Chronology, theme and methodology) and Conclusion. Swales' CARS model was adopted for the introductory part before Kwan (2006) extended the model developed by Bunton (2002) to identify the move structure themes in literature review. The data was collected from the Journal of the American Society for Information Science and Technology (JASIST).

A coding system for indexing or abstracting was developed to annotate the types of information of literature reviews. The study found that literature reviews are composed in two ways: descriptive literature reviews and integrative literature reviews. These lay a strong foundation in studies of similar nature in terms of identifying discourse relations, rhetorical functions and linguistic expressions of the genre.

2.10 PROFESSIONAL GENRES

2.10.1 Medical reports

In another study by Azirah Hashim (1996), Swales genre analysis model is adopted to investigate the syntactic choices and text organization in medical research articles. She investigated the organizational features, grammatical features and lexical forms in the corpus collected and provided a description to distinguish the medical report articles from other text types.

Twenty four medical articles collected from *The British Journal of Surgery* and *Annals of Surgery* were analyzed for its generic structure. Out of the twenty four articles, ten was selected for analysis of the lexicogrammatical aspects; mood, transitivity and theme.

Based on the study, Moves and Steps were identified for regularities by examining the sentences. Some sentences are considered as Moves and some as Steps. The study has also identified a sentence that contained two Moves embedded while seven sentences have different Steps and these sentences were labeled according to Steps.

The study observes the text as naturally having its shape decided by its communicative strategies and formed the basis for analyzing medical reports as a genre. The findings were analysed according to the sections in the articles. They followed specific conventions according to the presentation of content. The move is characterized by the language of that move and the linguistic elements are different according to the move based on the communicative purposes. The structures found for the different sections from the reports are: the introductions in medical research articles, the methods in medical research articles, the results in medical research articles and the discussions in medical research articles. When observed, the numbers of Moves are abundant similar to earlier study by Kanoksilpatham (2005) which is similar to Swales (1990).

2.10.2 Law reports

Apart from the above, Bhatia (1993) has also set a precedent especially in the professional genre. Norizah Hassan (2008) studied the structure and linguistic features of law reports based on the 'traditions' set by Bhatia (1993) on legal cases. In Norizah Hassan's study, the specific objectives are mainly to investigate the rhetorical structure with its obligatory and optional moves, its communicative purposes and the linguistic features. The adoption of genre analysis in the study helped in exhibiting the standard text patterns used by its discourse community and why the language is used in such a way (Bhatia, 1993).

The communicative purposes of the study were compared to Bhatia's communicative purposes in legal cases. The study found out five communicative purposes of the Industrial Law Reports: Source of reference for proceeding with a

case, Reference to certain points of law, Guide in writing up the charges of the dismissal and Source of knowledge (Norizah Hassan, 2008, p 121).

The study had also found four moves relevant to the industrial law reports with linguistic features. It was reported that the language is a reflection of other legal documents in terms of noun or noun phrases, sentence length, complex prepositional phrases, binomials and multinomial expressions, tenses and verbs of contention. The findings help in understanding and the reading of such text and help in developing the curricula for ESP from the writing conventions and rules provided.

In a more recent study, McLeod (2009) identified the communicative purpose of legal briefs based on Bhatia's (1993) study. The study is in agreement with the model suggested by both Bhatia (1993) and Norizah Hassan (2008). Four moves were found in the study; identifying the case point, facts of the case, argument and ruling or decision. Similar direction of study was also reported by Badger (2003) by investigating a corpus of twenty five law reports based on Bhatia's (1993). The study suggests minor variations to Bhatia (1993). For example, the name of the court preceded the fact of the case is insignificant in terms of reading and understanding the report. However, the description is reported to be similar.

2.10.3 Business reports

Business reports have also been looked into by many researchers based on genre-based approach in discourse analysis. The genre-analysis framework by Swales (1990) has been seminal in other works of similar nature and beyond. The

business documents normally address the issue of seeking the attention of people as a promotional tool, informative and persuasive. These also provide communicative strategies of such genre.

Delwis (1999) investigated the structure of annual business reports by applying Swales (1993) genre analysis as the framework. The study looked at the content for various moves in the different sections of the reports. Ten annual business reports were analysed at random. The moves, language features and graphics were examined. The moves identified were similar to Swales' in his analysis of article introduction. The general patterns of organization divided under headings of the different sections were analyzed first. The average number of moves and obligatory and optional moves were determined. The communicative strategies and language were also investigated and described. The graphics were analysed and described. The discourse model of annual business report was also provided according to the sections found in the reports. It is interesting to report that some sections contain no Moves such as Section One, Section Two, Section Seven, Section Eight and Sections Twelve to Twenty.

Another significant observation made by Delwis (1999) was in the analysis of graphic present in the reports. The analysis was done manually whereby the pages in which the graphics were found were converted to percentages. The type of graphics such as graphs, pictures or tables and figures were identified. The type of graphic that occurred the most was noted and the frequency was recorded. It was concluded that graphics provided "the most powerful impact because it clarified, and emphasized the content of the report" (Delwis, 1999, pp. 118-119).

In another study by Yeung (2007), twenty two business reports were compiled from Hong Kong, Singapore, Malaysia and the United Kingdom. They were analyzed for regularities, rhetorical moves and lexico-grammatical features. The communicative strategies were described to be uniquely having a funnel-shaped overall structure, topical organization, less focus on methods but heavy stress on recommendation. Overall, the features identified suggest characteristics that are specifically a business report genre and also common with other academic and professional writing.

In a more recent study, Flowerdew and Wan (2010) investigated the communicative strategies and language of audit reports. The framework is based on Swales (1990) and Bhatia (1993) genre analysis. The study looked into twenty-five authentic auditor's reports and found six moves; Summary of Credible Action taken, Address Responsibilities, Opinion, Emphasis of Matters, Qualified Opinion and Disclaimer of Opinion.

The study had also discovered the use of linguistic features such as the use of past tense and indirectness such as modality to show possibility or conditionality. This is also used as a strategy to 'save face'. It is reported that if a company failed to meet certain requirement, the company is referred to as 'patient' and not as 'agent'. This is evident in the use of clause "We were unable...", "We were not able...", "The company was unable to..." to convey such message.

Another interesting linguistic feature found was in the use of third conditional such as in "if we had been able to satisfy ourselves as to..." and "we would..." enable the companies to absolve the themselves from responsibility in terms of the content of the report.

Rutherford (2005) investigated “of” narratives in corporate annual reports from 455 companies and espouses the importance of understanding and working within the genre to achieve effective communication. Furthermore, it is also important in sharing and informing the discourse community to abide by the requirement as well as assist in reading the contents of the reports. It will help readers by avoiding misinterpretations of messages.

Studying a genre from linguistic perspectives has greatly contributed to the wide array of work in the scope of genre analysis in general. One such study by Malavasi (2005) looked at corpus of forty-seven annual reports from various banks in terms of their linguistic features.

The study discovered that the use of adjectives, verbs and nouns in promoting the banks in terms of achievement, efforts and commitment. The analysis is made more precise by the application of linguistic software called WordSmith Tools to enable the identification of frequency of occurrence and meaning and concordances.

2.10.4 Business letters

Numerous genre-based approach studies have been conducted for business letters (Bathia, 1993; Kathpalia, 1992). Both of these earlier studies looked at the genre in the professional setting and promotional setting. Henry and Roseberry (2001) used letters beyond investigating its moves, structural organisation, communicative strategies and linguistic features. Forty letters of application were investigated in the study. In the analysis of moves, the study did not find the application ‘Using Pressure Tactic of Bhatia’s (1993).

Also different is in the move of ‘Soliciting Response’ as this move is observed to be more of a strategy to end the letter or similar to ‘Ending Politely’ which is the last move in Bhatia (1993). It showed the effectiveness of the analysis at the level of strategy. Numerous discourse and syntactic features were found to provide more detailed information compared to a commercially written textbook. There are eleven moves found in the study. In comparison to Kathpalia (1992) discourse model, the structure found by Henry and Roseberry (2001) does not contain ‘pressure tactic’. Furthermore, the use of computer analysis provided more exact linguistic features of the moves identified.

Derahvasht (2011) investigated problems faced by Iranian students in letter writing in English while studying in Malaysia. Linguistically, certain structures and linguistic features were found to be unique to Iranian culture that is unfamiliar in English such as the use of totems and kinship. Despite this, the study had managed to instill a degree of awareness that is reported to have improved the students’ letter writing in English.

While Magnet and Carnet (2006) investigated two hundred letters extracted from bio-medical journals. Four moves were identified based on Swales’ (1990) framework. From the linguistic analysis, it is interesting to note that the use of pronouns is extensive in the study. Subject pronouns such as ‘We’, ‘You’, ‘They’, ‘He’ and ‘She’ as well as object pronoun ‘our’ enables strategies that can weaken the credibility of a paper by an editor. The use of modality is low with the purpose of delivering uncertainty and probability (Magnet and Carnet, 2006, pp. 180-181).

In another study, Vergaro (2004) gathered sixty-nine authentic sales promotion letter written in Italian and English. It is reported that the moves

identified are similar to Bhatia (1993) except for move on 'Pressure Tactic'. The comparison between English and Italian revealed that the moves in English letters are very detailed compared to Italian. A reason provided is culture-related where English is observed to belong to 'writer-responsible' as compared to Italian that is more 'reader-responsible'.

It is also interesting to note that the linguistic analysis found the importance of politeness strategy in the use of mood and modality. Such dimension is not included in the present study on IS. However, it can be relevant for future research.

In another study, Santos (2002) investigated a corpus of one hundred and seventeen commercial letters based on communicative strategies and structural organisation. The study is also based on the tradition of Swales (1990). Four moves were identified. The communicative strategies are based on the business needs between the European and Brazilian companies. This is consistent with what is defined by the needs of the community as explained by Swales (1990).

2.10.5 Brochures

Another study in the realm of promotional or professional genre is Hajibah Osman (2006). Her research, decisively contributed to the local collection of genre studies from two perspectives: the applied linguistic perspective and the ESP practice perspective. The study is designed to uncover various university brochures for its communicative strategies, the structural organisation, grammatical features, the socio-cognitive strategies involved and its application in teaching and learning.

Genre-based analysis approach is adopted to achieve the above objectives with reference to earlier work by Bhatia. In her investigation, two methods were

used. The first was a multi-level applied genre analysis covering context analysis, structural analysis, cultural analysis, visual analysis and textual analysis followed by grammatical analysis. The second part focused on instructional material design. The research augured well in providing a thick description of university brochures. In the first part of the research, it was found out that the brochures perform three communicative strategies; promotional genre, informative genre and corporate genre. Structurally, ten moves were identified with seven obligatory and three optional moves with variations in its sequencing making its writing convention versatile (Hajibah Osman, 2006). The moves are; Identifying the service, Attracting reader attention, Targeting the market, Establishing credentials, Locating the service, Describing the service, Justifying the service, Indicating value of the service, Endorsing the value of the service and Soliciting response.

The study considers the university brochures as meeting the characteristics set by the discourse community. The visual features used in the brochures (Bell, 2001) further strengthen or compliment the moves identified. For example, buildings and landmarks used in the brochures accompanied 'Establishing credentials' and visuals of students' jubilant faces during convocation ceremonies accompanied 'Endorsing the value of the service' (Hajibah, 2006, p. 250).

In investigating the grammatical features, the study employed the Constituent Likelihood Automatic Word-tagging System (CLAWS7 Tagset). This provided the commonly found word class in the university brochures.

Table 2.1: Words in brochures based on CLAWS7 Tagset

| Total No. Of words | Nouns | Pronouns | Verbs | Adjectives | Others |
|--------------------|-------|----------|-------|------------|--------|
| 39449 | 42.2% | 1.1% | 10.1% | 9.2% | 36.8% |

Source: Hajibah Osman, 2006, p. 256

Table 2.1 above shows the total in percentage the occurrence of grammatical features in the study. Nouns recorded the highest with 42.2% and the least is pronouns at 1.1%. Despite these results, the above is still regarded superficial hence the study adopted a software programme; WordSmith Tools to provide more in depth description of the type of words used in the brochures. The software provided a list of common words appeared in the brochures:

Table 2.2: Words in brochures based on WordSmith Tools

| WORD | POS | TOKENS |
|-------------|-----|-----------------------|
| University | NN1 | 322 (+university 126) |
| Students | NN2 | 286 (student 97) |
| Bachelor | NN1 | 279 |
| Science | NN1 | 286 |
| Information | NN1 | 223 |
| Technology | NN1 | 201 |
| Management | NN1 | 200 |
| Campus | NN1 | 188 |
| Education | NN1 | 188 |
| Engineering | NN1 | 187 |
| Faculty | NN1 | 172 |
| Research | NN1 | 154 |
| Programmes | NN2 | 153 (+programme 94) |
| Diploma | NN1 | 142 |
| Master | NN1 | 134 |
| Academic | JJ | 104 |
| Facilities | NN2 | 96 |

Source: Hajibah Osman (2006, p. 258)

Key:

1. NN1: Singular Noun
2. NN2: Plural Common Nouns
3. JJ: General Adjective

The two softwares provided the study with information on typical words and the sentence patterns used by the university brochures. All of the information above enabled the instructional design of ESP materials for the purpose of teaching and learning. Apart from these, the findings also reveal the socio-cognitive strategies employed in composing the brochures.

2.10.6 Advertisements

A study conducted based on Kathpalia's genre analysis of promotional texts is Teh (1997). The study investigated advertisement in a local newspaper to discover the organization by providing an explanation on how they are structured. Twenty home advertisements were selected and analysed based on the move structure analysis adopted by Kathpalia (1992). A genre-based move structure was used as a system of enquiry. The findings reveal ten moves consistent to Kathpalia's promotional genre.

Furthermore, Lan (1999), investigated property advertisements in a local newspaper by adopting Kathpalia's nine-move structure as framework. The data were collected from 'The Star' newspaper from four categories of houses namely the Bungalow, Semi Detached/Terrace House, Condominium and Apartment. The results show the framework to be very useful. Out of the nine moves recommended by Kathpalia, only three are reported to be not significant. The moves occurred in

all are: 'Targeting the Market', 'Headlines', 'Justifying the Product', 'Offering Incentives', 'Urging Action' and 'Appraising the Product'

Moreover, Sen (1995) examined car advertisements in a local newspaper from The Straits Times in Singapore based on Kathpalia's model. They reported 'Headlines', 'Targeting the Markets', 'Appraising the product' and 'Urging Action' as moves. The moves occur in all of the data collected despite the presence of other moves at a much lesser frequency and deem optional.

On a similar note, print advertisements, similar to advertisements mentioned above are available in abundance in various publications. Kathpalia (1992) is instrumental in the above studies. The main purpose is to sell products or services. A total of four hundred and ninety advertisements were studied and the following model is realized:

Headlines: Attracting Reader Attention

1. Appraising the product/service

Establishing Credentials

Targeting the Market

Offering Incentives

Urging Action

Endorsement/Testimonial

Curiosity Headlines

Combinations

2. Targeting the Market

3. Justifying the Product/ Service

Indicating Importance of product/ Service

- Product-based

- Situation/Occasion-based

Establishing Niche

4. Appraising the Product/ Service

Identifying the Product/ Service

Describing the product/service

Indicating Value of the Product/ Service

5. Establishing Credentials

6. Endorsement/ Testimonials

7. Offering Incentives

8. Using pressure Tactics

9. Urging Action

(Kathpalia, 1992, pp. 364-365)

The model above inspires many more studies in similar areas.

2.11 LINGUISTIC FEATURES ON RISK FACTORS

Discourse analysis is a suitable tool in studies related to risks since it “is always discursively and dialogically constructed” (Sarangi and Candlin, 2003, p. 116 in Hagget 2010, p. 5). It allows studies in areas such as spoken and written texts (Wetherell, Taylor and Yates, 2001), and patterns of language (Taylor, 2001).

Risk factors section of IPO prospectuses is one area investors will be scrutinizing prior to securities or stock acquisition. Managers or companies issuing the securities are required to be forthright and concise in this particular aspect of the IS and prospectuses. Apart from other sections such as key personnel and financial highlights, risk factors have the capacity to alter investors’ decision and help on promoting sound investment decisions (Deumes, 2008). It was also accentuated that “In prospectuses, regulators have long since required firms to provide, under the caption “risk factors,” a concise and logically organized discussion of the most significant factors that make an offering speculative or risky (Deumes, 2008, p. 125).

Since a prospectus is a legal document, loss of capital with regards to wrong information can incur litigation consequence on the part of the issuer. In relation to risks, they must be written as correct, concise and candid as possible to avoid such losses. “Trying to mask the uncertainty that is inherent in every business is like pushing on a balloon; smoothing out today’s bumps means they will only pop up somewhere else tomorrow, often with catastrophic results” (Fuller and Jensen, 2002, p. 43).

It was argued that by narrating risks rather than quantifying them is viewed as hampering its assessment (Hodder, Koone and McAnally, 2001). However, in other research, qualitative risk information assists potential investors to make sound prediction of a company’s performance (Abrahamson & Amir, 1996; Li, 2006). The narratives should be composed in simple language apart from specific (Deumes, 2008) since it was observed to be subjective, open-ended and ambiguous (Schrand and Elliot, 1998). The present study shall look at how the language used under risk factors such as modals, pronouns and other words in specifying ‘risks’ under the perspective of discourse analysis.

2.12 VISUAL ANALYSIS

The presence of visuals in the form of diagrams, tables, graphs and other forms are instrumental in various academic and professional texts or documents. It does what normal narratives do not. For example a financial section of a business report or prospectus is more effective when it is tabulated. It gives quick comprehension. Aggregated content can be presented with less words usage but equally or more easily understood. “Too often writers overlook the importance of graphics in their reports and papers. Correctly done, graphics are attention getting and informative (Sides, 1991, p. 50, as cited in Faridah Noor Mohd Noor, 1994, p. 157).

In 'Graphics in Physics Research Articles', Soon (1994) investigated the relationship and use of graphics in the form of tables, diagrams, figures and pictures found in physics research articles. The objectives are to investigate frequency, distribution, functions, relationship to linear texts and grammatical functions.

2.13 SUMMARY

The chapter provides the current study with some reviews of research conducted in various areas employing Swales (1991) and Bhatia (1992) frameworks or discourse model(s). The areas benefited academic and professional contexts with suggestion on a discourse model derived from applying the realizations of move-step movement by Swales (1991) and the professional contexts by Bhatia (1992). The move and steps plus the linguistic features identified will help instructors, students and those with vested interest to understand IS better. The structural organisations provide discourse theories that are formulaic for guidance. The study is also integrated with visual analysis to effectively provide rich information to the study.

CHAPTER 3

3.0 THEORETICAL FRAMEWORK AND METHODOLOGY

3.1 INTRODUCTION

Genre analysis is adopted in the investigation of this study. The study seeks to identify the structural organisation, communicative purposes and grammatical features of information summaries (IS) in Initial Public Offering (IPO). The study also wishes to compare the data obtained from the IS of prospectuses of manufacturing (M) (engineering-related industry), and food and beverages (FB) companies. Since the data are also full with visuals, visual analysis will also be conducted. Ensuing will be a set of interviews to be administered.

3.2 THEORETICAL FRAMEWORK

This section presents the theoretical framework of the present study. Swales (1990) analysis, Bhatia's seven-step analysis and Hajibah Osman's (2006) application of grammatical description form the basis of the framework of this study.

3.2.1 Swales

The study adopted Swales (1990) 'rhetorical movement' or move-step analysis as a guide. The basis of the study is influenced by communicative strategies where the grammatical features, lexical choices and content of the language can be found applied by those who are in the profession. Furthermore, according to Swales, the communicative strategies decide the written conventions, structure, medium, tone (audience), and variety of language, activities and institutions (1990).

Swales identification of moves and steps in the introductory section of research articles is instrumental in numerous genre studies. On a similar note, the present study will adopt Swales (1990) analysis as the basis where the identification of moves and steps are based on the analysis of both communicative strategies and linguistic structure of the corpus gathered.

3.2.2 Bhatia

The study also adopted Bhatia's seven steps as a framework. The framework consists of (1) Placing the given genre-text in a situational context, (2) Surveying existing literature, (3) Refining the situation/ contextual analysis, (4) Selecting corpus, (5) Studying the institutional context, (6) Levels of linguistic analysis and finally (7) specialist information in genre analysis serves as another basis for the present study (Bhatia 1993, pp. 22-46).

The linguistic features are an important aspect to be identified in a professional genre (Bhatia, 1993). In providing a more in depth description of the linguistic choices in IS, the study will adopt Hajibah Osman's (2006) application of grammatical description by applying a computer programme: WordSmith Tools software version 5. The software is a free version available at <http://www.lexically.net/wordsmith/version5/index.html>. Possible linguistic features such as auxiliary verbs, prepositions, to infinitives, gerunds, modal auxiliary, phrasal verbs and lexical choices identified will be identified applying 'Wordlist'. Wordlist is an application that can be found in WordSmith Tools software version 5. The high occurrence of visuals in IS is interesting to be studied. Visuals in the study are found in the management information and the financial highlight sections

of the IS. The study adapted Soon (1994) of content analysis of visual images as a guide. The frequency, distribution, functions and relationship to the IS are presented.

3.3 RESEARCH DESIGN

The following stages serve as the methods used in the study:

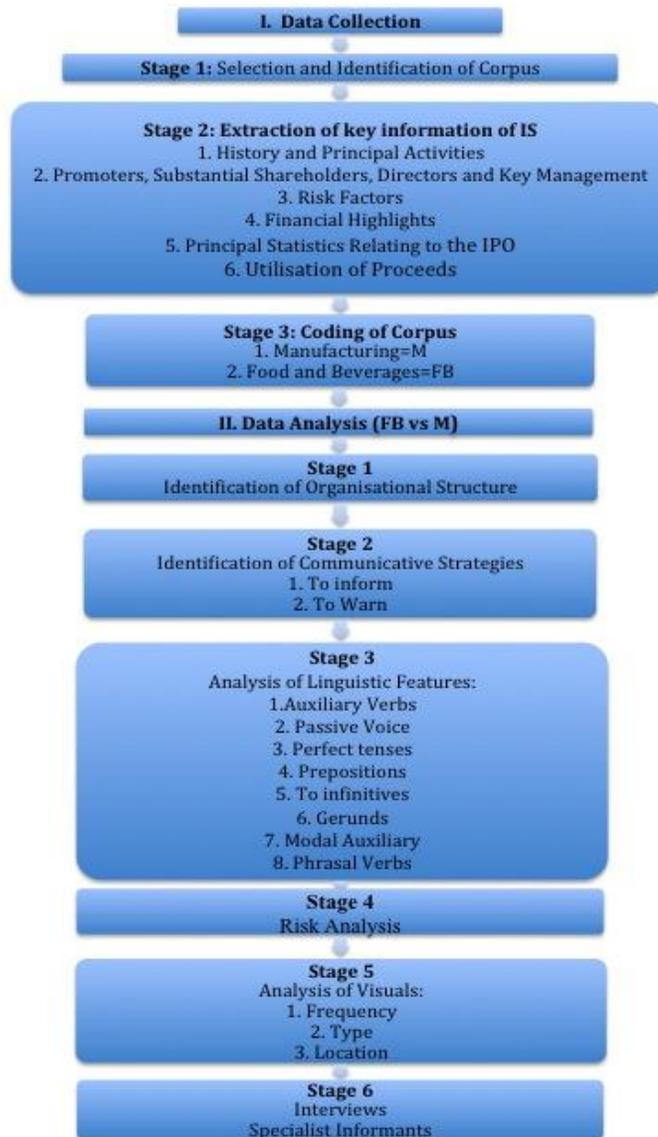


Figure 3.1: Research Design

3.4 DATA COLLECTION

3.4.1 Corpus

The data consist of 20 information summaries (known as IS in the present study) from IPO prospectuses that were collected from Bursa Malaysia. A set of ten (10) IS were from manufacturing (engineering-related) companies and another set of ten (10) from food and beverages-related companies. Since the IS are electronic versions of the actual prospectuses, both versions are similar as the hard copy versions.

Manufacturing was chosen since there were more manufacturing listed companies during the selected period of collection found to be 'going public' while Food and Beverages companies were chosen for the opposite reason. Therefore, there were more IPO prospectuses submitted to Bursa Malaysia under the manufacturing genre compared to the Food and Beverages prospectuses.

However, there had not been many Food and Beverages companies listed. Due to this, the selection of prospectuses had to look into the database for an extended period from the year 2000 to 2011. The opposite situation was observed, as all ten Manufacturing IS from 2008 to 2011 database was comparatively easier to be collected. The shorter duration for collection of Manufacturing IS was because there are quite a number of IS from this category compared to Food and Beverages. The total number of corpus for Manufacturing IS is 15411 words while for Food and Beverages is 17433 words.

3.4.1.1 Information Summaries of Manufacturing Companies

The aim of information summaries of Manufacturing (M) companies is to inform potential investors and readers alike of the kind business activities the companies are involved in. The type of business ranges from furniture to heavy constructions and machineries. The information summaries or IS can be found at the beginning part of the prospectuses.

The IS of M for the study are divided into several sections namely: History and Principal Activities, Promoters, Substantial Shareholders, Directors and Key Management, Principal Statistics relating to the IPO, Utilisation of Proceeds, Risk factors and Financial Highlights.

The History and Principal Activities section provides details on incorporation such as name and date, type of business and activities, products or services, number of share capital, business structure and subsidiaries as well as revenue, achievements and locations.

As for Substantial Shareholders, Directors and Key Management section, the contents are details on the owners or founders, directors, promoters and management team. Next, the Financial Highlights section presents details on a company's consolidated or comprehensive income, balance sheets of financial position, cash flow and audit qualifications.

The subsequent section on Principal Statistics relating to the IPO provides details on the Initial Public Offering such as shares, special rights and right to vote while Utilisation of Proceeds section presents details on the total and usage of proceeds, the cost of listing and other expenses.

The risk factors section provides details on the possible risks potential investors may face if they decide to proceed with the IPO.

3.4.1.2 Information Summaries of Food and Beverages

Information summaries of Food and Beverages companies or coded as FB also take similar role as providing ‘a snapshot’ for the actual prospectus. The business activities for FB are ranging from type of drinks, food, herbal products and chocolate products. Like in M, FB information summaries are found at the beginning part of prospectuses.

The sections are also similar to that of M that is, History and Principal Activities, Promoters, Substantial Shareholders, Directors and Key Management, Financial Highlights, Principal Statistics relating to the IPO, Utilisation of Proceeds and Risk factors.

3.4.1.3 Selection of Criteria

The average length of the IS is within the range of 900 to 2400 words. The IS fulfill the requirements of the research with similarities in their content. This is important in ensuring consistency, as the genre must be of the same category (Bhatia, 1993).

The Securities Commissions requires the inclusion of an IS in an IPO prospectus submitted to Bursa Malaysia. The IS should contain key information about the offer and corporation or company. The actual content varies from one to another and determines by the advisers. However, the common areas that are found in the IS are the following:

- (a) Principal business of the issuer and its subsidiaries;
- (b) Securities for distribution, offering price, and expected net proceeds;

- (c) Use of proceeds;
- (d) Risk factors; and
- (e) Summary financial information

(Prospectus Guideline, 2009: p. 5)

By no means are the Moves are organized as in the above fashion; (a) to (e). Therefore, the study will look into this aspect by identifying the structural organisation, communicative strategies and linguistic features.

3.4.1.4 Coding

The data collected are coded for easy identification and description as follows:

Table 3.1: Summary of Information Summaries from the year 2000 to 2011

| No | Year | FB | Number of words | M | Number of words |
|-----------|--------------------|--|-----------------|----|-----------------|
| 1 | 2000 | 2 | 2950 | - | - |
| 2 | 2002 | 1 | 1870 | - | - |
| 3 | 2003 | 1 | 1885 | - | - |
| 4 | 2004 | - | - | - | - |
| 5 | 2005 | 1 | 1609 | - | - |
| 6 | 2006 | | | - | - |
| 7 | 2007 | 1 | 1789 | - | - |
| 8 | 2008 | - | - | 3 | 4135 |
| 9 | 2009 | - | - | 3 | 4326 |
| 10 | 2010 | 2 | 3654 | 3 | 5006 |
| 11 | 2011 | 2 | 3676 | 1 | 1944 |
| 12 | Total | 10 | 17433 | 10 | 15411 |
| 13 | Grand total | (Total FB + Total M) 17433+15411= 32844 | | | |

Table 3.2: Information Summaries of Manufacturing

| No | Type of information | Year | Company | Number of words |
|----|---------------------|------|---------|-----------------|
|----|---------------------|------|---------|-----------------|

| | summary | | | |
|--------------|----------------|-----------|-----------|--------------|
| 1 | M | 2011 | M1 | 1944 |
| 2 | M | 2010 | M2 | 1805 |
| 3 | M | 2010 | M3 | 1551 |
| 4 | M | 2010 | M4 | 1650 |
| 5 | M | 2009 | M5 | 2240 |
| 6 | M | 2009 | M6 | 1136 |
| 7 | M | 2009 | M7 | 950 |
| 8 | M | 2008 | M8 | 1659 |
| 9 | M | 2008 | M9 | 1233 |
| 10 | M | 2008 | M10 | 1243 |
| Total | M | 10 | 10 | 15411 |

Table 3.2 illustrates the composition of M in detailed further. M1 to M10 belong to the Manufacturing category. The shortest IS is M7 of 2009 at 950 words and the longest is M5 of 2009 at 2240 words. The total of the ten IS is 15411 words.

Table 3.3: Information Summaries of Food and Beverages

| No | Type of information summary | Year | Company | Number of words |
|--------------|------------------------------------|-------------|----------------|------------------------|
| 1 | FB | 2011 | FB1 | 2307 |
| 2 | FB | 2011 | FB2 | 1369 |
| 3 | FB | 2010 | FB3 | 1414 |
| 4 | FB | 2010 | FB4 | 2240 |
| 5 | FB | 2007 | FB5 | 1789 |
| 6 | FB | 2005 | FB6 | 1609 |
| 7 | FB | 2003 | FB7 | 1885 |
| 8 | FB | 2002 | FB8 | 1870 |
| 9 | FB | 2000 | FB9 | 1390 |
| 10 | FB | 2000 | FB10 | 1560 |
| TOTAL | FB | 10 | 10 | 17433 |

Table 3.3 exhibits the IS of FB. FB1 to FB10 are labels for Food and Beverages category. The shortest is FB2 at 1369 words while the longest is FB1 at 2307 words. The total of the ten IS is 17433 words.

Key: M = Manufacturing, FB = Food and Beverages

3.4.2 Interviews

In answering the research questions, findings from the business community are salient and invaluable. The study identified nine (9) organisations, namely, the Bursa Malaysia, Securities Commissions and several advisers, namely, Bank A, Bank B, Bank C, Bank D, Bank E, Bank F and Bank G as interviewees. A total of two interviewees comprising managers and vice-presidents were conducted in the first week of February 2013.

The aim of the interview sessions was to collect information such as the history related to IS and prospectus writing, the purpose, general content and organization.

3.5 DATA ANALYSIS

This section presents the methods used to analyse the corpus of this study.

3.5.1 Genre

3.5.1.1. Moves and Steps

The corpus was examined to identify its common features. The study was based on M4, which was chosen at random as the basis for the analysis for the whole corpus. The moves were identified by the headings and sub-headings that functions as the move boundary (Henry and Roseberry, 2001) or textual boundary (Paltridge, 1994) and sometimes the use of ‘intuitive notion of topic (Brown and Yule, 1983) when the demarcation is unclear (Hajibah Osman, 2006). The moves and steps were identified accordingly with dotted lines (.....) for moves, and brackets ({}) to denote steps. The

moves were labeled M1 to M10 for manufacturing IS and FB1 to FB10 for food and beverages IS and identified based on the communicative strategies of “to inform” and “to warn”. It is worth noting the discourse community determines the resolution on the communicative strategies where the text is being used (Dudley-Evans, 1994). Moreover, the different sections will be added as additional feature for easy reference.

3.5.1.2 Structural Organisation

The analysis of the corpus was based on M4. The IS for both categories are described. The content of the IS were examined for frequency of occurrence of moves and sequence. Subsequently, the identified moves were described according to the structural organisation involved in the genre construction.

3.5.2 Identification of the Communicative Strategies

The communicative strategies are identified based on the description of moves of the sections, namely, History and Principal Activities (Section 1), Promoters, Substantial Shareholders, Directors and Key Management (Section 2), Financial Highlights (Section 3), Principal Statistics relating to the IPO (Section 4), Utilisation of Proceeds (Section 5) and Risk factors (Section 6). The content will be studied for the reasons to present the communicative strategies. According to Swales (1990), for a genre analysis to be complete is to identify its communicative strategies.

3.5.3 Identification of Linguistic Features

Wordsmith Tool program version 5.0 is a software used to help researchers in studying the behavior of words in a text. One of the applications that can be utilized is 'Wordlist'. On a similar note, the present study achieved similar results by identifying frequent linguistic features and lexical items. This is relevant in realizing moves of the genre.

The IS of both categories, M and FB, were examined and categorized for common linguistic features and lexical items. Possible linguistic features to be examined would include auxiliary verbs, passives voice, tense aspects, and prepositions, to infinitives, gerunds, modal auxiliary and phrasal verbs. Next, in order to provide a more in depth description of the grammatical features and lexical items in the IS, Wordsmith Tool program's application 'Wordlist' would be applied. This allows a comprehensive list of the linguistics features and lexical items is obtained.

3.5.4 Identification of Risk Factors

An interesting aspect of this study is on the identification of risk factors. The importance on categorizing statements of risks is exhibited by Fillmore and Atkins (1992) based on different risk theories with the most prominent demarcation based on 'chance' and 'harm' (pp. 81-84). The present study has adopted the understanding above and constitutes 'chance' as 'Controlled Risks' that is further subdivided into 'Risks to Investors' and Risks from Companies' while 'harm' comprises 'Beyond Controlled Risks' that is divided into 'Risks from Business and Industry' and 'Uncontrolled Risks'.

3.5.5 Identification of Visual Features

The presence of visuals in IS is evident in the different sections. The study has adopted Soon's (1994) content analysis of visual images as a guide in providing its significance to the study. First, the study will identify their frequency (or non-linear texts). This is done by calculating the amount of space devoted to both linear and non-linear texts in the IS. Next, the location of the non-linear texts will be identified followed by the type of non-linear texts.

3.6 SUMMARY

In summary, the chapter has covered the steps to be undertaken in the study. The communicative purposes of IS were determined by the community where the genre is used. The structural organisation of IS of both manufacturing and food and beverages were realized. The frequency of moves and its percentage were also provided with the relevant descriptions. In addition, the behaviors of grammatical items were illustrated by the use of WordSmith Tool software version 5.0 as well as for the frequency of the identified items. Lastly, visual analysis with interviews was conducted.

CHAPTER 4

4.0 RESULTS AND DISCUSSION

4.1 INTRODUCTION

The aim of this study is to investigate the features of the Information Summaries (IS) in IPO prospectuses. The corpus comprises of Information Summaries (IS) in IPO prospectuses in which the communicative strategies, structural organisation and linguistic features were analysed. A comparison was made of the features found in the IS of two categories of listed companies, namely, Manufacturing (M) and Food and Beverages (FB). Moreover, visuals mainly tables representing numbers were also studied and discussed. The study proceeded with an interview to complement the findings. This chapter presents the findings and discussion of the analyzed corpus.

Throughout the chapter, examples of moves and steps are provided and are coded as follows:

> “A Company” was incorporated in Malaysia as a public limited company on 6 February 2008. Our principal activities are those of investment holding and the provision of management services. <

M4 (2010, Section 1, Line 3)

This refers to the coding of Move 1 where M4 refers to IS number 4 from Manufacturing category, Section 1 refers to History and Business while Line 3 refers to the line where it is located.

As for examples from FB prospectuses,

>The financial highlights of the T Group pertaining to the past five (5) financial years ended 31 December 2001 extracted from the Accountant's Report and based

on the assumption that the current structure of the Group had been in existence throughout the period under review are as follows:- <

FB8 (2002, Section 3, Line 152)

The coding, for example, FB8 (2002, Section 3, Line 152) refers to Move 3 where FB8 refers to IS number 8 from Food and Beverages category, Section 3 refers to Proforma Historical Financial Record while Line 152 refers to the line where it is located.

In the analysis, the move is signaled by dotted lines (.....) while steps are signaled by ({ }) brackets as follows:

>.....
2.5 FINANCIAL HIGHLIGHTS
2.5.1 Pro forma Consolidated Income Statements
{S1: The table below sets out selected items from our proforma consolidated income statements for the past three (3) FYE 2007 to 2009. The proforma figures are provided for illustrative purposes only on the assumption that our Group structure has been in existence during the period under review.} <

M4 (2010, Section 3, Line 63)

4.2 GENRE OF INFORMATION SUMMARY (IS)

This section presents the moves and steps of IS followed by the organisational structures and descriptions based on M4.

4.2.1 Description of Moves

The moves below are identified based on observation made based on the sub-headings and sections the information appeared. The moves are described in Table 4.1. Both M and FB are observed to have nine moves. Although the total number of moves is the same, there are some differences identified and this will be discussed in the following section.

Table 4.1: Description of Moves

| Manufacturing (M) | | Food and Beverages (FB) | |
|--|---|--|---|
| Moves | Description | Moves | Description |
| Move 1: Offering Details on Incorporation | Providing date of incorporation, type of business, business activities, products and services, number of share capital, business/group structure and subsidiaries, revenue, achievements, locations (business, premises). | Move 1: Offering Details on Incorporation | Providing date of incorporation, type of business, business activities, products and services, number of share capital, business/group structure and subsidiaries, revenue, achievements, locations (business, premises). |
| Move 2: Introducing Key Personnel | Providing information on the owner or founder, directors, promoters and management team. | Move 2: Introducing Key Personnel | Providing information on the owner or founder, directors, promoters and management team. |
| Move 3: Presenting Details on Consolidated or Comprehensive Income | Indicating the consolidated or comprehensive income statement | Move 3: Presenting Details on Consolidated or Comprehensive Income | Indicating the consolidated or comprehensive income statement |
| Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position | Indicating the Consolidated Balance Sheets or Financial Position | Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position | Indicating the Consolidated Balance Sheets or Financial Position |
| Move 5: Presenting Details on Consolidated Cash Flow | Indicating Cash Flow | Move 5: Presenting Details on Audit Qualifications | Indicating Audit Qualifications |
| Move 6: Presenting Details on Audit Qualifications | Indicating Audit Qualifications | Move 6: Presenting Details on Consolidated Profit Estimate & Forecast | Indicating Consolidated Profit Estimate & Forecast |
| Move 7: Offering of IPO | Presenting details on the IPO for public to consider. | Move 7: Offering of IPO | Presenting details on the IPO for public to consider. |
| Move 8: Presenting Use of Proceeds | Providing details on information on how the gross proceeds to be used. | Move 8: Presenting Use of Proceeds | Providing details on information on how the gross proceeds to be used. |
| Move 9: Announcing Possible Risks | Providing warning of possible risks from business, industry, investments etc. | Move 9: Announcing Possible Risks | Providing warning of possible risks from business, industry, investments etc. |

4.2.2 Structural Organisation

There are differences in the structure of IS for both categories of M and FB IS. The differences are found in the Financial Highlight section with the identification of additional ‘Moves’ that is ‘Move 6: Details on Consolidated Profit Estimate & Forecast’ in FB5 and Move 5: Presenting Details on Consolidated Cash Flow in M3. Albeit these extra feature, the number of moves of M and FB is the same, that is, nine. The structures below were analysed based on M4 (appendix G). Therefore, the rest of the data were analysed based on this organization. In M4, the moves found are Move 1, Move 2, Move 3, Move 4, Move 6, Move 8 and Move 9. Variations to the arrangement of moves are expected and this is common. The structures are illustrated below:

Table 4.2: Manufacturing structure

| HISTORY AND PRINCIPAL ACTIVITIES | |
|---|---|
| M | FB |
| Move 1: Offering Details on Incorporation | Move 1: Offering Details on Incorporation |
| <i>Step 1: Date and main details on incorporation</i> | <i>Step 1: Date and main details on incorporation</i> |
| <i>Step 2: Products/Services offered</i> | <i>Step 2: Products/Services offered</i> |
| <i>Step 3: Number of Share Capital</i> | <i>Step 3: Number of Share Capital</i> |
| <i>Step 4: Group Structure and Subsidiaries</i> | <i>Step 4: Group Structure and Subsidiaries</i> |
| <i>Step 5: Revenue</i> | <i>Step 5: Revenue</i> |
| <i>Step 6: Achievements</i> | <i>Step 6: Achievements</i> |
| <i>Step 7: Locations</i> | <i>Step 7: Locations</i> |
| PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT | |
| Move 2: Introducing Key Personnel | Move 2: Introducing Key Personnel |
| FINANCIAL HIGHLIGHTS | |
| Move 3: Presenting Details on Consolidated or Comprehensive Income | Move 3: Presenting Details on Consolidated or Comprehensive Income |
| Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position | Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position |
| Move 5: Presenting Details on Consolidated Cash Flow | Move 5: Presenting Details on Audit Qualifications |
| Move 6: Presenting Details on Audit Qualifications | Move 6: Presenting Details on Consolidated Profit Estimate & Forecast |
| PRINCIPAL STATISTICS RELATING TO THE IPO | |
| Move 7: Offering of IPO | Move 7: Offering of IPO |
| <i>Step 1: Details on Shares</i> | <i>Step 1: Details on Shares</i> |
| <i>Step 2: Special Rights</i> | <i>Step 2: Special Rights</i> |
| <i>Step 3: Right to Vote</i> | <i>Step 3: Right to Vote</i> |
| UTILISATION OF PROCEEDS | |
| Move 8: Presenting Use of Proceeds | Move 8: Presenting Use of Proceeds |
| <i>Step 1: Total and usage of proceeds</i> | <i>Step 1: Total and usage of proceeds</i> |
| <i>Step 2: Cost of Listing</i> | <i>Step 2: Cost of Listing</i> |
| <i>Step 3: Other Expenses</i> | <i>Step 3: Other Expenses</i> |
| RISK FACTORS | |
| Move 9: Announcing Possible Risks | Move 9: Announcing Possible Risks |

In Move 1, seven steps are identified in IS of both categories of IPOs:

Step 1: Date and main details on incorporation

Step 2: Products/Services offered

Step 3: Number of Share Capital

Step 4: Group Structure and Subsidiaries

Step 5: Revenue

Step 6: Achievements

Step 7: Locations.

No steps are identified for Move 2, Move 3, Move 4, Move 5 and Move 6 for both M and FB. As in Move 7, there are three steps identified:

Step 1: Details on Shares

Step 2: Special Rights

Step 3: Right to Vote.

For Move 8, the steps identified are

Step 1: Total and usage of proceeds

Step 2: Cost of Listing

Step 3: Other Expenses

No steps are documented for Move 9.

It is evident above that the number of moves in the two types of IS, namely, M and FB, is the same despite the differences reported. Move 7: Presenting Details on Consolidated Profit Estimate & Forecast of FB is an additional feature for FB. While, Move 5: Presenting Details on Consolidated Cash Flow is unique to M. However, the findings above are only true for the current study and do not generalize all of IS.

It is the aim of the study to identify the structures of IS in terms of occurrence, flexibility and sequence. Although an interesting point to be investigated in different research would be on investors' choice based on the comprehensiveness of prospectuses provided. In the examples below, the moves are described and presented in the data as follows:

A. Move 1: Offering Details on Incorporation

Purpose:

Move 1: Offering Details on Incorporation provides potential investors with the information relating to the company. It informs potential investors with essential background information of the company to attract their interest. Investors will be able to recognize the company more from the business activities, type of business whether product or service-based, locations and achievements just to name a few.

Example 1:

Move 1:

>“A Company” was incorporated in Malaysia as a public limited company on 6 February 2008. Our principal activities are those of investment holding and the provision of management services. The Company is a listing vehicle incorporated to undertake the flotation exercise of ‘B’ and ‘C’, our wholly-owned subsidiaries. <

M4 (2010, Section 1, Line 2)

Example 2

Step 7:

>Presently, we are operating in 4 plants including 1 rented factory and they are located in ‘E’ with a total built-up area of approximately 348,000 sq. ft.<

M4 (2010, Section 1, Line 14)

Example 3

Step 2:

>We are one of the leading upholstered home furniture manufacturers in Malaysia and our products are mainly focused on 'medium to high end range' of upholstered home furniture. We design our furniture products primarily based on Western stylishness and preferences.<

M4 (2010, Section 1, Line 18)

Example 4

Step 5:

>We believe we have earned a strong reputation for our product quality and reliability with approximately 99% of our Group's revenue contributed from overseas and presently, we export our products to more than 40 countries across the world covering 'F', 'G', 'H', and 'I'.<

M4 (2010, Section 1, Line 22)

Example 5

Step 4:

>The structure of our Group and the principal activities of our subsidiaries are as set out below:- <

M4 (2010, Section 1, Line 27)

Move 1: Offering Details on Incorporation above exhibits the move-step analysis of M4 (Manufacturing 4). There are four steps recorded; Step 7: Locations, Step 2: Products/Services offered, Step 5: Revenue and Step 4: Group Structure and Subsidiaries.

B. Move 2: Introducing Key Personnel

Purpose:

In 'Move 2: Introducing Key Personnel', the intention is to communicate details on 'main players' important to a company. This does not only introduce potential

investors to the key personnel, but also exhibit the complexity of a company further in terms of its size, current shareholders details and experience. Having knowledge of this information can boost the confidence among potential investors in making decision.

Example 6

Move 2:

>Our Promoters, substantial shareholders, Directors and key management personnel are as follows:-<

M4 (2010, Section 2, Line 5)

In Example 6, Move 2: Introducing Key Personnel exhibits the move analysis of M4 (Manufacturing 4). No steps are recorded.

C. Move 3: Presenting Details on Consolidated or Comprehensive Income

Purpose:

‘Move 3: Presenting Details on Consolidated or Comprehensive Income’ informs potential investors with the most salient financial ‘well-being’ of a company. This will show the current and recent financial ‘health’ of the company.

Example 7:

Move 3:

>The table below sets out selected items from our proforma consolidated income statements for the past three (3) FYE 2007 to 2009. The proforma figures are provided for illustrative purposes only on the assumption that our Group structure has been in existence during the period under review.<

M4 (2010, Section 3, Line 4)

D. Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position

Purpose:

‘Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position informs potential investors with the company’s balance sheet.

Example 8

Move 4:

> The summary of our proforma consolidated balance sheet as at 31 August 2009 as set out below is provided for illustrative purposes only to show the effects of the Listing Scheme on the assumption that it had been completed on 31 August 2009.<

M4 (2010, Section 3, Line 10)

E. Move 5: Presenting Details on Consolidated Cash Flow

Purpose:

‘Move 5: Presenting Details on Consolidated Cash Flow’ informs potential investors with the current cash flow status of a company. This will show the current and recent financial situation of the company.

Example 9:

Move 5:

>The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below is provided for illustrative purposes only and on the assumption that our Group structure has been in existence during the period under review.<

M4 (2010, Section 3, Line 15)

F. Move 6: Presenting Details on Audit Qualifications

Purpose:

‘Move 6: Presenting Details on Audit Qualifications’ informs potential investors with the audited financial information of a company.

Example 10:

Move 6:

>The auditors of ‘A’ have reported on the audited financial statements of ‘A’ for the financial period from 6 February 2008 (date of incorporation) to 31 August 2008 and the FYE 2009 without any audit qualifications. The auditors of all the subsidiary companies of ‘A’ have reported on the respective audited financial statements of the said companies for the past three (3) FYE 2007 to 2009 without any audit qualifications.<

M4 (2010, Section 3, Line 19)

Moves 3, 4, 5 and 6 present the financial credential based on move-step analysis of M4 (Manufacturing 4). There are no steps recorded.

G. Move 7: Offering of IPO

Purpose:

‘Move 7: Offering of IPO’ offers the subsequent information on details of shares that are on offer. Information such as volume of shares, rights and price of shares are presented and become a platform in evaluating how much needed to be raised from the IPO floatation exercise.

Example 11:

Move 7:

>The current IPO on offer is as follows: <

M4 (2010, Section 4, Line 1)

In the above example, Move 7: Offering of IPO exhibits the move analysis of M4 (Manufacturing 4). No steps are observed.

H. Move 8: Presenting Use of Proceeds.

Purpose:

‘Move 8: Presenting Use of Proceeds’ is important in informing potential investors with information on how the proceeds will be used and also expenses that will incur as well as who will bear them. All of these details will be important in assisting potential investors in making a sound decision.

Example 12:

Move 8:

>The total estimated gross proceeds to be raised by our Company from our Rights Issue and Public Issue of RM7.87 million shall be utilised in the following manner:-<

M4 (2010, Section 5, Line 2)

Example 13:

Step 1:

>The total estimated gross proceeds from the Offer for Sale amounting to RM22.76 million shall accrue entirely to the Offerors.<

M4 (2010, Section 5, Line 7)

Example 14

Step 3:

>The Offerors shall bear all incidental expenses relating to the Offer for Sale. <

M4 (2010, Section 5, Line 9)

The example above presents the move-step analysis of Move 8: Presenting Use of Proceeds. Two steps are observed are Step 1 and Step 3. Step 1 is on the Total Usage of Proceeds while Step 3 concerns with Other Expenses.

I. Move 9: Announcing Possible Risks

Purpose:

‘Move 9: Announcing Possible Risks communicate a soft ‘disclaimer’ that the IPO can still go awry. This is achieved by informing potential risks that investors have to weigh certain risks in considering the IPO. They are strongly advised to read carefully the section where specific risks are communicated.

Example 15:

Move 9:

>Before applying for our IPO Shares, you should carefully consider the following material risk factors in addition to the other information contained elsewhere in this Prospectus.<

M4 (Section 6, Line 2)

The example above depicts the move-step analysis of Move 9: Announcing Possible Risks from M4 (Manufacturing 4). Based on the example above, the ‘risks’ are presented forthrightly. This is important as Bursa Malaysia and the Securities Commissions require the IS and prospectuses to avoid superfluous or excessive language to avoid deception of any kind.

The moves and steps above are found consistent with the explanation provided by Swales (1990), Santos (2002) and Magnet and Carnet (2006) in genre identification exercise that it is writer dependent and based on choices over steps. The variation in length observed is also common in the identification.

4.3 COMMUNICATIVE STRATEGIES OF INFORMATION SUMMARIES

The communicative strategies above are realized based on the guidelines from Bursa Malaysia and Securities Commissions. It is evident the main purpose of an IPO is to get investment. In relation to this purpose, the IPO prospectus is drawn up by advisers governed by Securities Commissions, Companies Act 1965 and Listing Rules of the stock exchange to attract potential investors to stake a claim in the company's floatation exercise. This is achieved by informing potential investors about the IPO and its performance as well as risks. Therefore, the communicative strategies are apparent as 'to inform' as well as 'to warn'. The information gathered from the guide suggests these strategies as extracted from the guide below:

Example 1:

“You **must** therefore go through the prospectus **very carefully and understand** what is really at stake **before** you make your decision”

(Securities Commissions, n.d., para. 12).

This serves not only to inform positively but also the negatives or risks if such procurement of IPO did not turn out the way it was intended to be.

Lexical items such as the modal “must” and the adverbs “very” suggest a gentle reminder for potential investors to read carefully the information in the prospectus. Hence, the communicative strategy is to understand risks involved. It is also a form of warning to potential investors.

Example 2:

“You would also want to know who manages the IPO company, what products the IPO company sells, who buys the products, and whether or not the products would continue to sell”

(Securities Commissions, n.d., para. 16)

The embedded questions above also present as relative clauses informing the investors of what to look for in the IPO. Clearly the communicative strategy here is to inform salient information pertaining to the IPO.

Example 3:

“The key to determining how successful the IPO company is going to be is by finding out about what it does and who its competitors are”

(Securities Commissions, n.d., para. 23).

This statement taken from ‘Business Information - What does the company do?’ informs the investors on the main business of the company. It communicates the most important information by the use of lexical items of “key” and with the use of embedded questions such as “..what it does..”, “..how successful..” and “..who its competitors are..”. Here, the strategy is clearly to inform about what elements investors should be looking at when reading an IS and prospectus.

Example 4:

“Analysing and assessing financial data are basically to find out the company’s share worth, financial strength and the quality of its management. The findings will give you an indication of whether or not it is wise to put your money into the company. It is sad and sorry investor who ignores this part of this study.”

(Securities Commissions, n.d., para. 27).

The statement here is indicating the worth of investing by analyzing and assessing financial data provided. Significantly, investors are provided with some indications if the investment is worth risking at all. Therefore, the communicative strategies are to inform and warn.

Example 5:

“The Prospectus should provide adequate information on the following groups:

1. substantial shareholders and promoters of the IPO company, including the names and shareholdings of individuals behind the IPO company
2. board of directors including their representation and details of each director’s qualification, experience and area of responsibility, and whether they are executive or non-executive directors; and
3. key management staff below the level of directors, detailing their qualification, experience, and area of responsibility”

(Securities Commissions, n.d., para. 36).

Clearly the information above as suggested by part of its stem “should provide adequate information” provides investors the communicative strategy as informative. The issuer or company should disclose information regarding promoters, shareholders, directors, managers with their qualifications and expertise.

Example 6:

“..it serves as a useful purpose by letting you know about the dangers before you jump into the water; moreover, some of the risks are standard risks”

(Securities Commissions, n.d., para. 39).

This statement available in “Risk Considerations- Is the River safe to Swim in?” warns potential investors of the risks related to the IPO. Lexical items such as “dangers” and “risks” remind investors of some of the shortcomings that can befall the IPO. Therefore the strategy is to warn of the potential risks.

The communicative strategies of the IS are also realized from the moves described above. The communicative strategies of both categories of IS are similar based on the requirements by Bursa Malaysia. Generally, the communicative strategies are ‘to inform’ and ‘to warn’ (Prospectus Guide, 2012). The strategy of ‘to inform’ is more dominant than ‘to warn’ as it can be found in the Manufacturing IS.

The communicative strategy of ‘to inform’ of Move 1: Offering Details on Incorporation, Move 2: Introducing Key Personnel, Move 3: Presenting Details on Consolidated or Comprehensive Income, Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position, Move 5: Presenting Details on Consolidated Cash Flow, Move 6: Presenting Details on Audit Qualifications, Move 7: Offering of IPO and Move 8: Presenting Use of Proceeds. While Move 9: Announcing Possible Risks, warns potential investors of the danger associated with the IPO.

This is consistent with Food and Beverages IS. For Manufacturing, the moves belonging to the communicative strategy of ‘to inform’ are Move 1: Offering Details on Incorporation, Move 2: Introducing Key Personnel, Move 3: Presenting Details on Consolidated or Comprehensive Income, Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position, Move 5: Presenting Details on Audit Qualifications, Move 6: Presenting Details on Consolidated Profit Estimate & Forecast, Move 7: Offering of IPO and Move 8: Presenting Use of Proceeds. While Move 9: Announcing Possible Risks, warns potential investors of the danger associated with the IPO.

The communicative strategies are observed to influence the written conventions that can be flexible and different in terms of purpose, textual structure, medium, relationship between roles of interactants, variety of language, activity and institution. (Chap 4, n.d.). In relation to this understanding, the communicative strategies of both IS are similar that are “to inform” and to “warn”.

Therefore, it can be summarized that the main communicative strategies are ‘to inform’ and ‘to warn’. ‘To inform’ are identified in all of the moves except for Move: 9 which is ‘to communicate risks’. Significantly, it is worth noting that there is no difference in the communicative strategies of both M and FB information summaries. Since the moves

and prospectus is providing salient information of the IPO, it is equally important to understand the dangers involved. These communicative strategies would also be evident in the subsequent analyses of this study such as on the identification of linguistic features and interview.

The communicative strategies determined in the study are also coherent with the realization made by Swales (1990) when it was found that the communicative strategies of a genre is decided by the same discourse community. The communicative strategies of M and FB are the same that are 'to inform' and 'to warn'. They represent the function of IS as required by Bursa Malaysia and the Securities Commissions. This is also consistent with the findings of the study.

4.4 COMPARISON OF STRUCTURAL ORGANISATION

Bursa Malaysia and the Securities Commissions provide the areas an IPO prospectus should have for public viewing. They should minimally cover basic information, key information summary, business information, financial information, shareholders, directors and management and risk considerations. The table below illustrates the move frequency of both M and FB.

4.4.1 Moves Frequency of Manufacturing (M) and Food and Beverages (FB)

Tables 4.3 and 4.4 present the moves of the two categories of IS that form the corpus of this study. Frequency of both categories are identified and explained.

Table 4.3: Moves Frequency of Manufacturing

| Moves | Frequency |
|---|-------------------|
| | Manufacturing-M % |
| Move 1: Offering Details on Incorporation | 100% |
| Move 2: Introducing Key Personnel | 70% |
| Move 3: Presenting Details on Consolidated or Comprehensive Income | 100% |
| Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position | 90% |
| Move 5: Presenting Details on Consolidated Cash Flow | 10% |
| Move 6: Presenting Details on Audit Qualifications | 30% |
| Move 7: Offering of IPO | 100% |
| Move 8: Presenting Use of Proceeds | 100% |
| Move 9: Announcing Possible Risks | 100% |

Table 4.4: Moves frequency of Food and Beverages

| Moves | Frequency |
|---|--------------------|
| | Manufacturing-FB % |
| Move 1: Offering Details on Incorporation | 100% |
| Move 2: Introducing Key Personnel | 80% |
| Move 3: Presenting Details on Consolidated or Comprehensive Income | 100% |
| Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position | 60% |
| Move 5: Presenting Details on Audit Qualifications | 30% |
| Move 6: Presenting Details on Consolidated Profit Estimate & Forecast | 10% |
| Move 7: Offering of IPO | 90% |
| Move 8: Presenting Use of Proceeds | 80% |
| Move 9: Announcing Possible Risks | 90% |

Moves that are with a percentage other than 100% do not mean they are less important (Swales, 1990, p. 144). This is very much in congruent with Swales' work on the introductory section of research articles whereby some moves and steps are compulsory and some are not (Swales, 1990, p. 148).

Move 1 and Move 3 for both categories occurred in all of the IS with 100% score. In this respect it can generally be concluded that information related to the company and the financial status are very important for valuation as well as mandatory in all of the IS.

Move 2 at 70% and 80% for both M and FB respectively indicate knowing managers or owners of companies to be less important. This is interesting since managers are important in an IPO floatation exercise.

As for Move 4, the percentage stood at 90% for M and 60% for FB. As in Move 2, Move 4 may not be mandatory like in Move 3.

The percentage for Move 5 and Move 6 for both M and FB is very low, that is, less than 40% frequency (Tables 4.3 and 4.4). Further investigation revealed that the Moves are no longer required in the IS (Hwee, Personal Communication, February, 6, 2013).

Move 7 for M and FB is deemed to be important as it accounted for 100% and 90%, respectively. Move 8 of M and FB is also considered to be important to the IPO prospectus. This is reflected in the percentage that stood at 100% and 80% respectively. Move 9 is a section that most companies would spend time working on. It accounts for 100% score for M while 90% for FB. It is observed that FB10 does not contain risk factors. Perhaps, this was not a feature included in IPOs written in 2000, that is, when this IPO was produced and it might be the reason for its omission.

4.4.2 Analysis of frequency

As indicated in the Tables 4.3 and 4.4, not all of the moves of IS are found under the various sub-headings. However, some occurred more than others. The move and step analysis as suggested by Swales (1990) and Bhatia (1993) revealed the structural elements. Bursa Malaysia and the Securities Commissions have set the requirements on what should be included in the content of a prospectus.

This inadvertently also reflects the kind of content in the IS. Although moves that occurred 100% is deemed compulsory, others that are not, such as Move 2, Move 4, Move 5 and Move 6 of Manufacturing IS and Move 2, Move 4, Move 5, Move 6, Move 7 and Move 8 of Food and Beverages IS are equally important to the genre. A move qualifies as obligatory when it occurs in all thus reducing others that are less than 100% as optional.

Albeit this observation, the other moves are still considered as obligatory as the information in them is important and regulated as a must by Bursa Malaysia. Bursa Malaysia Outlines the following point with regards to IS:

Example 7:

“5.03 Detailed content of the Information Summary is to be determined by the issuer. This may include, but is not limited to, the following:

- (a) Principal business of the issuer and its subsidiaries;
- (b) Securities for distribution, offering price, and expected net proceeds;
- (c) Use of proceeds;
- (d) Risk factors; and
- (e) Summary financial information”.

Prospectus Guideline (2012, Chapter 5)

4.4.3 Sequencing of Moves

The sequencing of moves was based on the structure of M4 that was chosen at random. The sequencing revealed the following results as indicated in the table below:

Table 4.5: Sequencing of Moves of Manufacturing

| IS | Sequence of Moves |
|------------|--------------------------|
| M1 | M1-M3-M4-M7-M8-M9 |
| M2 | M1-M2-M7-M8-M3-M6-M9 |
| M3 | M1-M3-M4-M5-M7-M9-M8 |
| M4 | M1-M2-M3-M4-M6-M7-M8-M9 |
| M5 | M1-M2-M3-M4-M9-M7-M8 |
| M6 | M1-M2-M3-M4-M7-M8-M9 |
| M7 | M1-M2-M7-M8-M3-M4-M9 |
| M8 | M1-M2-M3-M4-M6-M9-M7-M8 |
| M9 | M1-M2-M3-M4-M7-M8-M9 |
| M10 | M1-M3-M4-M7-M8-M9 |

Table 4.6: Sequencing of Moves of Food and Beverages

| | |
|-------------|-------------------------|
| FB1 | M1-M2-M3-M4-M7-M8-M9 |
| FB2 | M1-M2-M3-M4- M7-M8-M9 |
| FB3 | M1-M2-M7-M8-M9-M3-M4-M5 |
| FB4 | M1-M2-M3-M7-M8-M9 |
| FB5 | M1-M3-M6-M4-M7-M8-M9 |
| FB6 | M1-M2-M9-M3-M4-M5-M7-M8 |
| FB7 | M1-M2-M3-M4-M7-M9-M8 |
| FB8 | M1-M2-M3-M5-M9-M7-M8 |
| FB9 | M1-M3-M8-M9-M2 |
| FB10 | M1-M3-M7 |

All the moves for both categories started with the overview of the business. They have all the areas required but with variations. These variations are the optional moves that occurred throughout the IS. Since Bursa Malaysia and the Securities Commissions allow certain degree of flexibility in organizing the information in the prospectuses, the variations are expected. Perhaps a further variation in FB10 is due to the year it was listed which was 2000. However, the same cannot be said for FB9 that was also listed in 2000. Bhatia (1997, p. 359) sees variations to be a common occurrence. The variations maybe present in the number of moves identified and sequential elements (Bhatia 1993: p. 56). This is further supported by Flowerdew (1993) when he defines the flexibility of moves can be observed from the omission or repeat of a move, its ordering pattern or element of embedding (As cited in Hajibah Osman (2006,p. 222). Since flexibility is also allowed by Bursa Malaysia and Securities Commissions, variations are evident in the IS exhibited in the corpus gathered.

Most IS start with Move 1 (100%) and end with variations. For M, most ends with Move 9 (70%) and Move 8 (30%) while for FB, they end with more variations such as Move 8 (40%), Move 9 (30%), Move 2 (10%), Move 5 (10%) and Move 7 (10%). It is observed from the data, both categories of IS perceive it is obligatory to provide background information of the companies. However, the ending observed two significant patterns for its endings that are Move 9 and Move 8 except for Move 2, Move 5 and Move 7 that score a mere 10% each respectively in FB.

These irregularities may well be used by experts of the discourse community to achieve private intentions (Bhatia 1993, p. 13). Moreover, Swales (1990)

reported that there is not a specific organization of a rhetorical structure in which an alternative pattern is possible (Chap 4; n.d.). It is interesting to note the following overall patterns found from M:

Table 4.7: Patterns of Manufacturing Information Summaries

| Pattern | Sequence | No. of Occurrences | Information Summaries |
|----------------|----------------------|---------------------------|------------------------------|
| Pattern 1 | M1-M2-M3-M4-M7-M8-M9 | 2 | M6, M9 |
| Pattern 2 | M1-M3-M4-M7-M8-M9 | 2 | M1, M10 |

In Table 4.7 above, there are only two patterns that can be observed. Both Pattern 1: M1-M2-M3-M4-M7-M8-M9 and Pattern 2; M1-M3-M4-M7-M8-M9 occurred twice. While the rest, occurred only once.

While the only pattern identified of FB is as the following:

Table 4.8: Pattern of Food and Beverages Information Summaries

| Pattern | Sequence | No. of Occurrences | Information Summaries |
|----------------|----------------------|---------------------------|------------------------------|
| Pattern 1 | M1-M2-M3-M4-M7-M8-M9 | 2 | FB1, FB2 |

In Table 4.8 above, Pattern 1 occurred in two of the IS. As observed in Tables 4.3 and 4.4, not all of the moves are found in this data. This does not mean they are less important but rather was decided by advisers or companies.

Analyzing the structural moves and sequence help both genre writers and genre analysts. Genre writers need to be familiar with the writing conventions of the target genres in the discourse community in order to exploit them for creativity in achieving their intentions and for special effects (Hajibah Osman, 2006). Hence,

variations are expected. This is also congruent with Bhatia's "Placing the given-genre-text in a situational context" where it would be beneficial for a researcher to be within the community where the genre is being realistically used (Bhatia 1993, p. 22). In this study, it is advantageous if the writing conventions are made familiar to the researcher.

4.5 LINGUISTIC FEATURES OF INFORMATION SUMMARIES

The identification of linguistic features is also essential in realizing moves of the genre in the study. They are examined and categorized for common grammatical features. To illustrate, few samples of IS from both data are presented. The rest is made available as appendix (appendix H1 to H6) of the research with the application of WSmith language software version 5 for a more accurate identification.

4.5.1 Linguistics Features of section on History and Business

The move Offering Details on Incorporation is realized with seven steps: Step 1: Date and main details on incorporation, Step 2: Products/Services offered, Step 3: Number of Share Capital, Step 4: Group Structure and Subsidiaries, Step 5: Revenue, Step 6: Achievements and Step 7: Locations. The move is also realized with linguistic devices such as the use of 'be verbs' functioning as main verbs and auxiliary verbs, passive voice, perfect tenses, prepositions, 'to' infinitives and gerunds. The study discussed the features above with relation to the move identified.

4.5.1.1 Verb ‘to be’ as main verbs

The two main verbs “to be” identified are ‘is’ and ‘are’. These verbs can be found in Step 2: Products/Services offered and Step 7: Locations. They provide current information of the company’s business activities such as on the products or services offered, locations of assets such as factories and size of business and achievement. ‘Is’ and ‘are’ are used to inform on the company’s current state of business that is important at this stage of reading. Both categories of IS used them to achieve similar goals that is to inform potential investors on the company’s current business activities. Some examples of ‘is’ and ‘are’ are as the following:

Example 1:

>Dimension A **is** a piece of natural BBB material that is cut to specific dimensions for use... <

M3 (2010, Section1, line 8)

Example 2:

>The sole activity of * **is** property investment holding where it owns Lot V, which houses Factory X and our head office. <

M4 (2010, Section 1, line 7)

Example 3:

>According to the Vital Factor Report, K **is** currently the only producer of E in X<

M10 (2008, Section 1, line 11)

Example 4:

>...D **is** currently an investment holding company of our associated company, T<

FB1 (2011, Section 1, line 148)

Example 5:

>The business of B **is** that of an investment holding company. <
FB2 (2011, Section 1, line 7)

Example 6:

>Our principal activity is investment holding whilst our subsidiary **is** a one-stop U convenient food specialist. <
FB3 (2010, Section 1, line 8)

In the above examples, the verb “is” is used to inform potential investors the current type of investment the company is holding or state of business. This is evident in example 2, example 5 and example 6. It is also used in informing the current available services or products such as in example 1, example 3 and example 5.

The following examples illustrate the use of the verb ‘are’:

Example 1:

>We **are** principally an investment holding company whilst our subsidiaries... <
M3 (2010, Section1, line 5)

Example 2:

>Our principal activities **are** those of investment holding and the provision of management services. <
M4 (2010, Section1, line 4)

Example 3:

>We **are** an investment holding company... <
M5 (2009, Section 1, line 5)

Example 4:

>...,whilst the principal activities of our subsidiaries **are** the manufacturing, trading, distributing and exporting of P... <

FB6 (2005, Section 1, line 8)

Example 5:

>..., part of which spanning 92,202 square feet **are** still available for further expansion.<

FB8 (2002, Section 1, line 11)

On a similar note, the same purpose is also observed with the use of ‘are’ in Example 1, Example 2, Example 3 and Example 5 while Example 4 offers information on the current services or products on offer.

4.5.1.2 Auxiliary Verbs

The auxiliary verbs identified is ‘*are*’ can be found in Step 7: Locations. It provided the company’s business locations such as factories and size of business. Both categories of IS used them to achieve similar goals that is to inform potential investors on the company’s current business locations. The auxiliary verb ‘are’ is used to denote locations as in Example 1.

Example 1:

>To-date, we have a total of three (3) sale offices which **are located** in S, J and P,.<

M3 (2010, Section 1, line 31)

4.5.1.3 Passive Voices

Passives are used extensively in Move 1: Offering Details on Incorporation in particular in Step 1: Date and main details on incorporation.

4.5.1.3.1 Past Passives

Past passives are used to offer potential investors details on the date of incorporation. Such information is important and found in all of the IS as an indispensable piece of information since a public listed company needs to be incorporated. The purpose is to provide credibility to the company. Both categories of IS used past passives to deliver this information as shown in the examples below:

Example 1:

>Our company **was incorporated** in X under the Act on 28 November 2008...<

M3 (2010, Section 1, line 3)

Example 2:

>X **was incorporated** in Y as a public limited company on 6 February 2008. <

M4 (2010, Section 1, line 3)

Example 3:

>Our Company **was incorporated** in Z under the Act as a private limited company on 6 December 2007... <

M10 (2008, Section 1, line3)

Example 4:

>k **was incorporated** in Z under the Act as a private limited company on 21 October 2009... <

FB2 (2011, Section 1, line 5)

Example 5:

>Our Company **was incorporated** in Y on 12 June 2006 as a private limited company... <

FB3 (2010, Section 1, line 3)

Example 6:

>Our Company **was incorporated** in Y under the Z Companies Act on 12 January 2009... <

FB4 (2010, Section 1, line 3)

In all of the examples above, the use of ‘was’ is indicating an action in the past whereby it offers potential investors with the essence of trust and security. This also shows that the company has been in existence prior to the listing of the IPO hence providing credibility and assurance. This is evident in the examples above.

4.5.1.3.2 Present Passives

Present passives are widely used in Step 2: Products/Services offered. It offers readers focus on the ‘doer’ rather than result. It provides not only information on the products or services offered but also informs the readers on who is responsible in undertaking the business. Again, this adds to the credibility of the company. Both categories of IS use present passives as approach to achieve this effect.

Example 1:

>...and our principal products **are manufactured** from A, B and other dimensions C,...<

M3 (2010, Section 1, line 25)

Example 2:

>At present, we **are mainly involved** in the following;... <

M5 (2009, Section 1, line 11)

Example 3:

>Our wholly-owned subsidiary, P, **is** principally **involved** in the manufacturing and trading ... <

M10 (2008, Section 1, line 9)

Example 4:

> “Through its wholly-owned subsidiary, B, the Group **is** principally **engaged** in the development... <

FB2 (2011, Section 1, line 8)

Example 5:

>Our Group’s products **are marketed** under our customer’s brands and under our own brand, “G” (H),...<

FB3 (2010, Section 1, line 9)

Example 6:

>...,we **are involved** in the production and distribution J and C... <

FB4 (2010, Section 1, line 24)

It is interesting to note that present passives are used to inform potential investors on the products and services offered. All of the examples denote the current offerings in terms of products that the listed companies have. This is evident in examples above.

4.5.1.4 Perfect tenses

In Move 1: Offering Details on Incorporation, perfect tenses are used mainly to realize Step 5: Revenue and Step 6: Achievements. There are two categories of tenses identified, namely, past perfect tense and present perfect tense.

4.5.1.4.1 Past perfect

Past perfect is normally found to indicate a past event that occurred before a specific time in the past. It indicated an early decision made that led to the growth of the company. It also provided background information in terms of the journey the company had undergone up to the current state as well as accomplishments it has made. The participles used indicate positive disposition that can attract the interest of readers. Both categories used past perfect to achieve this aim.

Example 1:

>Our founder, Mr G **had gained** early exposure in the dimension stones industry...<

M3 (2010, Section 1, line17)

Example 2:

>...the Government **had deferred** the privatization of P and meanwhile,... <

M10 (2008, Section 1, line 30)

The use of past perfect tense is dominant in M. In Example 1; 'had gained' exhibits past 'glory' that laid the foundation for belief as part of important background information. It also shows credibility of the company.

4.5.1.4.2 Present perfect

Similarly the use of present perfect tenses is to offer information on growth, the process it went through and the achievements. The participles exhibit positive inclination that adds value to the company. Both IS categories employed this technique to a maximum effect to gain credibility.

Example 1:

>Over the years, we **have gained** vast experience in the manufacturing of K.<

M2 (2010, Section 1, line 27)

Example 2:

>...our chain of café outlets **have expanded** to reach 182 café outlets in Z.<

FB1 (2011, Section 1, line 57)

Example 3:

>..., X **has** successfully **built** a nationwide restaurant network in Z. <

FB2 (2011, Section 1, line 53)

The use of present perfect tense is similar to past perfect tense that is to show achievement gained in recent time that can create a positive impact for the company hence becomes attractive to potential investors. These are seen in the above examples that exhibit such achievements in the industry.

4.5.1.5 Prepositions

Prepositions can be found mainly at Step 1: Date and main details on incorporation. They are found to inform readers on date and country the company was incorporated. Such information is important and found in all of the IS since a public listed company needs to be incorporated and the use of these prepositions provided more support for the step identified.

Example 1:

>Our company was incorporated **in** L under the Act **on** 11 November 2X...<

M3 (2010, Section 1, line 3)

Example 2:

>C was incorporated **in** Z as a public limited company **on** 6 February 2X....<

M4 (2010, Section 1, line 3)

Example 3:

>Our Company was incorporated **in** Z **under** the Act as a private limited company **on** X December 2X... <

M10 (2010, Section 1, line 3)

Example 4:

>B was incorporated **in** Z **under** the Act as a private limited company **on** 21 October 2X **under** its current name.<

FB2 (2011, Section 1, line 5)

Example 5:

>Our company was incorporated **in** Y **on** 12 June 2006 as a private limited company.<

FB3 (2010, Section 1, line 3)

Example 6:

>Our company was incorporated **in Y under** the O Companies Act
on 12 January 2X... <

FB4 (2010, Section 1, line 3)

The use of prepositions above has one possible purpose, that is, to inform. It is observed that there are three main preposition types, namely, ‘in’, ‘on’ and ‘under’. ‘In’ is mainly used to show the location of incorporation; ‘on’ is used to show date of its incorporation while ‘under’ is used to show the governing system it was operating under. This is true in particular for Example 3 and Example 4.

4.5.1.6 To infinitives

The use of ‘to’ infinitives is found in Step 2: Products/Services offered. They assist in informing readers on how a company carries out its business. Both IS use ‘to’ infinitives for the same purpose that is to inform potential investors some of the business activities.

Example 1:

>Hence, the JAS certification will facilitate our group **to supply** to
the J market. <

M2 (2010, Section 1, line 38)

Example 2:

>...our sales offices cum showroom in P and J have secondary
processing facilities **to process** and **store** semi-finished dimension
stone... <

M3 (2010, Section 1, line 34)

Example 3:

>We were incorporated as an investment holding company **to facilitate** our Listing. <

M10 (2008, Section 1, line 8)

Example 4:

>This is part of our Group's intentions, which is **to produce** our beverages in accordance with the Islamic law. <

FB1 (2011, Section 1, line 27)

Example 5:

>...in our shareholding in O **to increase** from 25% to 95% with the remaining equity... <

FB4 (2010, Section 1, line18)

Example 6:

>S invested in modern machinery and facilities that enabled SSS **to produce** quality C and **secure** substantial order... <

FB8 (2002, Section 1, line 27)

The use of 'to infinitives' is salient in specifying the kind of activities a company is involved in. It underscores the actual business activities that are currently taking place. The following are identified from both M and FB categories above: to supply (Example 1), to process, store (Example 2), to facilitate (Example 3), to produce (Example 4), to increase (Example 5), to produce, secure (Example 6).

4.5.1.7 Gerunds

The use of gerunds is similar to 'to' infinitives in Step 2: Products/Services offered. They are found in Step 2: Products/Services offered and Step 4: Group Structure and Subsidiaries. Gerunds are used in

both categories of IS to illustrate the main activities of the company and its subsidiaries.

Example 1:

>We are principally involved in the **manufacturing** and sale of PL,...<

M2 (2010, Section 1, line 8)

Example 2:

>...whilst our subsidiaries are primarily engaged in the **manufacturing, selling,** distribution and **trading** of dimension S and related products. <

M3 (2010, Section 1, line 5)

Example 3:

>Our wholly-owned subsidiary, PSPS, is principally involved in the **manufacturing** and **trading** of D and semi-finished long products...<

M10 (2008, Section 1, line 9)

Example 4:

>In view of expanding our **manufacturing** activities, we incorporated GF in 2003... <

FB1 (2011, Section 1, line 38)

Example 5:

>..., whilst the principal activities of our subsidiaries are **the manufacturing, trading, distributing** and **exporting** of P and other food products. <

FB6 (2005, Section 1, line 8)

Example 6:

>T is principally an investment holding company with one subsidiary namely SF which is involved in the **manufacturing** of C Colour,...<

FB8 (2002, Section 1, line 6)

Apart from the use of prepositions and to infinitives in Step 2: Products/Services offered, the use of gerunds are also common. The business activities are also specified such as manufacturing (Example 1), manufacturing, selling, trading (Example 2), manufacturing, trading (Example 3), manufacturing, trading, distributing, exporting (Example 5) and manufacturing (Example 6 and Example 7). Another usage of gerunds is found in Example 4 where it later introduces the company's subsidiary entity:

Example 7:

>In view of expanding our **manufacturing** activities, we incorporated F in 2003...<

FB1 (2011, Section 1, line 38)

4.5.2 Linguistic Features of Promoters, Substantial Shareholders, Directors and Key Management

The move identified is Introducing Key Personnel. The move is also realized from the grammatical devices such as the use 'verbs to be' in the format of main verbs, auxiliary verbs and phrasal verbs. The content of the move is represented mainly in the form of tables. However, the verbs above are found to introduce the current key personnel. This trend is evident in both of the IS below to inform potential investors those responsible and capable in performing duties to effect growth in the form of profit to the company and stakeholders.

4.5.2.1 Verb ‘to be’ as main verbs

One of the strategies used in introducing the move is using ‘are’ as a main verb. The verb is used in two ways; (a) linear to linear where those responsible are presented straightforwardly or (b) linear to non-linear where the information is tabulated.

Example 1:

›Our Company’s promoters **are** x, y,...‹
M2 (2010, Section2, line 81)

Example 2:

›Our Promoters, substantial shareholders, Directors and key management personnel **are** as follows:-‹
M4 (2010, Section 2, line 36)

Example 3:

›Our Promoters, substantial shareholders, Directors and key management personnel **are** as follows:-‹
M5 (2009, Section 2, line 20)

Example 1, 2 and 3 above demonstrate the use of main verbs in presenting key personnel. They are forthright and beneficial.

4.5.2.2 Auxiliary Verbs

Another technique applied in introducing key personnel of a company is by using ‘are’ as auxiliary verb. The information is tabulated for reference. This is illustrated in Example 1 below:

Example 1:

>Our Promoters, substantial shareholders, Directors and key management personnel **are set out** below: <

FB4 (2010, Section 2, line 28)

4.5.2.3 Phrasal verbs

The move is also realized with the use of phrasal verb. This is evident in Examples 1 and 2 below. It is straightforward. The examples draw potential investors to possible non-linear text containing the details on those involved.

Example 1:

>The Promoters, substantial shareholders, Directors and key management personnel **are as listed** below: <

FB2 (2011, Section 2, line 79)

Example 2:

>Our Promoters, substantial shareholders, Directors and key management personnel **are as listed** below: <

FB3 (2010, Section2, line 16)

The use of 'are' is to show the current group of important people responsible in managing the company. The different verbs above introduce key personnel immediately introducing those in charge or by drawing potential investors' attention to tables that contained more detailed information as evident in the examples above.

4.5.3 Linguistic features of Presenting Financial Strength

There are five moves realized: Move 3: Presenting details on Consolidated or Comprehensive Income (M and FB), Move 4: Presenting details on Consolidated Balance Sheets or Financial Position (M and FB), Move 5: Presenting details on Consolidated Cash Flow (M), Move 6: Presenting details on Audit Qualifications (M and FB), and Move 6: Presenting details on Consolidated Profit Estimate & Forecast (FB). The moves are also realized with the grammatical features such as the use of Phrasal Verbs, Passives, Perfect Tenses and Modal Auxiliary. The study discussed the linguistic devices above with relation to the move identified.

4.5.3.1 Move 3: Presenting details on Consolidated or Comprehensive Income (M and FB)

This section presents the findings on how details on consolidated or comprehensive income in IS of M and FB prospectuses.

4.5.3.1.1 Phrasal verbs

The word form 'sets out' in the present tense or 'set out' in the past tense are used in informing details of the comprehensive income. These word form are used throughout the IS to draw potential investors or readers to the accompanying tables containing the financial details.

Example 1:

>...and assumptions included in the Reporting Accountants' Letter on the proforma consolidated financial information **set out** in Section 11.7 of this Prospectus. <

M3 (2010, Section 3, line 57)

Example 2:

›The table below **sets out** selected items from our proforma consolidated income statements for the past three (3) FYE 2007 to 2009.<

M4 (2010, Section 3, line 39)

Example 3:

›The following table **sets out** the summary of the proforma consolidated income statements for the past 3 FYE 31 December 2007 and the 4 month period ended 30 April 2007 and 2008,... <

M10 (2008, Section 3, line 58)

Example 4:

›The following table **sets out** a summary of our proforma combined statements of comprehensive income for the past four (4) FYE 2006 to FYE 2009 and FPE 2009... <

FB3 (2010, Section 3, line 108)

Example 5:

›The following table **sets out** a summary of the proforma consolidated statements of comprehensive income of our Group for the six (6)-month FPE 30 June 2010... <

FB4 (2010, Section 3, line 32)

The phrase ‘sets out’ is well used in the above examples to denote a company’s current consolidated or comprehensive income status where it is tabulated for ease of reference and understanding.

Example 6:

›...assumptions included in the proforma consolidated financial information **set out** in Section 10.6 of this Prospectus. <

FB2 (2011, Section 3, line 91)

In the above example, ‘set out’ necessitates the potential investors to go to a specific page in the actual prospectus for a more

detailed information. This is evident in Example 1 and Example 6 above.

4.5.3.1.2 Passive Voice

Passives inform potential investors of the financial figure proforma. Potential investors are being informed and advised that the information may be inadequate or inexact. However, it can provide a good indication of the financial shape of the company. Both categories of IS use the passive voice as an approach to achieve this effect.

Example 1:

>The proforma figures **are provided** for illustrative purposes... <

M4 (2010, Section 3, line 40)

Example 2:

>The proforma consolidated income statements **are prepared** for illustrative purposes ... <

M3 (2010, Section 3, line 62)

Example 3:

>The proforma consolidated income statements **are presented** for illustrative purposes...<

M10 (2008, Section 3, line 63)

Example 4:

>The proforma consolidated statement of comprehensive income **are presented** for illustrative purposes... <

FB4 (2010, Section 3, line 36)

Example 5:

>The proforma combined statements of comprehensive income **are prepared** for illustrative purposes... <

FB3 (2010,Section 3, line 111)

‘Are provided’, ‘are prepared’ and ‘are presented’ are used to inform potential investors to the current financial proforma that has been prepared recently. It is, however, less tangible as it is based on the company’s forecasted financial situation. The examples above exhibit this trait consistently.

4.5.3.1.3 Perfect tense

Present perfect tenses are normally applied to indicate a past event that continues to the present time. In this set of data, it is used to indicate an early decision made that led to the current situation of the company. While past perfect tenses indicate a past event that occurred before a specific time in the past, the participles used indicate positive disposition that can attract the interest of readers. Both categories used past perfect tense to achieve this aim.

Example 1:

>...and 30 September 2009 which **have been prepared** based on the assumption that the current structure of our Group **had been in existence** throughout the financial years/periods under review. <

M3 (2010, Section 3, line 59)

Example 2:

>...only on the assumption that our Group structure **has been in existence** during the period under review. <

M4 (2010, Section 3, line 41)

Example 3:

>...which **have been prepared** based on the assumption that the current structure of our Group **has been in existence** throughout the financial years/period under review.<

M10 (2008, Section 3, line 61)

Example 4:

>The proforma consolidated statements of comprehensive income **have not been audited** and **have been prepared** for illustrative purposes only to show the aggregate results of the Group. <

FB2 (2011, Section 3, line 87)

Example 5:

>...on the assumption that our Group **has been in existence** throughout the years/ periods under review. <

FB3 (2010, Section 3, line 110)

Example 6:

>...prepared based on the assumption that our Group **has been in existence** throughout the financial years and periods under review. <

FB4 (2010, Section 3, line 34)

The use of perfect tenses the present perfect tense such as ‘has been in existence’ or ‘have been in existence’ demonstrates the company’s long existence since it is based on assumptions on the company’s strength. This is evident in all of the above examples above. In Example 4, additional information ‘have not been audited’ provide the reason as to why the proforma lacks reliability.

4.5.3.2 Move 4: Presenting details on Consolidated Balance Sheets or Financial Position (M and FB)

This section presents the findings on how details on consolidated balance sheets or financial position in IS of M and FB prospectuses.

4.5.3.2.1 Phrasal verbs

The phrasal verb ‘sets out’ in the present tense or ‘set out’ in the past tense are found in informing details of the consolidated balance sheets or financial position similar to Move 3: Presenting details on Consolidated or Comprehensive Income. The phrasal verbs are used throughout the IS to draw potential investors or readers to the accompanying tables containing the financial details.

Example 1:

›on the proforma consolidated financial information **set out** in Section 11.7 of this Prospectus. <
M3 (2010, Section 3, line 65)

Example 2:

›The summary of our proforma consolidated balance sheet as at 31 August 2009 as **set out** below is provided for illustrative purposes only... <
M4 (2010, Section 3, line 44)

Example 3:

›The following table **sets out** the summary of the proforma consolidated balance sheets which has been prepared for illustrative purposes only,...<
M10 (2008, Section 3, line 72)

Example 4:

>The following information is extracted from the proforma combined statements of financial position **set out** in Section 8.7.<

FB2 (2010, Section 3, line 95)

The use of ‘sets out’ in Example 3 and ‘set out’ in Example 1, Example 2 and Example 4 is similar to those found in Move 3: Presenting details on Consolidated or Comprehensive Income.

4.5.3.2.2 Passive Voice

Passives offer readers focus on the ‘doer’ rather than result. The subject is the patient or recipient of the action denoted by the verb. In this section of IS, potential investors were presented with information on the ‘doer’ that are salient in the financial information. The passive in this instance highlights the ‘agent’ in light of informing and ensuring consistency to the actual prospectus. This adds to the credibility of the company. Both categories of IS used present passives as approach to achieve this effect.

Example 1:

>The summary of our proforma consolidated balance sheet as at 31 August 2009 as set out below **is provided** for illustrative purposes... <

M4 (2010, Section 3, line 44)

Example 2:

›The following information **is extracted** from the proforma combined statements of financial position set out in Section 8.7...‹

FB3 (2010, Section 3, line 126)

Example 3:

›The proforma consolidated statements of comprehensive income of our Group **are mainly extracted** from the audited financial statements of TTT...‹

FB4 (2010, Section 3, line 42)

Example 4:

›The proforma consolidated balance sheets below **should be read** in conjunction with the accompanying notes... ‹

M3 (2010, Section 3, line 75)

Example 5:

›The proforma consolidated statements of financial position **should be read** in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' letter... ‹

FB2 (2011, Section 3, line 98)

Example 6:

›The following information is extracted from the proforma combined statements of financial position set out in Section 8.7 of this Prospectus and **should be read** in conjunction with the accompanying notes and assumptions included thereto.‹

FB3 (2010, Section 3, line 126)

The examples on passive voice above namely 'is provided' (Example 1), 'is extracted' (Example 2), 'are mainly extracted' (Example 3), inform potential investors of an earlier actions completed that has current significance to the company. It indicates the proforma being very recent hence suggests reliability. While

‘should be read’ (Example 4, 5 and 6) provide potential readers a mild request to read a more detailed section of the proforma.

4.5.3.2.3 Perfect tenses

The past perfect tenses are normally found to indicate a past event that occurred before a specific time in the past. It indicates an earlier decision made by the company and advisers that led to the present-day state of the company. It highlights the achievement of completing the financial information for a specific purpose. Both categories of IS used past perfect to achieve this aim. The same effect is achieved with the present perfect but the action affected present situation.

Example 1:

›The proforma consolidated balance sheets as set out below **have been prepared** for illustrative purposes only to show the effects on our balance sheet...‹

M3 (2010, Section 3, line 71)

Example 2:

›...on the assumption that it **had been completed** on 31 August 2009. ‹

M4 (2010, Section 3, line 51)

Example 3:

›The following table sets out the summary of the proforma consolidated balance sheets which **has been prepared** for illustrative purposes,...‹

M10 (2008, Section 3, line 72)

Example 4:

›The proforma consolidated statements of financial position of the Group as at 31 August 2010 set out below **has been prepared** solely for illustrative purposes... <
FB2 (2011, Section 3, line 95)

Example 5:

›...the audited consolidated financial statements of X for the six (6)-month FPE 30 June 2010 which **have been prepared in accordance** with the applicable International Financial Reporting Standards... <
FB4 (2010, Section 3, line 33)

The use of present perfect tense as illustrated above namely ‘have been prepared in accordance’ (Example 5), has/have been prepared (Example 1, Example 3 & Example 4) help in informing to potential investors a completed financial statement for valuation. However, ‘had been completed’ of Example 2 suggests a hypothetical situation.

4.5.3.2.4 Modal Auxiliary

The study discussed the grammatical item with relation to the move identified. In both categories of IS, potential investors are being kindly reminded on the need to read supporting documents by using modal auxiliary.

Example 1:

>You **should read** the proforma consolidated balance sheets together with the accompanying notes and assumptions included in the Reporting Accountants' Letter...<
M10 (2008, Section 3, line 78)

The use of modal auxiliary is salient in this step. 'Should read' (Example 1) suggests the importance to read and fully understand the information provided. It indicates warning as the first person 'you' is used. It can also be a warning not to neglect reading this section before making a decision.

4.5.3.3 Move 5: Presenting details on Consolidated Cash Flow (M)

This section presents the findings on how details on consolidated cash flow is presented in IS of M prospectuses.

4.5.3.3.1 Phrasal verbs

The phrase 'set out' in the past tense as in Move 3: Presenting details on Consolidated or Comprehensive Income and Move 4: Details on Consolidated Balance Sheets or Financial Position are used in informing details of the consolidated cash flow. These word forms are used throughout the IS to draw potential investors or readers to the accompanying information or tables containing the financial details.

Example 1:

>The proforma consolidated cash flow statement is prepared for illustrative purposes only and should be read in conjunction with the Reporting Accountant's Letter on the proforma consolidated financial information **set out** in Section 11,7 of this Prospectus. <

M3 (2010, Section 3, line 90)

Example 2:

>The summary of our proforma consolidated cash flow statement for the FYE 2009 as **set out** below is provided for illustrative purposes only...<

M4 (2010, Section 3, line 50)

The use of 'set out' in Example 1 is similar to those found in Step1: Details on Consolidated or Comprehensive Income and Step2: Details on Consolidated Balance Sheets or Financial Position. The phrase 'set out' informs readers to refer to a specific section in the actual prospectus that was prepared earlier. In Example 2, 'set out' is used to inform readers to refer to the information that comes after.

4.5.3.3.2 Passive voice

Passives offer readers focus on the 'doer' rather than result. Similar to Move 3: Presenting details on Consolidated or Comprehensive Income and Step 4: Presenting details on Consolidated Balance Sheets or Financial Position. Potential investors were presented with information on the 'doer' that are salient in the financial information. The passives in this instance highlight the 'agent' in light of informing and ensuring a completed financial document consistent to the actual prospectus. This adds to

the credibility of the company. Both categories of IS use present passives as approach to achieve this effect.

Example 1:

>The proforma consolidated cash flow statement **is prepared** for illustrative purposes only...<

M3 (2010, Section 3, line 86)

Example 2:

>The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below **is provided** for illustrative purposes only... <

M4 (2010, Section 3, line 50)

The examples on passive voice above namely ‘is prepared’ (Example 1), ‘is provided’ (Example 2), inform potential investors of an earlier actions completed that has current significance to the company. It indicates the proforma being very recently completed thus suggests reliability in making decision.

4.5.3.3.3 Perfect tenses

Present perfect tenses are normally applied to indicate a past event that continues to the present time. It indicated an early decision made that led to the current situation of the company such as by highlighting an achievement or a completed action. While past perfect tenses indicate a past event that occurred before a specific time in the past. The participles used indicate positive disposition

that can attract the interest of readers. Both categories used past perfect to achieve this aim.

Example 1:

›The following is our proforma consolidated cash flow statement for the FPE 30 September 2009 which **have been prepared** on the assumption that the current structure of our Group **had been in existence** throughout the financial period under review and the Public Issue, Offer for Sale, Share Transfer and the utilisation of proceeds from the Public Issue **had been completed** on 30 September 2009. <

M3 (2010, Section 3, line 81)

Example 2:

›The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below is provided for illustrative purposes only and on the assumption that our Group structure **has been in existence** during the period under review. <

M4 (2010, Section 3, line 50)

The use of present perfect tenses as illustrated above namely ‘have been prepared’ (Example 1), helps in informing potential investors on a completed financial proforma for valuation. However, ‘had been in existence’ (Example 1 & Example 2) and ‘had been completed’ (Example 1) provide hypothetical situations since it is based on assumptions made. For present perfect tense, has been in existence (Example 2) is also used to achieve the same effect.

4.5.3.3.4 Passives

Passives are found in both categories of IS. Potential investors are being kindly reminded on the need to read supporting documents for detailed information of the financial proforma.

Example 1:

›The proforma consolidated cash flow statement is prepared for illustrative purposes only and **should be read** in conjunction with the Reporting Accountant's Letter on the proforma consolidated financial information set out in Section 11,7 of this Prospectus. <

M3 (2010, Section 3, line 86)

The use of passives in this step suggests a sound advice to potential investors on the importance of referring to the proper section on the proforma in question from the actual prospectus.

4.5.3.4 Move 6: Presenting details on Audit Qualifications (M and FB)

This section presents the findings on details on audit qualification IS of M and FB prospectuses.

4.5.3.4.1 Perfect tenses

The use of present perfect tenses are to indicate an early decision made that led to the present-day status of the company. Move 6 provided an important insight into the company's finance by informing its audit status. Both IS categories employed this technique to a maximum effect by presenting the company's financial as a correct record.

Example 1:

›The auditors of F **have reported** on the audited financial statements of *** for the financial period from 6 February 2008 (date of incorporation) to 31 August 2008 and the FYE 2009 without any audit qualifications. The auditors of all the subsidiary companies of F **have reported** on the respective audited financial statements of the said companies for the past three 3) FYE 2007 to 2009 without any audit qualifications.<

M4 (2010, Section 3, line 56)

The use of present perfect tense such as ‘have reported’ (Example 1) provides potential investors with the financial statement for a specific period of time. The information mentions if the statement prepared was properly audited.

4.5.3.5 Move 6: Presenting details on Consolidated Profit Estimate & Forecast (FB)

This section presents the findings on how details on consolidated profit estimate and forecast in IS of FB prospectuses.

4.5.3.5.1 Verb ‘to be’ as main verb

The use of ‘Is’ is to inform on the company’s projected revenues.

This is, however found only in FB5.

Example 1:

›The consolidated profit estimate for the financial year ended 28 February 2007 and consolidated profit forecast for the financial year ending 29 February 2008 **is** as follows:<

FB5 (2007, Section 3, line 40)

“Is” is used to inform potential investors a company’s current estimated financial proforma and forecasted proforma for reference.

The information that follows will be presented in the form of tables.

4.5.4 Linguistic features on Principal Statistics relating to the IPO.

The move identified is Offering of IPO is realized with three steps: Step 1: Details on Shares, Step 2: Special Rights and Step 3: Right to Vote. The move is also realized from grammatical features such as the use of Passives and Modal Auxiliary. The study discussed the features above with relation to the move identified.

4.5.4.1 Passive voice

Passives offer readers focus on the ‘doer’ rather than result. It informs potential investors the location of the whole content of the IPO and draws attention to the accompanying tables detailing the various data contained in the statistics. Both categories of IS use present passives as an approach to achieve this effect.

Example 1:

›The following statistics relating to our IPO **are derived** from the full text of this Prospectus and should be read in conjunction with the text.<

FB4 (2010, Section 4, line 52)

The examples on passive voice above namely ‘are derived’ (Example 1) informs potential investors that the figures presented are currently a part from the whole information selected for reference.

4.5.5 Linguistic features of Utilisation of Proceeds

The move Presenting Use of Proceeds is realized with three steps: Step 1: Total and usage of proceeds, Step 2: Cost of Listing and Step 3: Other Expenses. The move is further supported with the following grammatical points such as the use of Modal Auxiliary and Passives. The study discussed the grammatical features above with relation to the move identified.

4.5.5.1 Step 1: Total and usage of proceeds

The passive voice and modal auxiliary are used to present the total and usage of proceeds. Examples are provided to illustrate this finding.

4.5.5.1.1 Passive voice

Passives offer readers focus on the ‘doer’ rather than result. It provides information on how the proceeds shall be utilized to the potential investors. Again, this adds to the credibility of the company. Both categories of IS use present passives as approach to achieve this effect.

Example 1:

>The gross proceeds from the Public Issue of approximately RMS.44 million **is expected to be utilized** by our Group in the following manner- <

M3 (2010, Section 5, line 141)

Example 2:

>The total estimated gross proceeds **to be raised** by our Company from our Rights Issue and Public Issue of RM7.87 million shall be utilised in the following manner:- <

M4 (2010, Section 5, line 65)

Example 3:

>We expect the proceeds **to be utilised** in the following manner: <

FB4 (2010, Section 5, line 68)

The decision on how the money accumulated (the proceed) should be used is carefully introduced. Rather than saying ‘the company shall utilize..’ or ‘We will utilize..’, the passive voice is used. The impact is phenomenal as it relinquishes guilt and blame if the decision made on the utilization gone awry. It can also ‘liberate’ the company from blame. This evident is in Example 1, Example 2 and Example 3 above.

4.5.5.1.2 Modal auxiliary

Modal auxiliaries are found to inform potential investors and relevant parties on how the proceeds will be used and on expenses incurred to those responsible. The modal ‘shall’ also exhibit a significant change in voice wherein it is more formal and stern. No

less significant is the modal ‘will’ guaranteeing a definite and clear position.

Example 1:

>The total estimated gross proceeds to be raised by our Company from our Rights Issue and Public Issue of RM7.87 million shall be utilised in the following manner:-The total estimated gross proceeds from the Offer for Sale amounting to RM22.76 million **shall accrue** entirely to the Offerors.

M4 (2010, Section5, line 66)

Example 2:

>The gross proceeds arising from the Offer For Sale amounting to approximately RM18.3 million **shall accrue** entirely to the Offeror and no part of the proceeds will be received by the Company.<

FB2 (2011, Section 5, line 107)

‘Shall’ indicates a level of formality in communication. It is also serious hence an important point for every potential investor to take heed from. ‘Shall accrue’ (Example 2) exhibits this trait.

4.5.5.2 Step 2: Cost of Listing

Step 2 is presented with the use of modal auxiliary. The modal ‘shall’ exhibits a significant degree of formality. On the same note, the modal ‘will’ also provide a definite and clear position on an issue.

4.5.5.2.1 Modal auxiliary

At this stage, modal auxiliaries are used to inform that any expenses on listing will be borne by the companies and not the investors.

Example 1:

>The Company **will bear** all expenses in relation to the Listing such as professional fees and fees to the authorities estimated at RM0.7 million.<

FB2 (2011, Section 5, line 109)

Example 2:

>The proceeds **shall come** to us and we **shall bear** all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities. <

FB4 (2010, Section 5, line 66)

Example 3:

>The Offerors **shall bear** all incidental expenses relating to the Offer for Sale.<

M4 (2010, Section 5, line 71)

Example 4:

>The proceeds **shall come** to us and we **shall bear** all expenses relating to the listing of and quotation for our entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities.<

M7 (2010, Section 5, line 30)

The use of ‘will’ in FB2 and ‘shall’ in Example 2, Example 3 and Example 4 indicate a sense of formality for this step. It would be an interesting section to be read, as investors would want to know who would bear the expenses for the listing exercise. Unlike in the usage of modal auxiliary of Step 1: Total and usage of proceeds in informing how proceeds will be utilized, in this step the active voice is used with the modals to show that the cost will be borne by the

company. This is evident in Example 2, Example 3 and Example 4 above.

4.5.5.3 Step 3: Other Expenses

Similar to Step 2: Cost of Listing Modal Auxiliaries is used to inform other expenses incurred will be borne by the companies (Groups) and not the investors. The modal ‘shall’ exhibits significant degrees of formality and certainty while the modal ‘will’ provides a definite and clear position on the issue.

4.5.5.3.1 Modal auxiliary

Example 1:

>The Offerors **shall bear** all incidental expenses relating to the Offer for Sale.<

M4 (2010, Section 5, line 70)

Example 2:

>All other expenses and fees incidental to the Offer For Sale, including fees to authorities, professional fees, printing and advertising fees, brokerage, omissions, underwriting fees, placement fees and miscellaneous expenses, estimated to be RM1.7 million **will be borne** by the Offeror.<

FB2 (2010, Section 5, line 114)

The use of ‘shall bear’ (Example 1) and ‘will be borne’ (Example 2) indicate formality similar to those in Step 2:Cost of Listing. No cost will be borne by Potential investors if other related expenses incurred.

4.5.6 Linguistic features of Risk Factors

The move identified is Understanding Risks Involved. The move is also realized from the linguistic devices such as the use of modal auxiliary. In both categories of IS, potential investors are being kindly reminded on the threats that can affect their investment. These are done by using modal auxiliaries,

4.5.6.1 Modal auxiliary

The phrase ‘you should carefully consider’ is found in both categories of IS.

Example 1:

>...you **should carefully consider**, along with other matters in this Prospectus,...<

M3 (2010, Section 6, line 101)

Example 2:

>...you **should carefully consider** the following material risk factors... <

M4 (2010, Section 6, line 74)

Example 3:

>... investors **should carefully consider** all information contained in this prospectus...<

FB2 (2011, Section 6, line 118)

Example 4:

>...you **should rely** on your own evaluations and **carefully consider** the following risk factors...<

FB4 (2010, Section 6, line 70)

It is observed that the use of ‘should carefully consider’ in Examples 1-4 and ‘should rely,... carefully consider’ in Example 4 above warns

potential investors with the risks involved. Potential investors are required to read and understand the statement provided to avoid possible losses.

The linguistic devices identified above are beneficial for stakeholders and those with interest to understand the IS further. They can assist in both comprehension and composition. The importance of linguistic devices identification is consistent with Swales (1990) in terms of variety of language used.

4.5.6.2 Nouns

Other than modal auxiliary, the use of nouns is also identified in both M1 and FB1. The use of nouns in presenting risk factors in M1 and FB1 is forthright. The actual ‘threats’ are clearly specified. This is also in accordance with the requirement by Bursa Malaysia and the Securities Commissions to be transparent.

Example 5

>**Epidemic**<

M1 (2011, Section 9, line 7)

Example 6

>**Absence** of long term contracts; <

M1 (2011, Section 9, line 12)

Example 7

>**Negative** publicity<

FB1 (2011, Section 9, line 8)

Example 8

>**Dependence** on key management<

FB1 (2011, Section 9, line 23)

It is observed that in both M1 and FB1, nouns dominate the summary of risks. A one-word noun, 'Epidemic', in Example 5 is used to deliver concise meaning of risk. While in Example 6, Example 7 and Example 8, nouns are used in the form of statements.

Example 9

>**Successful** imitation of our products and concept by competitors;<

FB1 (2011, Section 9, line 13)

Example 10

>**Forward looking** statements;<

FB1 (2011, Section 9, line 40)

However, it is also interesting to note how positive words are used to present risk. Example 9 above shows how the word 'successful' is used to identify a risk. Similarly, Example 10 uses the phrase 'Forward looking' to present risk. It is also interesting to note the use of modal in presenting risk.

Example 11

>We **may** require additional funding for our future growth<

FB1 (2011, Section 9, line 39)

In Example 11 above, the modal 'may' is used to denote a possible 'risk' rather than a definite one as if the investment climate is favourable, such

funding is not required.

The words identified in both categories of IS are important in presenting the truth about the risks involved as well as for corporate transparency and disparities in what demanded and what actually delivered (Deumes, 2008). In order to be candid and forthright, 'risks' in the study need to be well identified. Vague concept of risks may lead to incomplete information provided from managers to investors. Therefore, this would help more proper valuation of stock prices. They also fulfill the communicative purpose of IS as "to inform" and "to warn".

Risk factors in the IS for both manufacturing and food and beverage companies are a snapshot of the actual risk that can be found in IPO prospectuses. It is also worth investigating as it is unique to both categories of IS. The risk factors section provides potential investors with information that can influence their decisions via providing transparency and disparities elimination (Deumes, 2008).

The risk factors listed serve as a reminder to those reading and considering investing for the portfolio. This is important since a prospectus is a legal document. Those responsible in offering the prospectus are culpable if any information provided was found to be misleading or hidden. Therefore, the section on risks not only provides advice and considerations for investors but also a way to absolve the company of any blame arising from a bad investment.

The section attempts to present risks as 'acceptable risks' that investors subject themselves to evaluate as not all risks are bad. The

company constructed the risks by using offensive and defensive rhetoric. The emphasis is on the investors and not them. A way to achieve this is the use of pronoun 'you'. 'You' here referred to the potential investors. Therefore, apart from the linguistic feature identified in 4.5.6.1 above, further focus on linguistic features are presented below.

Example 12

>Before investing in our shares, **you** should carefully consider,.. <

M1 (2011, Section 9, line 1)

Example 13

>**Prospective investors** should carefully consider the following risk factors...<

FB1 (2011, Section 9, line 1)

Where 'you' are not found, other referents were used instead such as 'prospective investors' as in Example 13.

Another important language element used to show investor's choice is modals. The use of modals leave the decision regarding the procurement rests on investors. Therefore, the onus of blame shifted on to them. The responsibility is shifted onto the investors as in the following IS. This is evident in Examples 12 and 13 where the modal 'should' is used. The use of adverbs 'carefully' is also notable in indicating to potential investors to spend more time reading the risk section in the prospectus or at least IS. The summary on risk in IS may indicate a particular risks that would alert the potential investors to the need to do more reading, research and consultancy.

4.6 RISK FACTORS

In the IS and prospectus, 'Risk Factors' is commonly found towards the end of the texts. In the study, the analysis on how risks are worded and presented is based on 'chance' and 'harm' exhibited by Fillmore and Atkins (1992). 'Chance' is divided into 'Controlled Risks' and are further subdivided into 'Risks to Investors' and 'Risks from Companies' while 'harm' is divided into 'Beyond Controlled Risks' and is presented by 'Risks from Business and Industry' and 'Uncontrolled Risks'. What constitute the categories above is presented in the following section.

4.6.1 M1

Four types of risks are identified for M1 in the IS prospectus; Risks to Investors, Risks from Companies, Risks from Business and Industries and Uncontrolled Risks.

4.6.1.1 Risks to Investors

- Competitive rivalry;
- Absence of long term contracts;
- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Dividend payments..

4.6.1.2 Risks from Companies

- Supply of raw materials and products;
- Fluctuation in prices of raw materials and products;
- Protection of IP rights;
- Absence of long term contracts;
- Dependency on particular products and markets;
- Dependency on our executive directors, key management and key technical personnel;
- Gestation period of GMP compliant manufacturing plant;
- Adequate insurance coverage;
- Lack of qualified professionals in the industry.
- Delay or abortion of our Listing;
- No prior market for our Shares and possible volatility of our Share price;
- Control by Promoters; and

Dividend payments.

The summaries on risks above are taken from M1 depicting the exact risks potentials investors are facing from the category of 'Controlled Risks'. The two sub-controlled risks namely 'Risks to Investors' and 'Risks from Companies' exhibit examples of risks that can be handled or managed. Therefore, the risks are seen' as acceptable.' For example, 'Dividend payments' of Risks to Investors category will be a factor if the company is not doing well financially. A company that is making profit can comfortably allocate money for dividend distribution. So, this risk can be avoided.

In another example, 'Lack of qualified professionals in the industry' of Risks from Companies can also be overcome if proper measures are undertaken such as recruitment and training. It is interesting to observe that it is occasionally difficult to categorize the risks above as they might belong to other categories as well. Take for example 'Delay or abortion of our Listing' and 'Dividend payments' can also be found in both 'Risks to Investors' and 'Risks from Companies'.

The following are the types of risks found in the IS of the prospectuses.

4.6.1.3 Risks from Business and Industries

Competitive rivalry;

Fluctuation in prices of raw materials and products;

Absence of long term contracts;

Dependency on particular products and markets;

Threat of substitutes;

Lack of qualified professionals in the industry.

Delay or abortion of our Listing;

No prior market for our Shares and possible volatility of our Share price;

Control by Promoters;

Dividend payments.

4.6.1.4 Uncontrolled Risks

Epidemics

Supply of raw materials and products

Fluctuation in prices of raw materials and products;

Absence of long term contracts;

Risk of fluctuation in foreign exchange rates and risk in entering foreign markets

Threat of substitutes;

Political, economic and regulatory risk

Delay or abortion of our Listing;

No prior market for our Shares and possible volatility of our Share price;

In the categories above, 'Beyond Controlled Risks' are sub-divided into two categories namely 'Risks from Business and Industry' and 'Uncontrolled Risks'. These risks should be given more attention to as a company, despite some of the effort taken, may still suffer losses. For example, 'Fluctuation in prices of raw materials and products' from Risks from Business and Industries category will increase the company's overhead and running cost thus its financial status. In Uncontrolled Risks category, 'Epidemics' is cited. If this occurred, the company's business operation can be halted. As in 'Controlled Risks' above, there are some risks that can be found in both categories such as 'No prior market for our Shares and possible volatility of our Share price', 'Threat of substitutes' and 'Delay or abortion of our Listing'.

4.6.2 FB1

The following are the types of risks found in the IS of FB1 prospectuses.

4.6.2.1 Risks to Investors

Changes in consumer preference and perception;

Negative publicity;

Food contamination;

Affected by the changes in conditions in places in which our cafe outlets are located;

We **may** not be able to pay dividends to shareholders;

Forward looking statements;

4.6.2.2 Risks from Companies

Food contamination;

Affected by the changes in conditions in places in which our cafe outlets are located;

Dependent on the availability, cost and quality of raw materials for products;

Successful imitation of our products and concept by competitors;

Infringement of trade marks;

Disruption at central food processing centres and cafe outlets;

Default or loss of franchisees and licensees;

Litigations by franchisees, licensees and third parties;

Increase in rental or failure to renew existing tenancies in respect of our cafe outlets and central food processing centres;

Quality of food products and services;

Dependence on key management;

Pilferage by employees; and (q) Rules, regulations and controls

No prior trading market for our Shares and a market for our Shares may not develop;

Capital market risk;

We **may** require additional funding for our future growth;

Forward looking statements;

Ownership and control by our existing shareholders.

For FB1, the category of 'Controlled Risks' also offers two sub-controlled risks namely 'Risks to Investors' and 'Risks from Companies'. The risks presented here are believed to be 'acceptable' as depicted in examples given in M1. For example, 'Affected by the changes in conditions in places in which our cafe outlets

are located’ of Risks to Investors category will not be a risk if the location of business is considered. In another example, ‘Dependence on key management of Risks from Companies can also be overcome if proper measures are undertaken such as recruitment and training. It is interesting to observe that some risks such as ‘Forward looking statements’ and ‘Food contamination’ belong to both ‘Risks to Investors’ and ‘Risks from Companies’.

4.6.2.3 Risks from Business and Industries

Risks associated with market expansion outside of Malaysia;
Changes in consumer preference and perception;
Negative publicity;
Dependent on the availability, cost and quality of raw materials for products;
Successful imitation of our products and concept by competitors;
Disruption at central food processing centres and cafe outlets;
Quality of food products and services;
Competitive industry;
Subject to changes in economic, political, social, legal conditions and discretionary consumer spending.
No prior trading market for our Shares and a market for our Shares may not develop;
Capital market risk;

4.6.2.4 Uncontrolled Risks

Risks associated with market expansion outside of Malaysia;
Changes in consumer preference and perception;
Affected by the changes in conditions in places in which our cafe outlets are located;
Subject to labour and immigration laws and policies that govern the employment of foreign employees;
Subject to requirement of the relevant food regulations;
Competitive industry; and
No prior trading market for our Shares and a market for our Shares may not develop;
Capital market risk;
Forward looking statements;
There **may** be a delay in our listing or our listing **may** be aborted;

In 'Beyond Controlled Risks' category, two sub-divisions namely 'Risks from Business and Industry' and 'Uncontrolled Risks' are presented. 'Risks associated with market expansion outside of Malaysia' of Risks from Business and Industries and 'Changes in consumer preference and perception' from Uncontrolled Risks category should be given more focus as these risks are examples of risks that are more volatile. As in 'Controlled Risks' above, there are some risks that can be found in both categories such as 'Risks associated with market expansion outside of Malaysia' and 'No prior trading market for our Shares and a market for our Shares may not develop'.

4.7 VISUAL ANALYSIS

The visuals analysed are located in 'In the History and Principal Activities' depicting the business structures and subsidiaries, 'Promoters, Substantial Shareholders, Directors and Key Management' presenting a list of personnel important to the corporation, 'Financial Highlights' illustrating the financial proformas, 'Principal Statistics Relating To The IPO' concerning the shares offered by the IPO.

4.7.1 Frequency for significance

The use of non-linear texts is far more effective than linear texts. Soon (1994) accentuated the importance of utilizing space wisely. In the study, the use of tables, equations, figures and photographs are more effective as meanings are economically conveyed (p. 166). The amount of space dedicated to both linear and non-linear texts were manually counted. The current study is represented by tables and diagrams only.

Table 4.9: Amount of space devoted to linear and non-linear texts in manufacturing information summaries.

| Information Summary | Diagrams and Tables | Linear Texts |
|---------------------|---------------------|--------------|
| M1 | 44.98% | 55.01% |
| M2 | 69.37% | 30.63% |
| M3 | 32.69% | 67.31% |
| M4 | 22.09% | 77.91% |
| M5 | 30.08% | 69.92% |
| M6 | 15.01% | 84.99% |
| M7 | 42.30% | 57.70% |
| M8 | 35.70% | 64.30% |
| M9 | 51.43% | 48.57% |
| M10 | 46.23% | 53.77% |
| Average | 38.98% | 61.01% |

Table 4.10: Amount of space devoted to linear and non-linear texts in food and beverages information summaries

| Information Summary | Diagrams and Tables | Linear Texts |
|---------------------|---------------------|--------------|
| FB1 | 50.69% | 49.31% |
| FB2 | 49.95% | 50.05% |
| FB3 | 36.71% | 63.29% |
| FB4 | 25.34% | 74.66% |
| FB5 | 53.21% | 46.79% |
| FB6 | 52.07% | 47.93% |
| FB7 | 42.37% | 57.63% |
| FB8 | 18.58% | 81.42% |
| FB9 | 86.61% | 13.39% |
| FB10 | 31.94% | 68.06% |
| Average | 44.77% | 55.25% |

It is evident that the roles played by non-linear texts are significant in both categories of IS. In manufacturing, an average of 39.98% is accounted for non-linear texts while 60.01% is for linear texts. While for food and beverages the percentage is 44.77% and 55.25% respectively. In comparison, non-linear texts played a more important role for information summaries of food and beverages

albeit the percentage of non-linear texts of manufacturing is still significant although slightly less at 39.84%.

To conclude, the amount of non-linear texts for strengthen the Moves (Hajibah, 2006) and are found in similar areas under the IS for both categories. They are used in all of the areas except for ‘Risk factors’ where only two tables were found. Therefore, the use of non-linear texts is significant as revealed by the percentages above.

4.7.2 Location of non-linear texts

The non-linear texts of M and FB are identified and presented in the tables below.

Table 4.11: Distribution of non-linear texts in various sections of Manufacturing.

| IS | Total | 1 | 2 | 3 | 4 | 5 | 6 |
|-------|-------|----|---|----|----|----|---|
| M1 | 7 | 2 | 1 | 1 | 2 | 1 | |
| M2 | 7 | 2 | 1 | 2 | 1 | 1 | |
| M3 | 6 | 1 | 1 | 3 | 1 | | |
| M4 | 7 | 2 | | | 3 | 2 | |
| M5 | 9 | 2 | 2 | 2 | 2 | 1 | |
| M6 | 4 | 1 | | 2 | | 1 | |
| M7 | 6 | 1 | 1 | 2 | 1 | 1 | |
| M8 | 7 | 2 | 1 | 2 | 1 | 1 | |
| M9 | 6 | 1 | 1 | 2 | 1 | 1 | |
| M10 | 6 | 1 | | 3 | 1 | 1 | |
| Total | 65 | 15 | 8 | 19 | 13 | 10 | |

Table 4.12: Distribution of non-linear texts in various sections of Food and Beverages.

| IS | Total | 1 | 2 | 3 | 4 | 5 | 6 |
|-------|-------|----|---|----|----|---|---|
| FB1 | 5 | 1 | 1 | 1 | 1 | 1 | |
| FB2 | 5 | 1 | 1 | 2 | | 1 | |
| FB3 | 7 | 2 | 1 | 4 | 1 | | |
| FB4 | 5 | | 1 | 2 | 1 | 1 | |
| FB5 | 7 | 2 | | 3 | 1 | 1 | |
| FB6 | 11 | 2 | 1 | 4 | 4 | | |
| FB7 | 7 | 2 | | 3 | 1 | 1 | |
| FB8 | 9 | 2 | 2 | 2 | 2 | 1 | |
| FB9 | 4 | 2 | | 1 | 1 | | |
| FB10 | 6 | 1 | 1 | 1 | 1 | | 2 |
| Total | 66 | 15 | 9 | 23 | 13 | 6 | 2 |

Legend:

1=History and Principal Activities,

2=Promoters, Substantial Shareholders, Directors and Key Management,

3=Financial Highlights,

4=Principal Statistics Relating to the IPO,

5=Utilisation of Proceeds,

6=Risk Factors

In table 4.11 majority of the non-linear texts found in Manufacturing IS are in the Financial Highlights section (19). This is followed by History and Principal Activities section (15) and followed by Principal Statistics Relating to the IPO section (13), Utilisation of Proceeds section (10) and Promoters, Substantial

Shareholders, Directors and Key Management section (8) while, no visuals are found in Risk Factors section.

On the other hand, table 4.12 presents the distribution of the non-linear texts in Food and Beverages IS. Similar to manufacturing, the highest section utilizing the non-linear texts is Financial Highlights (23), followed by History and Principal Activities section (15), Principal Statistics Relating to the IPO section (13), Promoters, Substantial Shareholders, Directors and Key Management section (9), Utilisation of Proceeds section (6) and Risk Factors section (2).

It is evident from the two categories of IS that non-visual texts play a significant role in conveying meaning especially for History and Business and also Financial proformas. For Manufacturing, the History and Business section accounted for 36.66% of the non-visual texts used. This is followed by Financial proformas at 22.66%, IPO and proceeds with 13.33% each and Promoters with 10%. As for Food and Beverages, almost the same trend is evident with History and Business and Financial proformas sections accounted for 22.95% and 31.15% respectively. This is followed by IPO with 19.67%, Promoters with 14.75%, Proceeds with 8.2% and Risks with a mere 3.28%. It can be concluded from this observation that the occurrences of non-linear texts are most common for History and Business and also financial proformas.

4.7.3 Types of Non-linear texts

There are only two types of non-linear texts found namely diagrams and tables. Diagrams were used to depict the business structure of a company and found

in History and Business section while tables were found in other sections as indicated in the tables 3 and 4 above.

Table 4.13: Types of non-linear texts found in Manufacturing and Food Beverages

| Information Summary | Diagrams | Tables |
|---------------------|----------|--------|
| Manufacturing | 18.33% | 81.66% |
| Food and Beverages | 16.66% | 83.61% |

The IS used mainly tables with 81.66% for M and 83.61% for FB. In comparison, diagrams were a mere 18.33% for the former and 16.66% for the latter. It is clear from the visual analysis conducted that non-linear texts are important and indispensable in both of the IS. They are needed to represent what words could not do effectively especially in representing numbers in financial proformas section and business structures in business and history section. The significance of visual analysis is apparent as instructors can impart knowledge on how to use non-linear texts for the above purposes accurately. These findings compliment the moves further. The use of visuals in the corpus is consistent with Hajibah (2006) as a tool to strengthen moves.

4.8 DISCUSSION

The moves identified from both IS categories are consistent with what IS of IPO prospectuses would have. Variations identified in the structure are found in Financial Highlight section with ‘Move 6: Presenting details on Consolidated Profit Estimate & Forecast’ of Move 4 is probably unnecessary since it was found only in FB5, it can be concluded that Move 6 of FB is unnecessary. Similarly, ‘Move 5: Presenting details on Consolidated Cash Flow’ of M3 is unnecessary since it is also the only one from the rest of the corpus.

Flexibility of how to write an IS, which content to be highlighted from a prospectus and its length would depend on advisers’ style and also the type of investment is being prepared. In terms of length, an information summary must not be longer than 2500 words while the language must be plain for easy understanding. These differences are allowed by the authorities as long as the IS or prospectuses are not misleading. These irregularities are not in any way aimed at achieving private intentions as mentioned by Bhatia (1993).

The variations in the sequence of both IS categories identified in the study are also common. It is another allowance by Bursa Malaysia and the Securities Commissions and it depends on advisers and the investment portfolio that is being developed. The omission of ‘Move 3: Understanding Risks Involved’ from FB10 is uncharacteristic and would render the IS and its prospectus incomplete and riskier for investors to commit. It is also against the regulations.

An interview session was conducted with advisers from Bank 4 to ascertain the findings of the research. From the interview, an effective IS is observed by the advisers to have three criteria: it meets the guideline by the authorities, is concise and easy to understand. Such information is made clear in the Bursa Malaysia website. No amendments

to the IS are allowed. As long as the IS minimally fulfilled the sections prescribed, the IS is acceptable. (Hwee, S. C. Personal Communication, February, 6, 2013 and Abd Ghafar Hamzah, Personal Communication, February, 6, 2013). The sections are as the following:

- (a) Principal business of the issuer and its subsidiaries;
- (b) Securities for distribution, offering price, and expected net proceeds;
- (c) Use of proceeds;
- (d) Risk factors; and
- (e) Summary financial information.

(Prospectus Guideline, 2009, p. 5)

Furthermore, the session also revealed that the structure of IS is based on consultation made with industries and such information are normally released in the Bursa Malaysia's website. The current template could be traced back to the practice in Singapore and also the United States. It is interesting to note that, the language of IS and prospectuses abroad i.e. Singapore and the United States is not plain like in Malaysia since presumably English is their first language.

The session revealed that IS for both FB and M IPO of prospectuses are composed 'to inform' and 'to warn' rather than 'to promote'. Since the investment community is niche, promotion is unnecessary. Promotion is seen odd and would use information and words or expressions that are often over inflated and can result in wrong decisions and loss of money on the side of potential investors. It is also against the requirements set out by Bursa Malaysia and the Securities Commissions. Potential investors are normally knowledgeable and know when to act based on the prospectus offered by which companies. Therefore, promotion is not very important. The more reputable a company, the more attention it will get. Moreover, potential investors look at

the assigned advisers. Likewise, reputable and experienced advisors will attract interest. Hence, clients or companies that are not performing may not be getting assistance from worthy advisers (Hwee, Personal Communication, February, 6, 2013).

It is decided that IS is important in providing a ‘snapshot’ of an actual prospectus. It is interesting to note that a number of ‘seasoned investors’ only read this section in making investment decision than reading the whole prospectus. Thus, it is important for an IS to be well written, concise and understandable. These revelations are consistent with the findings of the study in terms of the communicative purposes and moves identified.

4.9 MODULE FOR INFORMATION SUMMARY WRITING

Based on the findings above, a module for writing IS is designed for reference. It can be used as a guide for those involved in the industry and also for anyone interested in the area.

The module is presented as follows:

Task: Design an Information Summary for an IPO prospectus

Objectives:

At the end of the module, students should be able to:

- 1) Understand the rhetorical structure of information summaries.
- 2) Identify the typical grammatical features in information summaries.
- 3) Use the genre knowledge to write information summaries.

The schedule:

Table 4.14: Stages of information writing module

| Stage | Duration | Instruction |
|-------|-----------|--|
| 1 | 1 hour | Introducing information summaries Discussing the communicative purposes Identifying characteristics of information summaries |
| 2 | 1.5 hours | Discussing the contents of information summaries Identifying moves Describing the moves |
| 3 | 2 hours | Composing an information summary Brainstorming the moves Writing the moves Identifying the grammatical features |
| 4 | 1.5 hours | Composing own information summary. |

Stage 1

The aim of stage 1 is to familiarize students to information summaries in general and become competent of the generic features of information summaries. This is important in developing communicative awareness in a specialist discourse (Bhatia, 1997). The realization of communicative purposes of any given genre will assist in identifying the rhetorical structures of information summaries.

Learning Outcomes:

At the end of stage 1, students should be able to identify the characteristics, functions and target audience of information summaries.

Instruction to instructors

- 1) Display samples of information summaries from Bursa Malaysia.
- 2) Discuss the characteristics of information summaries.
- 3) Discuss the functions of information summaries.
- 4) Discuss the target audience.

Instruction to students

- 1) Study the information summaries provided from Bursa Malaysia.
- 2) Identify the characteristics of information summaries.
- 3) Identify the functions of information summaries.
- 4) Identify the target audience.

Stage 2

Stage 2 provides students with the exposure and practice of information summaries in the area of rhetorical procedures and its conventions.

Learning Outcomes

At the end of stage 2, students would be able to identify the writing conventions in information summaries in terms of the rhetorical structures, frequency and sequence.

Instruction to instructors

- 1) Discuss the contents of information summaries.
- 2) Assist students in translating the contents into rhetorical moves based on the analysis of M4 and FB7 (Figure 4.1: M4 and Figure 4.2: FB7).
- 3) Discuss the frequency and sequence of moves of the samples of information summaries provided based on the analyses (Figure 4.5, 4.6, 4.7 and 4.8) of the current study.

Instruction to students

- 1) Identify the rhetorical moves
- 2) Examine the pattern of moves to identify the frequency and the sequence.
- 3) Find other samples of information summaries from Bursa Malaysia.
- 4) Complete the above activities for the new samples for practice.

Stage 3a

Stage 3a aims to provide students with the practice in scrutinizing the genre based on samples provided by identifying the number of moves, its functions (descriptions) and a possible framework.

Learning Outcomes

At the end of stage 3, students would be able to apply knowledge of rhetorical moves based on functions (descriptions) to write an information summary.

Instruction to instructors

- 1) Assist and guide students to write an information summary.
- 2) Provide a sample of an information summary.
- 3) Discuss the sub-headings.
- 4) Discuss the functions (descriptions of moves).
- 5) Discuss the framework.

Instruction to students

- 1) Identify the number of moves.
- 2) Identify the functions (descriptions) of each move.
- 3) Decide on the sub-headings for each section.
- 4) Devise a suitable framework based on the sub-headings.

Stage 3b

This stage will guide students on the writing of an information summary by focusing on moves identified. This may be achieved by regarding at the information found in the six moves (Move 1: Offering Details on Incorporation, Move 2: Introducing Key Personnel, Move 3: Understanding Risks Involved, Move 4: Presenting Financial Credential, Move 5: Offering of IPO and Move 6: Presenting Use of Proceeds) by understanding and applying the functions (descriptions) provided as well as the grammatical features as highlighted by Bhatia (1993). It is reflected as an area a professional writer need to be familiar with. The lexico-grammatical features will complement the communicative purpose and rhetorical structure of a genre.

Learning objectives

At the end of the stage, students would be able write the moves based on the samples provided.

Instruction to instructors

- 1) Provide examples of each of the six moves: Move 1: Offering Details on Incorporation, Move 2: Introducing Key Personnel, Move 3: Understanding Risks Involved, Move 4: Presenting Financial Credential, Move 5: Offering of IPO and Move 6: Presenting Use of Proceeds.
- 2) Discuss the type of information in establishing the different moves.
- 3) Discuss the functions (descriptions).
- 4) Highlight some grammatical features of the moves.
- 5) Guide students to refer to visuals provided.

Instruction to students

- 1) Identify the information in each move.
- 2) Identify the functions (descriptions).
- 3) Refer to visuals
- 4) Identify grammatical features of each move.
- 5) Compose an information summary based on the different moves.

Stage 4

The stage requires students to write their own information summary based on prospectuses provided by instructors from Bursa Malaysia.

Learning Outcomes

At the end of the stage, students would be able to write an information summary based on the knowledge and guidance provided.

Instruction to Instructors

- 1) Assign students to write own information summary based on randomly picked prospectuses at <http://www.bursamalaysia.com/market/>. (The instructor cut out the information summary part and only gives students the prospectus (selected part only). Afterwards, students are required to write the information summary part of the selected prospectus).

Instruction to students

- 1) Select the parts of prospectus provided.
- 2) Write a copy of information summary part.

(Alternatively, students work in groups of six and assign who write which part of the information summary. Afterward, the completed parts can be merged for submission).

Offering Details on Incorporation

Instruction: Write the section to offer details on incorporation

Sub-heading:

1) Provide the following details:

a) Date of incorporation:

b) Type of business:

c) Business activities:

d) Products and services

e) Number of share capital

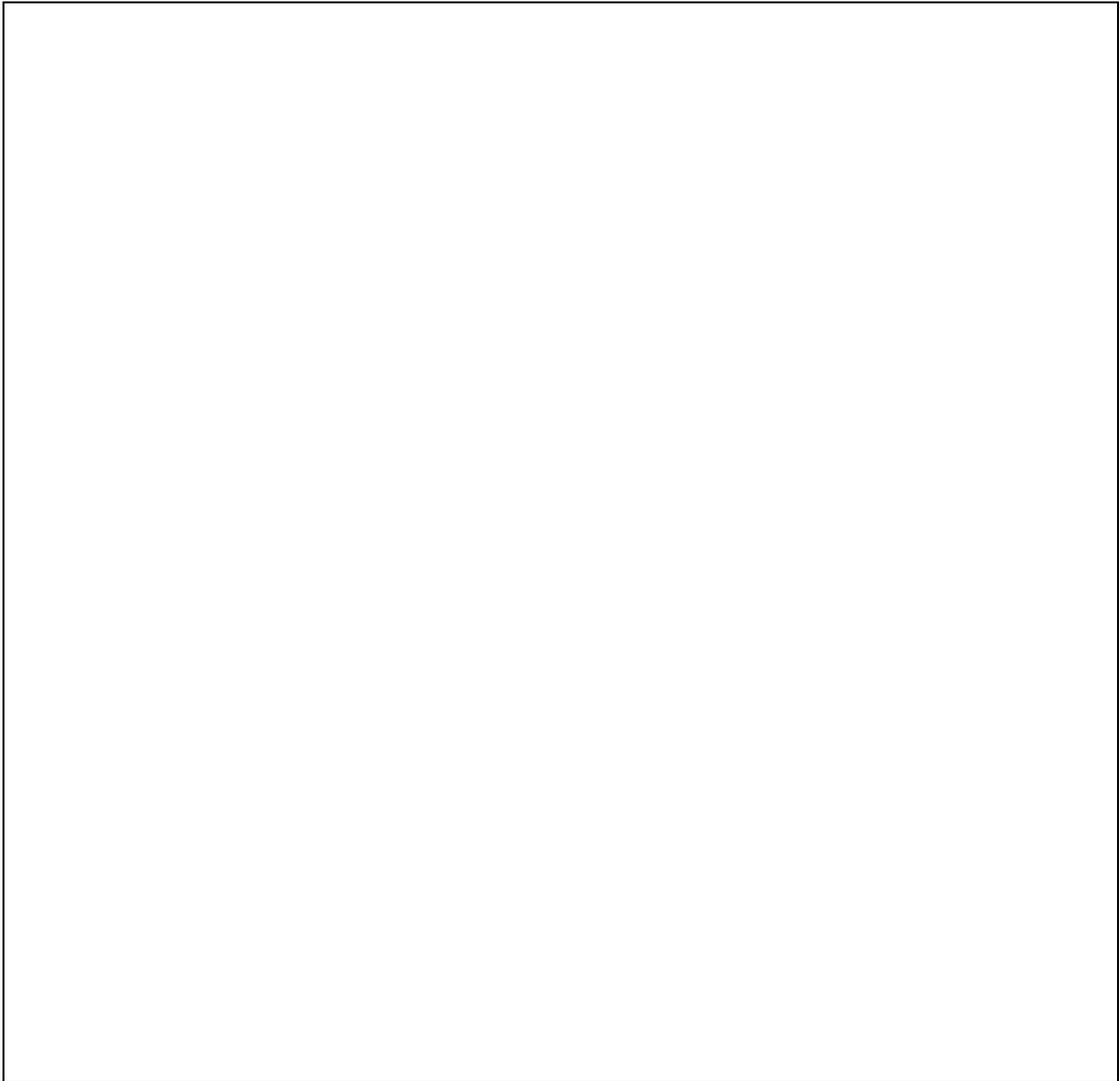
f) Business/group structure and subsidiaries

g) Revenue

h) Achievements

i) Locations (businesses, premises).

j) Select visuals to support the description



2. Use samples of grammatical features in the Information Sheet attached as a guide to write.

Introducing Key Personnel

Instruction: Write the section to introduce key personnel

Sub-heading: _____

1) Provide the following details:

a) Information on the owner or founder, directors, promoters and management team.

b) Select visuals to support the description



Presenting Financial Credential

Instruction: Write the section to present the financial credential of the IPO prospectus.

Sub-heading: _____

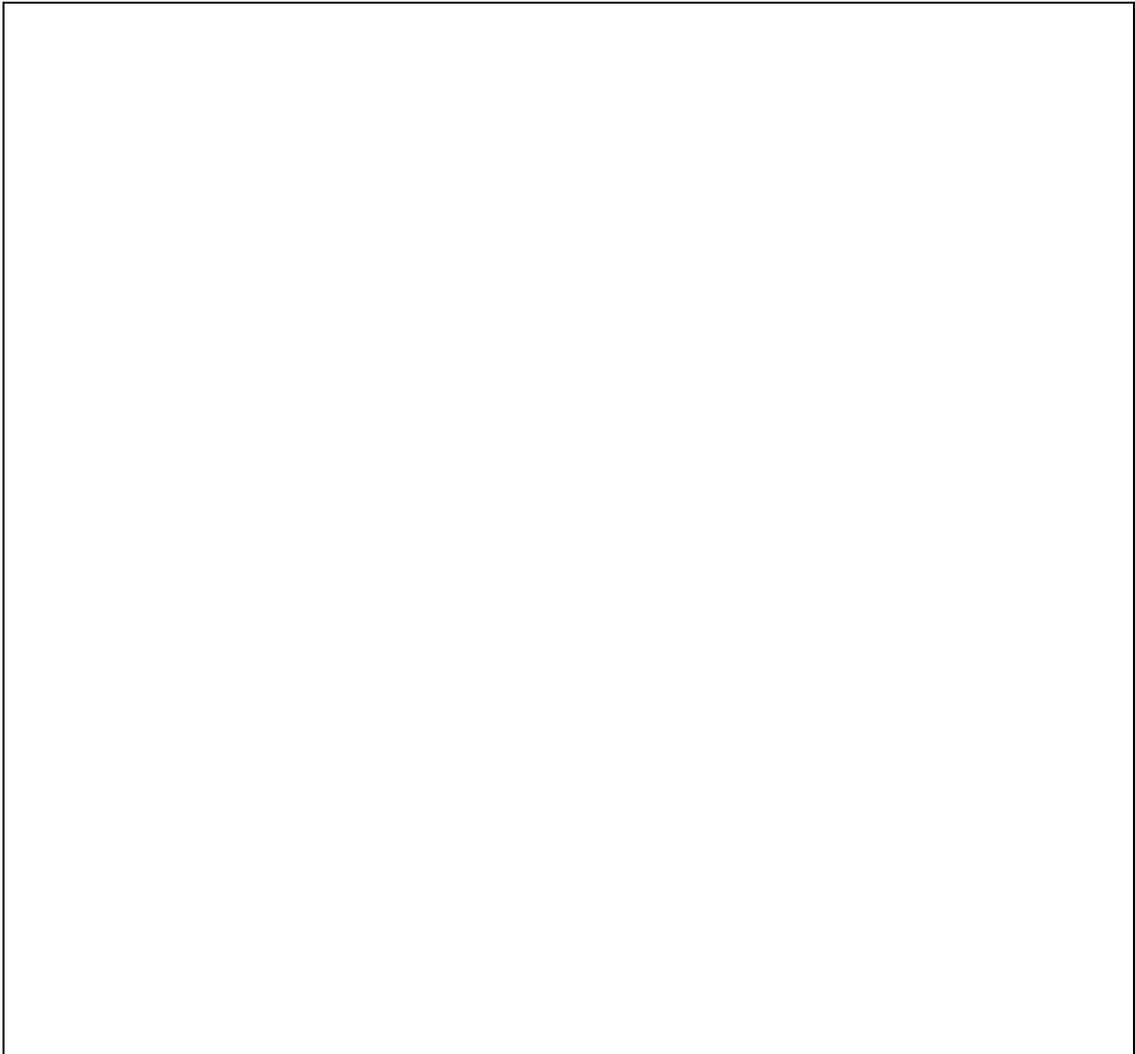
1) Provide the following details:

a) The consolidated or comprehensive income statement:

b) Balance sheet or financial position:

c) Audit qualifications:

d) Select visuals to support the description



2. Use samples of grammatical features in the Information Sheet attached as a guide to write.

Offering of IPO

Instruction: Write the section to present the number of stocks for public to procure.

Sub-heading: _____

1) Provide the following details:

a) Presenting stocks for public to procure

b) Select visuals to support the description



Presenting Use of Proceeds

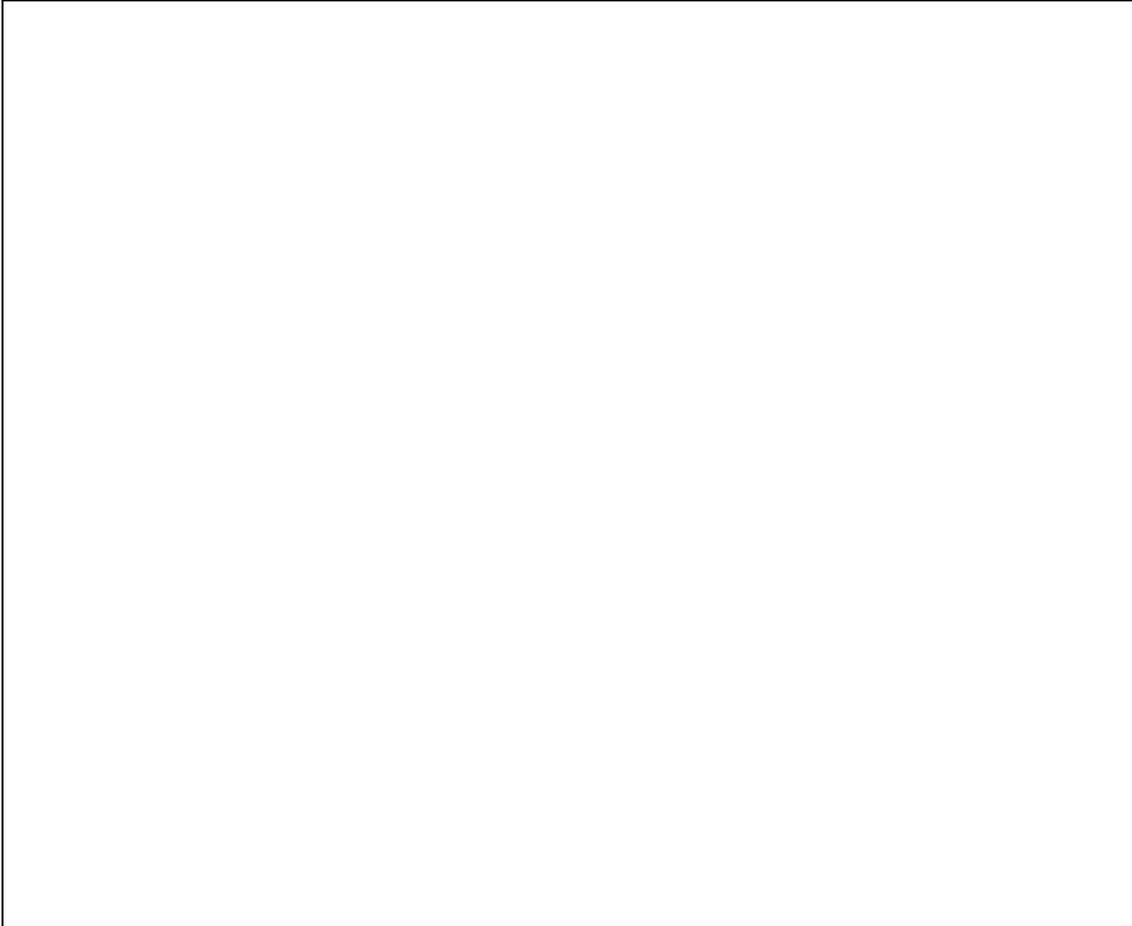
Instruction: Write the section to provide information on how the gross proceeds raised to be used.

Sub-heading: _____

1) Provide the following details:

a) Providing information on how the gross proceeds raised to be used.

b) Select visuals to support the description



Grammatical Features relevant to information summaries

1) Offering Details on Incorporation

A. Verbs to be as main verbs

I. is

Eg. - “The sole activity of **X** is property investment holding where it owns Lot +++ , which houses Factory A and our head office.”

II. are

Eg. - “Our principal activities are those of investment holding and the provision of management services.”

B. Auxiliary verbs

Eg. - To-date, we have a total of three (3) sale offices which are located in S, J and P,..”

C. Passives

I. Past Passives

Eg. “**XY** was incorporated in **Z** as a public limited company on **X** February 2XXX.”

II. Present Passives

Eg. “Our Group’s products are marketed under our customer’s brands and under our own brand, “**GF**” (**000** Food),...”

D. Perfect tenses

I. Past perfect

Eg. “Our founder, Mr **L** had gained early exposure in the dimension stones industry...”

II. Present perfect

Eg. “Over the years, we have gained vast experience in the manufacturing of **P**.”

E. Prepositions

Eg. “H was incorporated in Z as a public limited company on X
February 2###...”

F. To infinitives

Eg. – “Hence, the JAS certification will facilitate our group to supply to the J
market.”

G. Gerunds

Eg. . “...whilst our subsidiaries are primarily engaged in the manufacturing, selling,
distribution and trading of dimension S and related products.”

2) Introducing Key Personnel

A. Verbs to be as main verbs

Eg. – “Our Promoters, substantial shareholders, Directors and key management
personnel are set out below”

B. Auxiliary verbs

Eg. – “Our Promoters, substantial shareholders, Directors and key management
personnel are as follows:-

C. Phrasal verbs

Eg. – “The Promoters, substantial shareholders, Directors and key management
personnel are as listed below

3) Presenting Details on Consolidated or Comprehensive Income

A. Phrasal verbs

Eg. “The table below sets out selected items from our proforma consolidated income statements for the past three (3) FYE 2007 to 2009.”

B. Passive Voice

Eg. “The proforma figures are provided for illustrative purposes...”

C. Perfect tenses

Eg. – “...only on the assumption that our Group structure has been in existence during the period under review.”

4) Presenting Details on Consolidated Balance Sheets or Financial Position

A. Phrasal verbs

Eg. “The following table sets out the summary of the proforma consolidated balance sheets which has been prepared for illustrative purposes only...”

B. Passive Voice

Eg. “The summary of our proforma consolidated balance sheet as at 31 August 2009 as set out below is provided for illustrative purposes...”

C. Perfect tenses

Eg. “The proforma consolidated balance sheets as set out below have been prepared for illustrative purposes only to show the effects on our balance sheet...”

D. Modal Auxiliary

Eg. “The proforma consolidated balance sheets below *should be read* in conjunction with the accompanying notes...”

5) Presenting Details on Consolidated Cash Flow

A. Phrasal verbs

Eg. “The summary of our proforma consolidated cash flow statement for the FYE 2009 as *set out* below is provided for illustrative purposes only...”

B. Passive voice

Eg. “The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below *is provided* for illustrative purposes only...”

C. Perfect tenses

Eg. “The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below is provided for illustrative purposes only and on the assumption that our Group structure *has been in existence* during the period under review.”

D. Passives

Eg. “The proforma consolidated cash flow statement is prepared for illustrative purposes only and *should be read* in conjunction with the Reporting Accountant's Letter on the proforma consolidated financial information set out in Section 11,7 of this Prospectus.”

6) Presenting Details on Audit Qualifications

A. Perfect tenses

Eg. “The auditors of **H** *have reported* on the audited financial statements of Homeritz for the financial period from 6 February 2008 (date of incorporation) to 31 August 2008 and the FYE 2009 without any audit qualifications. The auditors of all the subsidiary companies of **H** *have reported* on the respective audited financial...”

7) Presenting Details on Consolidated Profit Estimate & Forecast.

A. Verb to be as main verb

Eg. – “The consolidated profit estimate for the financial year ended 28 February 2007 and consolidated profit forecast for the financial year ending 29 February 2008 **is** as follows:”

8) Offering of IPO

A. Passive voice

Eg. “The following statistics relating to our IPO ***are derived*** from the full text of this Prospectus and should be read in conjunction with the text.”

9) Presenting Use of Proceeds

Total and usage of proceeds

A. Passive voice

Eg. “The total estimated gross proceeds to be raised by our Company from our Rights Issue and Public Issue of RMX.XX million shall be utilised in the following manner:-“

Eg. “The gross proceeds from the Public Issue of approximately RMS XX million is expected to be utilised by our Group in the following manner-“

Eg. “We expect the proceeds to be utilised in the following manner: -“

B. Modal auxiliary

Eg. “The total estimated gross proceeds to be raised by our Company from our Rights Issue and Public Issue of RMX.XX million shall be utilised in the following manner:-The total estimated gross proceeds from the Offer for Sale amounting to RMXX.XX million shall accrue entirely to the Offerors.

Eg. “The gross proceeds arising from the Offer For Sale amounting to approximately RMXX.XXmillion shall accrue entirely to the Offeror and no part of the proceeds will be received by the Company.”

Cost of Listing

A. Modal auxiliary

Eg. “We expect the total gross proceeds from the Public Issue to amount to approximately RMXX,XX0,000 based on the IPO Price of RM0.60 per IPO Share. The proceeds *shall come* to us and *we shall bear* all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.”

Eg. “The Company *will bear* all expenses in relation to the Listing such as professional fees and fees to the authorities estimated at RMX.X million.”

Eg. “The Offerors *shall bear* all incidental expenses relating to the Offer for Sale.

Eg. “The proceeds shall come to us and we shall bear all expenses relating to the Listing of and quotation for our entire enlarged issued and paid-up share capital on the Second Board of Bursa Securities.”

Other Expenses

A. Modal Auxiliary

Eg. “All other expenses and fees incidental to the Offer For Sale, including fees to authorities, professional fees, printing and advertising fees, brokerage, commissions, underwriting fees, placement fees and miscellaneous expenses, estimated to be RM1X.X million *will be borne* by the Offeror.”

Eg. “The Offerors *shall bear* all incidental expenses relating to the Offer for Sale.”

10) Understanding Risks Involved

A. Modal Auxiliary

Eg. “...you *should carefully consider* the following material risk factors...”

B. Nouns

Eg “...*Absence* of long term contracts; ...”

4.10 SUMMARY

In summary, the chapter presents the findings of the study. The communicative purposes of IS are realized from the guide provided by the community where the genre is used and confirmed by a group of advisers representing members of the business community. The structures of IS of both manufacturing and food and beverages are also realized. The frequency of moves and its percentage are provided with the relevant descriptions while the behaviors of grammatical items are illustrated by the use of Wordsmith Tool version 5.0. The results of the study are also supported by visual analysis while an ensued interview confirmed the results of the study. Finally, a model module on producing an IS is proposed based on the findings of the study.

CHAPTER 5

5.0 CONCLUSION AND RECOMMENDATIONS

The study hopes to provide a description of information summary section in IPO prospectuses submitted to Bursa Malaysia in relation to communicative strategies, structural organisation and linguistic features. The findings of the study will provide insight in assisting ESP practitioners; curriculum designers, course writers, instructors and students as well as those with vested interest the information required in understanding the genre. Studies in the related area are abundant especially from the business and economic fields (Abrahamson & Amir, 1996; Welbourne & Cyr, 1999; Mayo, 2000; Strong, 2004; Daily, Certo & Dalton, 2005 and Deumes, 2008;) and linguistics (Kathpalia, 1992; Delwis, 1999; Henry & Roseberry, 2001; Yeung, 2007 and Bhatia 2008). However, the same cannot be said for genre analysis. The IS provided in the corpus from two fields; manufacturing and food and beverages were investigated based on the inspirational work by Swales (1990) and Bhatia (1993). Bhatia's work that was supported by Kathpalia's study on business related documents namely sales letters, blurbs and print advertisements are recognized as promotional genres and contribute significantly to professional genre.

The structural pattern of both M and FB is identified. It is observed that the structures of M and FB are similar in number but varied in content. The variations is found to be in 'Move 5: Presenting details on Consolidated Cash Flow of M and 'Move 6: Presenting details on Consolidated Profit Estimate & Forecast' of FB. Since the frequency of these two moves is small-10%, it is no longer considered in the IS.

The investigation also identified the communicative strategies that help language users in understanding what the genre is trying to achieve. Two main communicative strategies found are 'to inform' and 'to warn.' The investigation had also identified nine

moves. This will assist language users on writing or reproducing the different elements in the structure (Bhatia, 1993).

The linguistic analysis presents a wide array of information on language that can be used in the genre such as auxiliary verbs, passives voice, tense aspects, and prepositions, to infinitives, gerunds, modal auxiliary and phrasal verbs. An extension to the study in linguistic features is an investigation on risk factor. The study categorized 'risks' into 'Controlled Risk's and 'Beyond Controlled Risks'. These are then sub-divided into 'Risks to Investors' and Risks from Companies' while Beyond Controlled Risks is divided into 'Risks from Business and Industry and 'Uncontrolled Risks'.

More detailed information of the study is also provided with the analysis on visuals presence in the genre. It is observed that both categories of IS utilized visuals to complement the findings. "Move 3: Presenting Financial Credential" are full of non-linear texts compared to "Move 1: Offering Details on Incorporation", "Move 2: Introducing Key Personnel", "Move 7: Offering of IPO", "Move 8: Presenting Use of Proceeds" and "Move 9: Announcing Possible Risk". The study has also provided a module for IS writing as a guide for those who are interested.

5.1 RESEARCH QUESTION 1

The structural organisation of both M and FB are realized with 9 moves. For M, the moves are “Move 1: Offering Details on Incorporation”, “Move 2: Introducing Key Personnel”, “Move 3: Presenting Details on Consolidated or Comprehensive Income”, “Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position”, “Move 5: Presenting Details on Consolidated Cash Flow”, Move 6: Presenting Details on Audit Qualifications”, “Move 7: Offering of IPO”, “Move 8: Presenting Use of Proceeds” and “Move 9: Understanding Risks Involved”. While for FB, the moves are “Move 1: Offering Details on Incorporation”, “Move 2: Introducing Key Personnel”, “Move 3: Presenting Details on Consolidated or Comprehensive Income”, “Move 4: Presenting Details on Consolidated Balance Sheets or Financial Position”, “Move 5: Presenting Details on Audit Qualifications”, “Move 6: Presenting Details on Consolidated Profit Estimate & Forecast”, “Move 7: Offering of IPO”, “Move 8: Presenting Use of Proceeds” and “Move 9: Understanding Risks Involved”. Variations are observed in ‘Move 6: Presenting details on Consolidated Profit Estimate & Forecast’ of Move 4. It is probably unnecessary since it is found only in FB5, it can be concluded that Move 6 of FB is unnecessary. Likewise, ‘Move 5: Presenting details on Consolidated Cash Flow’ of M3 is negligible since it is also the only one from the rest of the corpus.

However, there are several patterns identified. For M, the patterns that were found are Pattern 1: M1-M2-M3-M4-M7-M8-M9 (in M6 and M9) and Pattern 2: M1-M3-M4-M7-M8-M9 (in M1 and M10). Each of this pattern occurred twice. While for FB, the pattern is Pattern 1: M1-M2-M3-M4-M7-M8-M9. This pattern was found in two IS namely FB1 and FB2.

These patterns offer a formulaic framework for those who wish to compose IS in a methodical manner. Such models would serve as a much-needed guide for applied linguistics especially in the area of ESP. By understanding the descriptions provided for each move, a novice writer with the assistance of an instructor can help with IS composition. Bhatia (1997) perceives variations are typical and could be found in the number of moves identified and sequential elements (Bhatia 1993). While, Flowerdew (1993) perceives flexibility of moves from the omission or repeat of a move, it's ordering pattern or element of embedding (As cited in Hajibah Osman , 2006: p. 222).

Some moves occurred more than others. It is regarded that a move that obtained 100% qualifies as obligatory while those less are optional such as Move 5 of Manufacturing IS and Move 2, Move 4, Move 5 and Move 6 of Food and Beverages IS are equally important to the genre. (Table 4.4: Moves frequency of Manufacturing and Table 4.5: Moves frequency of Food and Beverages). This is evident from the prospectus requirement by Bursa Malaysia as well as advisers in an interview held.

The structural organisation of M and FB demonstrates a minor difference. Majority of the moves and steps were found to occur in the same pattern. The difference is located in the Financial Highlights section of FB where Move 5: Presenting details on Consolidated Profit Estimate & Forecast is found. This step, in one of the interview sessions, however is deemed to be negligible as it is no longer in practice.

The patterns above should be useful for those interested to read, write and understand an IS. A good IS then should consider the patterns above as possible reference points when looking into an IPO prospectus.

5.2 RESEARCH QUESTION 2

The communicative strategies of IS for both M and FB are similar that they are ‘to inform’ and ‘to warn.’ Potential investors need to have correct and reliable information to make sound decisions. Thorough presentations of IS should indicate if an investor should commit to the IPO portfolio. Rather than a tool to promote the genre is written ‘to inform’ potential investors the necessary information such as background of the company, the managers, the business, financial situations, details on the IPO and details on proceeds and ‘to warn’ possible risks. This information is presented for careful deliberation before a decision can be made. The communicative strategies above are identified from Bursa Malaysia, the linguistic features and interview with a group of advisers.

5.3 RESEARCH QUESTION 3

The linguistic devices in the study help in informing language users the kind of language features employed in the different moves for both M and FB. This part of the study would further provide information to understanding of the genre.

Upon studying the linguistic features of both M and FB, it is observed that they are similar in terms of purpose and functions. They supported the communicative strategies of ‘to inform’ and ‘to warn’ but lack features suggesting promotional strategy as suggested by Kathpalia (1992). The detailed identification of grammatical features would also be beneficial to those who need to compose IS in terms of what grammatical aspects important in general and moves specifically as they are realized with the grammatical features unique to the moves.

The study had also looked at additional features of IS. Since both categories of IS contain myriad of non-linear texts, a content analysis was carried out. Frequency,

distribution and type of non-linear texts were identified. Other than that, the study had also looked at ‘Move 9: Understanding Risks Involved’ to identify the lexical items involved.

All of the knowledge on IS above are combined and useful for ESP practitioners, business experts and linguists or even common language users. A module on how to write information summaries or IS is designed for the above purpose. It is the intention for the module to provide an acceptable and valuable point of reference for those requiring it.

5.4 RESEARCH QUESTION 4

The study also investigated the visuals or non-linear texts appeared in various sections in the IS such as in ‘In the History and Principal Activities’, ‘Promoters, Substantial Shareholders, Directors and Key Management’, ‘Financial Highlights’ and ‘Principal Statistics Relating To The IPO’.

It is reported that there are only two types of visuals or non-linear texts in the sections above namely tables and diagrams. Other than that, the study has also identified the frequency of occurrence, location and distribution of the visuals.

It is observed that the use of visuals or non-linear texts is more effective in representing the meaning of the sections above. Numbers or percentages were presented objectively that no narratives could. This suggests to stakeholders not to neglect visuals in understanding the genre.

5.5 RECOMMENDATIONS

A more complete investigation based on a wide array of investigation techniques should be carried out to further provide a more complete information for the study on IS. A multi model analysis would help to give an edge to both M and FB.

Apart from engineering and food and beverages, other industries should also be investigated. It will be interesting if findings in the current study are different hence investigations can be done.

The present study is only limited to six areas of information summaries; 1) History and Principal Activities, 2) Promoters, Substantial Shareholders, Directors and Key Management, 3) Risk Factors, 4) Financial Highlights, 5) Principal Statistics Relating to the IPO and 6) Utilisation of Proceeds. It will be worthwhile if other areas are also included such as Business Model, Competitive Strengths and Future Plans and Dividend Policy. The abovementioned considerations would benefit curriculum and course designers, instructors, students, potential investors and others with vested interest. A course can also be offered to apply the knowledge of information summaries. Perhaps it can help potential investors as well as learners of both linguistic and economic and finance fields in making a sound decision in the field or for other related purposes and opportunity for involving in cross-discipline investigations.

6.0 APPENDICES

Appendix A

Interview Questions

- 1) What is the purpose of publishing information summaries for the prospectuses?
- 2) Do some potential investors refer only to IS than reading the whole prospectus? What could be the reasons?
- 3) What information should be included as the content of information summaries?
- 4) Is there any effect on the function(s) or purpose of information summaries:
 - a) If the information summary does not have all the _____ sections?
Yes/No. How?
 - b) If the information (sections/headings/subheadings) are presented in different sequence?
 - c) Yes/No. How?
- 5) One of the important features is risk factors. However, in my collection of data, one of the IS does not have risk factors. Is this common?
- 6) What are the characteristics to be considered in order to produce an effective information summary?
- 7) Is information summary written based on any particular template?
- 9) Do you make any amendments? Why? What are the modifications?
- 10) Are there any differences between industries? Or fields such as engineering and food and beverages?

Appendix B

FB 1

| | |
|---|----------------------|
| 2. INFORMATION SUMMARY | Line |
| | |
| 2.1 Background and Principal Activities | Move 1 |
| Our Company was incorporated in Singapore under the Singapore Companies Act on 12 January 2009 as a private limited company under the name of C O Pte Ltd. {S1: On 30 October 2009, our Company was registered in Malaysia as a foreign company. We were subsequently converted into a public limited company on 24 November 2009 and assumed our present name. On 1 December 2009, our Malaysian registered foreign company has notified the ROC on the change of its name to C O Limited. We were incorporated and commenced business as an investment holding company to facilitate our Listing. } | 5 10 15 |
| {S3: We had undertaken a Restructuring Exercise prior to our Listing. Pursuant to the Restructuring Exercise, we had, on 13 March 2009 entered into an equity transfer agreement to acquire from H a 25% equity interest in O PRC for a purchase consideration of approximately RMB1 million. Subsequently, we had, on 16 March 2009 entered into a capital increase agreement with YO for a capital injection by us of USD&.4 million into Ouhua PRC resulting in our shareholdings in Ouhua PRC to increase from 25% to 95% with the remaining 5% equity interest in Ouhua PRC being held by YO . Prior to the Restructuring Exercise, MR T, our founder, Executive Chairman and CEO was the ultimate beneficial owner of O holdings his interest therein through Hualian and YO. } | 20 25 30 35 |
| {S2: Through our 95% owned subsidiary, O P, we are involved in the production and distribution of red and white wines under our flagship FO labels and our International Wine labels. | 40 |

| | | |
|---|----|---|
| {S4: | | |
| The present corporate structure of our Group is set out below- 95% 5% | 45 | |
| (O PRC) } | | |
| | | |
| 2.2 Ownership and management | 50 | Move 2 |
| Our Promoter, substantial shareholders, Directors and key management and technical personnel are set out below:- | | |
| 2.2.1 Promoter | | |
| Name Designation | | |
| Hua Xin | 55 | |
| 2.2.2 Substantial Shareholders | | |
| Name Designation | | |
| Hua Xin HK Yin Kang Soleil Primeforth | | |
| 2.2.3 Directors | | |
| Name Designation | | |
| Wang Chao | 60 | Executive Chairman & CEO |
| Wang Wei | | Executive Director |
| Li Jun | | Non-independent Non-Executive Director |
| Tarn Fook Cheong | | Independent Non-Executive Director |
| Foo San Kan | | Independent Non-Executive Director |
| Low Yew Shen | | Independent Non-Executive Director |
| 2.2.4 Key Management and Technical Personnel | | |
| Name Designation | | |
| Wang Chao | | CEO |
| Wang Wei | | Chief Operating Officer |
| Mei Kebing | | Marketing and Sales Director |
| Tang Liu | | Brand Strategy Director |
| Sun Cunhui | 70 | Production and Technical Director |
| Sun Luning | | Chief Winemaker |
| Hui Kang Sang | | Chief Financial Officer |
| Song Jiakai | | Financial Controller |
| Zhuang Jinjie | | Assistant General Manager – Administration |
| | | |
| 2.3 Financial Highlights | 75 | Move 3 |
| 2.3.1 Proforma Consolidated Statements of Comprehensive Income | | |
| The following table sets out a summary of the proforma consolidated statements of comprehensive income of our Group for the six (6)-month FPE 30 June 2010 and the audited financial statements for the past three (3) FYE 31 December 2009, prepared based on the assumption that our Group has been in existence throughout the financial years and periods under review. The proforma consolidated statement of comprehensive income are presented for illustrative purposes only and should be read in conjunction with the Accountants' Report and the Reporting | | |
| | 80 | |
| | 85 | |
| | 90 | |

| | | | | | | | | |
|--|---------------------------|------------------|-------------------------|-----------------|--------------------------|-----------------|------------------|-------------|
| Accountants' Letter together with the notes and assumptions accompanying the proforma consolidated financial information set out in Sections 12 and 13 of this Prospectus, respectively. | | | | | | | | 95 |
| Proforma | Audited | | Unaudited | | < Audited > | | | 100 |
| Six (6)-month December | Six (6)-month > | | Six (6)-month | | < FYE | | 31 | |
| FPE 30 June 2010 | FPE 30 June 2010 | | FPE 30 June 2009 | | 2009 | | | 105 |
| 2008 2007 | | | | | | | | |
| RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | RM'000 | RM'000 | |
| | RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | | 110 |
| Revenue | 229,270 | 112,251 | 229,270 | 112,251 | 177,211 | 90,697 | 375,530 | |
| | 189,718 | 301,517 | 145,090 | 178,736 | 80,718 | | | |
| Cost Of sales | (94,602) | (46,317) | (94,602) | (46,317) | (80,178) | (41,035) | (168,024) | 115 |
| | (84,886) | (135,033) | (64,978) | (83,182) | (37,565) | | | |
| Gross Profit | 134,668 | 65,934 | 134,668 | 65,934 | 97,033 | 49,662 | 207,506 | |
| | 104,832 | 166,484 | 80,112 | 95,554 | 43,153 | | | 120 |
| Other items of income | | | | | | | | |
| Interest income | | | 128 | 63 | 128 | 63 | 76 | 39 |
| | 123 | 62 | 209 | 101 | 181 | 82 | | |
| Other income | | | 162 | 79 | 162 | 79 | - | - |
| | 6,621 | 3,345 | 519 | 250 | | | | 125 |
| Other items of expense | | | | | | | | |
| Marketing and distribution | | | (25,192) | (12,334) | (25,192) | (12,334) | (13,891) | 130 |
| | (7,109) | (34,063) | (17,209) | (21,917) | (10,546) | (13,966) | (6,307) | |
| Administrative expenses | | | (9,616) | (4,708) | (9,616) | (4,708) | (5,792) | |
| | (2,964) | (13,484) | (6,812) | (9,630) | (4,634) | (7,852) | (3,546) | |
| Interest expense | | | (3,039) | (1,488) | (3,039) | (1,488) | (139) | (71) |
| | (2,545) | (1,286) | (68) | (33) | | | | 135 |

| | | | | | | | | |
|---|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------|--------|
| Other expense | (8,209) | (3,955) | (2,970) | (1,454) | (2,254) | (1,155) | (5,564) | |
| | (2,810) | (459) | (221) | (1,244) | (562) | | | |
| PBT | 88,902 | 43,591 | 94,141 | 46,092 | 75,033 | 38,402 | 158,594 | 80,122 |
| | 135,138 | 65,029 | 72,673 | 32,820 | | | | 140 |
| Proforma | Audited | Unaudited | < | -Audited | > | | | |
| Six (6)-month | Six (6)-month | Six (6)-month | < | FYE | 31 | December | | 145 |
| > | | | | | | | | |
| FPE 30 June 2010 | FPE 30 June 2010 | FPE 30 June 2010 | FPE 30 June 2009 | 2009 | |
| 2008 | 2007 | | | | | | | |
| RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | 150 |
| | RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | RM'000 | |
| Income tax (expense)/credit | | (16,110) | (7,887) | (16,110) | (7,887) | (12,552) | | |
| | (6,424) | (25,821) | (13,045) | (20,325) | (9,780) | 1,242 | 561 | 155 |
| PAT | | 72,792 | 35,704 | 78,031 | 38,205 | 62,481 | | |
| | 31,978 | 132,773 | 67,077 | 114,813 | 55,249 | 73,915 | 33,381 | |
| Other comprehensive (loss)/ income | | | | | | | | 160 |
| Foreign currency translation | (19) | (7,146) | (19) | (7,146) | (41) | 1,076 | (141) | |
| | (1,684) | - 7,891 | - 196 | | | | | 165 |
| Total comprehensive | | | | | | | | |
| income for the period/year | 72,773 | 28,558 | 78,012 | 31,059 | 62,440 | 33,054 | | 170 |
| | 132,632 | 65,393 | 114,813 | 63,140 | 73,915 | 33,577 | | |
| Profit attributable to:- | | | | | | | | |
| - | Owners of the Company | 68,385 | 33,546 | 73,624 | 36,047 | 59,083 | | 175 |
| | | 30,239 | 125,500 | 63,403 | 108,870 | 52,388 | 70,220 | 31,712 |
| -MI | | 4,407 | 2,158 | 4,407 | 2,158 | 3,398 | 1,739 | |
| | 7,273 | 3,674 | 5,943 | 2,861 | 3,695 | 1,669 | | |
| ~ | 72,792 | 35,704 | 78,031 | 38,205 | 62,481 | 31,978 | 132,773 | 67,077 |
| | 114,813 | 55,249 | 73,915 | 33,381 | | | | 180 |
| Total comprehensive income attributable to:- | | | | | | | | |

| | | | | | | | | | |
|-----|---|-------------------------------|-------------------------|----------------|---------------------|----------------|---------------|------------|--------|
| - | Owners of the Company | 68,366 | 26,803 | 73,605 | 29,304 | 59,042 | | | 185 |
| | | 31,257 | 125,359 | 61,800 | 108,870 | 59,886 | 70,220 | 31,898 | |
| -MI | | | 4,407 | 1,755 | 4,407 | 1,755 | 3,398 | 1,797 | |
| | | 7,273 | 3,593 | 5,943 | 3,254 | 3,695 | 1,679 | | 190 |
| | | 72,773 | 28,558 | 78,012 | 31,059 | 62,440 | 33,054 | 132,632 | 65,393 |
| | | 114,813 | 63,140 | 73,915 | 33,577 | | | | |
| | EBITDA | | 96,289 | 47,208 | 101,528 | 49,709 | 78,619 | | 195 |
| | | 40,237 | 169,722 | 85,744 | 140,691 | 67,702 | 77,726 | 35,101 | |
| | Gross profit margin (%) | | 58.7 | 58.7 | 58.7 | 58.7 | 54.8 | 54.8 | |
| | | 55.3 | 55.3 | 55.2 | 55.2 | 53.5 | 53.5 | | |
| | PBT margin (%) | | 38.8 | 38.8 | 41.1 | 41.1 | 42.3 | 42.3 | 200 |
| | | 42.2 | 42.2 | 44.8 | 44.8 | 40.7 | 40.7 | | |
| | PAT margin (%) | | 31.8 | 31.8 | 34.0 | 34.0 | 35.3 | 35.3 | |
| | | 35.4 | 35.4 | 38.1 | 38.1 | 41.4 | 41.4 | | 205 |
| | EPS (RMB/ RM) | | 0.13 | 0.06 | 0.13 | 0.06 | 0.11 | 0.06 | |
| | | 0.23 | 0.12 | 0.20 | 0.10 | 0.13 | 0.06 | | |
| | (excluding MI and proforma estimated listing expenses) | | | | | | | | 210 |
| | Proforma | Audited | Unaudited | <— | Audited > | | | | |
| | Six (6)-month December | Six (6)-month > | Six (6)-month | < | FYE | 31 | | | 215 |
| | FPE 30 June 2010 | FPE 30 June 2010 | FPE 30 June 2009 | 2009 | 2008 | | | | |
| | 2007 | | | | | | | | 220 |
| | RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | | | |
| | | RMB'000 | RM'000 | RMB'000 | RM'000 | RMB'000 | RM'000 | | |
| | Current ratio (times)*** | | 5.75 | 5.75 | 3.63 | 3.63 | | N/A | |
| | | N/A | 3.10 | 3.10 | 2.29 | 2.29 | 0.85 | 0.85 | 225 |
| | (Total current assets/ total current liabilities) | | | | | | | | 230 |

| | | | | | | | | |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|------------|
| Gearing ratio (times)"² | 0.19 | 0.19 | 0.30 | 0.30 | N/A | | | |
| | N/A | 0.29 | 0.29 | 0.30 | 0.30 | 0.56 | 0.56 | |
| (Total liabilities/ total equity | | | | | | | | 235 |
| (excluding MI)) | | | | | | | | |
| NTA (NA excluding MI and | 326,931 | 156,069 | 298,725 | 142,609 | N/A | N/A | | |
| 225,016 | 113,059 | 161,548 | 82,381 | 84,440 | 38,234 | | | 240 |
| non-current prepayments) | | | | | | | | |
| NA (excluding MI) | 334,795 | 159,822 | 306,589 | 146,362 | N/A | N/A | | |
| 232,984 | 117,058 | 169,724 | 86,538 | 92,824 | 42,035 | | | 245 |
| NTA per ordinary share | 0.44 | 0.29 | 0.56 | 0.27 | N/A | N/A | 0.42 | |
| | 0.21 | 0.30 | 0.15 | 0.16 | 0.07 | | | |
| (RMB/ RM)"³ | | | | | | | | 250 |
| NA per ordinary share | 0.63 | 0.30 | 0.57 | 0.27 | N/A | N/A | 0.44 | |
| | 0.22 | 0.32 | 0.16 | 0.17 | 0.08 | | | |
| (RMB/ RM)"³ | | | | | | | | 255 |
| Number of ordinary share | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | |
| | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | 535,450 | |
| (after conversion of promissory notes and before Public Issue) | | | | | | | | 260 |
| Notes:- | | | | | | | | 265 |
| " | As the holding company, Ouhua, was incorporated on 12 January 2009, | | | | | | | |
| | the financial statements of the subsidiary, namely Ouhua PRC for the FYEs 31 | | | | | | | |
| | December 2008 and 2007, were | | | | | | | |
| used in arriving at the above ratios | | | | | | | | 270 |
| Based on the assumption of after conversion of promissory notes and before | | | | | | | | |
| Public Issue | | | | | | | | |
| ^ | Number of ordinary shares used in the calculation is based on | | | | | | | 275 |
| | Proforma I (after conversion of promissory notes and before Public Issue) in the | | | | | | | |

| | | | |
|-------|---|------------------|--------|
| 2.7.3 | Market capitalisation | | |
| | Market capitalisation of our Company based on IPO Price is RM400.8 million. | | 330 |
| 2.7.4 | Proforma NTA based on our Proforma Consolidated Statements of Financial Position as at 30 June 2010 } | | 335 |
| | RMB'000 RM'000 | | |
| | Proforma NTA, excluding MI and prepayments, 480,459 222,116 upon Listing (After taking into account our Public Issue of 132,550,000 new Ouhua Shares at the IPO Price and after deducting estimated listing expenses of RM10,338,900) (Based on the exchange rate of RMB1.RM0.4623 as at LPD) | | 340 |
| | Proforma NTA per Share, excluding MI and prepayments, upon Listing (RMB/ RM) (Based on our enlarged issued and paid-up share capital after our Public Issue of 668,000,000 Ouhua Shares) | 0.72 0.33 | 345 |
| | | | 350 |
| 2.7.5 | Classes of Shares and ranking | | |
| | {S1: We have only one (1) class of shares, namely ordinary shares. The IPO Shares shall rank pari passu in all respects with our existing Ouhua Shares, including voting rights and rights to all dividends and distributions that may be declared, paid or made subsequent to the date of allotment thereof. } | | 355 |
| | | | 360 |
| | Further details on our IPO are set out in Section 3 of this Prospectus. | | |
| | | | |
| | | | Move 8 |
| 2.8 | Utilisation of Proceeds from the Public Issue | | |
| | {S1: We expect the total gross proceeds from the Public Issue to amount to approximately RM79,530,000 based on the IPO Price of RM0.60 per IPO Share. } {S3: The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and | | 365 |
| | | | 370 |

paid-up share capital on the Main Market of Bursa Securities.

We expect the proceeds to be utilised in the following manner: -}

| | | | | | |
|---|---------------------------|----------------|---------------|-----------------|-----|
| Timeframe for utilisation upon total gross | As a percentage of | | | | 375 |
| Details of utilisation | | Listing | Amount | proceeds | |
| RM'000 | % | | | | |
| Expansion of our market presence and distribution network, in particular Fazenda Ohua specialty stores | Within 24 months | | 35,788 | 45 | 380 |
| Enhance the quality of and control over our materials supplies | Within 24 months | | 7,952 | 10 | |
| Expansion of our production capacity and range of wines | Within 24 months | | 11,930 | 15 | 385 |
| Enhance R&D Capabilities | Within 24 months | | 3,977 | 5 | |
| Working Capital | Within 12 months | | 9,544 | 12 | |
| Estimated listing expenses | Upon Listing | | 10,339 | 13 | 390 |
| 79,530 | 100" | | | | |

.....
 2.9 Risk Factors

.....
 Move 9

An investment in shares listed or to be listed on Bursa Securities involves a number of risks. You should rely on your own evaluations and carefully consider the following risk factors (which may not be exhaustive) that may have a significant impact on our future performance, in addition to the other information contained elsewhere in this Prospectus, before applying for any IPO Shares, which are the subject of this Prospectus.

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:

Risks relating to our Business and Industry

Grape wine consumption is in the nascent stage of development and account for only a low percentage of overall alcoholic consumption in the PR

Reliance on supply of grape and wine materials

Reliance on Fazenda Ohua brand
Reliance on distribution network
Reliance on our red wine products
Reliance on the PRC market
Risk of outbreak of food-related diseases
Risk of food contamination and deterioration
New wines developed by us may not be successful
Risk of non-renewal and revocation of permits and business licences
Difficulties in ensuring customer loyalty due to the capricious nature of consumer spending
Exposure to product liability claims
Affected by intellectual property rights disputes
Reliance on our Executive Directors and Officers
No assurance that our future plans will be commercially successful
Pending registration of trademark, we may be subject to claims of infringement of third parties' intellectual property rights
Registered marks may be affected by intellectual property rights disputes

ii. Risks relating to the PRC

- Our business may be adversely affected by the reforming and uncertainty of the PRC legal system
- Changes in the PRC governmental rules and regulations may have a significant impact on our business
- Cessation of income tax exemptions and incentives for our subsidiary may have an impact on our net profit
- PRC foreign exchange control may limit our ability to utilise our revenue effectively and affect our ability to receive dividends and other payments from Ouhua PRC
- Foreign exchange rate fluctuations
- Holding company that relies heavily on dividend payment from our subsidiary for funding
- Enforceability of shareholder rights

iii. Risks relating to our Company being incorporated in Singapore

- Rights and protection accorded to our shareholders may be different from those applicable to shareholders of a Malaysian incorporated company
- Changes in laws and regulations may affect our Company's Shares

iv. Risks relating to Investment into our Shares

- No prior public market for our Shares and possible volatility of our share prices
- Trading price and volume of our Shares
- Future sale of our Shares by our controlling shareholder may adversely affect our Share prices

- Ownership and control by our existing shareholders
- Future fundraising may dilute shareholders equity or restrict our operations

- Payment of dividend is not assured
- Capital restrictions on funds raised in Malaysia
- Delay between admission and trading of the IPO Shares
- Failure/ delay in our Listing
- Political, Economic and Regulatory Risk

Appendix C

FB 7

| | |
|---|--------|
| 3. INFORMATION SUMMARY | Line |
| 3.1 History and Business | Move 1 |
| <p>'H' was incorporated in Malaysia under the Act on 12 August 2002 as a public limited company. {S4: 'H' is principally an investment holding company while the principal activities of its subsidiary and associated companies, all of which were incorporated in Malaysia except 'III' which was incorporated in 'J', are as follows: }</p> | 5 |
| <p>Subsidiary Principal activities 'H' Manufacturing and sale of speciality oils and fats based on 'LL', 'PP', 'KK', 'RR' and 'KJ'.</p> | 10 |
| <p>Subsidiaries of PVOB 'I' has not commenced operations since incorporation. Its intended principal activity is to undertake projects for manufacturing downstream products from palm oil.</p> | 15 |
| <p>'J' Processing of oil palm fruits, refining of palm oil and sale of refined and fractionated products along with the by-products.</p> | 15 |
| <p>'K' Refining and processing of vegetable oils.</p> | |
| <p>Associated company of 'H'</p> | |
| <p>'L' General trading of oils and fats.</p> | |
| <pre> graph TD PREMIUM[PREMIUM] -- 100% --> PVOB[PVOB] PREMIUM -- 100% --> BHB[BHB Group *] PVOB -- 50% --> SPCB[SPCB] PVOB -- 100% --> PFSB[PFSB] PVOB -- 100% --> MSSB[MSSB] PVOB -- 74% --> AAO[AAO] </pre> | 20 |
| <p><i>Notes :</i></p> | 30 |
| <p>Pursuant to the shareholders' agreement dated 22 August 2002, 'H' agreed to acquire 74% of the enlarged share capital of 'I', and has gained control of 'I' from the date of the agreement. 'H' has an option to purchase the remaining 26% equity interest in 'I' via a put and call option commencing in 1 January 2004. As at the date of this Prospectus, 'I' has acquired 52% equity interest in 'J'. The acquisition of up to 74% equity interest in 'J' will be completed by 31 July 2003. However, for the purpose of consolidation for the financial year ended 31 December 2002, the 'H' Group has consolidated 'I's results based on the effective interest of 74%.</p> | 35 |
| <p>Pursuant to the workout proposal prepared by the Special Administrators, 'B' Group shall be liquidated upon completion of the Restructuring Scheme. Hence, it will not be part of the 'H' Group</p> | 40 |

3.2 Promoters, Major Shareholders, Directors and Key Management

Move 2

| | Designation | After the Offer for Sale | | | |
|--|---|------------------------------|-------|--------------------------------|----------------------|
| | | Direct no. of PREMIUM Shares | % | Indirect no. of PREMIUM Shares | % |
| NLFCS | Promoter / Major Shareholder | 62,863,195 | 18.65 | - | - |
| Y. Bhg. Tan Sri Dato' Dr K. R. Somasundram | Chairman, Non-Independent, Non-Executive Director / Major Shareholder | 36,032,834 | 10.69 | 1,561,050 | 0.46 ⁽¹⁾ |
| Kiti Anandaraj Somasundram | Major Shareholder | 49,761 | 0.01 | 37,544,123 | 11.14 ⁽²⁾ |
| Kili Rathnaraj Somasundram | Major Shareholder | 497,608 | 0.15 | 37,096,276 | 11.01 ⁽³⁾ |
| Dharshan Ganesan | Deputy Managing Director / Major Shareholder | 1,013,681 | 0.30 | 36,580,203 | 10.85 ⁽⁴⁾ |

| | Designation | After the Offer for Sale | | | |
|---|--|------------------------------|------|--------------------------------|----------------------|
| | | Direct no. of PREMIUM shares | % | Indirect no. of PREMIUM shares | % |
| PMCB | Major Shareholder | 11,241,375 | 3.34 | 18,200,652 | 5.40 ⁽⁵⁾ |
| FMSB | Major Shareholder | 23,064,115 | 6.84 | - | - |
| Arif bin Dato' Faruk | Major Shareholder | - | - | 23,064,115 | 6.84 ⁽⁶⁾ |
| Aida binti Dato' Faruk | Major Shareholder | - | - | 23,064,115 | 6.84 ⁽⁶⁾ |
| Y. Bhg. Dato' Faruk bin Othman | Non-Independent Non-Executive Director / Major Shareholder | - | - | 23,064,115 | 6.84 ⁽⁷⁾ |
| Y. Bhg. Datin Nik Radiah binti Nik Hassan | Major Shareholder | - | - | 23,064,115 | 6.84 ⁽⁷⁾ |
| PVSB | Major Shareholder | 18,200,652 | 5.40 | - | - |
| SCSB | Major Shareholder | 17,266,725 | 5.12 | - | - |
| SMSB | Major Shareholder | - | - | 17,266,725 | 5.12 ⁽⁸⁾ |
| Agarwal Pares Nath | Managing Director / Major Shareholder | - | - | 17,266,725 | 5.12 ⁽⁹⁾ |
| Y. Bhg. Datuk Sahadivanaidu a/l Baliah | Non-Independent Non-Executive Director | 810,945 | 0.24 | - | - |
| Abdul Aziz bin Mohamed Hussain | Independent Non-Executive Director | - | - | - | - |
| Ab Rahim bin Mohd Zain | Independent Non-Executive Director | - | - | 12,299,104 | 3.65 ⁽¹⁰⁾ |
| Subramaniam a/l Seenivasagam | Non-Independent Non-Executive Director | 49,761 | 0.01 | - | - |
| Dato' Ngu Tieng Ung | Non-Independent Non-Executive Director | - | - | - | - |
| Syed Mubarak bin Syed Ahmad | Independent Non-Executive Director | - | - | - | - |
| Dr Subramaniam a/l Arjunan | Non-Independent Non-Executive Director | - | - | - | - |
| U. R. Sahasranamam | President | 248,804 | 0.07 | - | - |

| | Designation | -----After the Offer for Sale----- | | | |
|------------------------------|--------------------------------------|------------------------------------|------|--------------------------------|---|
| | | Direct no. of PREMIUM shares | % | Indirect no. of PREMIUM shares | % |
| Debikant Jha | Vice President – Production | 49,761 | 0.01 | - | - |
| V Jairam | Head of Marketing | 4,976 | * | - | - |
| Navaratnam s/o Mailu | Vice President – Technical | - | - | - | - |
| Munisamy s/o Thamburan | Vice President – Production | 124,402 | 0.04 | - | - |
| Patapal Naidu a/l Iyav Naidu | Assistant Vice President- Commercial | 49,761 | 0.01 | - | - |
| GV Krishna Rao | Vice President of Production of AAO | - | - | - | - |

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Notes:

* Less than 0.01%

(1) Deemed interested by virtue of his sons' interests namely, CCC and DDD and his son-in-law's interest, namely EEE.

(2) Deemed interested by virtue of his father's interest, namely FFF, his brother's interest, namely GGG, and his brother-in-laws interest, namely HHH. 110

(3) Deemed interested by virtue of his father's interest, GGG, his brother's interest, namely Kill HHH, and his brother-in-law s interest, namely III.

(4) Deemed interested by virtue of his father-in-law's interest, namely HHH, his brother-in-laws' interest, namely JJJ and KKK.

(5) Deemed interested by virtue of its wholly-owned subsidiary, namely 'I''s interest in 'H'. 115

(6) Deemed interested by virtue of his/her substantial shareholding in 'K'.

(7) Deemed interested by virtue of being parents of GG and BB, who are substantial shareholders of 'I'.

(8) Deemed interested by virtue of the company's substantial shareholding in 'K'. 120

(9) Deemed interested by virtue of his substantial interest in 'H', which in turn has substantial interest in 'J'.

(10) Deemed interested by virtue of his substantial shareholding in 'H'.

3.3 Financial Highlights 125

3.3.1 Proforma Consolidated Income Statements 130

The following is a summary of the proforma consolidated income statements of the 'H' for the past five (5) financial years ended 31 December 1998 to 31 December 2002, which have been prepared based on the audited financial statements of 'H' and its subsidiaries for the relevant financial years are provided for illustrative purposes, on the assumption that the current structure of the 'H' (excluding 'I' Group) had been in existence throughout the financial years under review;

Move 3

| | Financial year ended 31 December | | | | |
|--|----------------------------------|----------------|----------------|----------------|----------------|
| | 1998 RM'000 | 1999 RM'000 | 2000 RM'000 | 2001 RM'000 | 2002 RM'000 |
| Revenue | 364,715 | 308,838 | 241,851 | 237,394 | 355,175 |
| Earnings before interest, depreciation and taxation | 16,780 | 17,300 | 19,673 | 16,654 | 17,238 |
| Depreciation | (3,615) | (3,915) | (4,220) | (4,637) | (4,772) |
| Interest expenses | (7,164) | (5,080) | (6,093) | (5,023) | (4,817) |
| Profit before exceptional items | 6,001 | 8,305 | 9,360 | 6,994 | 7,649 |
| Exceptional items ¹ | - | - | 2,727 | - | - |
| PBT | 6,001 | 8,305 | 12,087 | 6,994 | 7,649 |
| Taxation | (1,202) | (1,080) | (473) | (948) | (1,451) |
| PAT | 4,799 | 7,225 | 11,614 | 6,046 | 6,198 |
| Minority interests | - | - | - | - | (406) |
| Net profit | 4,799 | 7,225 | 11,614 | 6,046 | 5,792 |
| Proforma number of PREMIUM Shares assumed to be in issue ('000) ² | 337,000 | 337,000 | 337,000 | 337,000 | 337,000 |
| Gross EPS (sen) | 1.8 | 2.5 | 3.6 | 2.1 | 2.3 |
| Net EPS (sen) | 1.4 | 2.1 | 3.4 | 1.8 | 1.8 |

Notes;

1 Being the net insurance claims on assets damaged by fire

2 The number of 'H' Shares assumed in issue throughout the financial years

under review are based on the enlarged number of 'H' Shares after the Restructuring Scheme

The financial statements of 'H' were not subject to any audit qualification for the five (5) financial years ended 31 December 2002, and there were no extraordinary items, as defined by the applicable approved accounting standards in Malaysia recorded for such financial years.

3.3.2 Proforma Consolidated Balance Sheets

The following is a summary of the proforma consolidated balance sheets of 'H' as at 31 December 2002, prepared for illustrative purposes only, to show the effects of the Restructuring Scheme on the assumption that these transactions were completed on 31 December 2002:

| | Audited as at 31.12.2002 RM'000 | Proforma I RM'000 | Proforma II RM'000 | Proforma III RM'000 |
|-------------------------------------|---------------------------------------|----------------------|-----------------------|------------------------|
| Property, plant and equipment | - | - | - | 121,108 |
| Investment in an associated company | - | - | - | - |
| Intangible assets | - | - | - | 43 |
| Goodwill on consolidation | - | - | - | 53,432 |
| | | | | 174,583 |
| Current assets | - | - | - | 101,824 |
| Current liabilities | - | - | - | (113,810) |
| Net current liabilities | - | - | - | (11,986) |
| | | | | 162,597 |
| Financed by:- | | | | |
| Share capital | - | 1,000 | 32,000 | 168,500 |
| Accumulated losses | - | (1,000) | (32,000) | (33,000) |
| | | | | 135,500 |
| Minority shareholders' interest | - | - | - | 2,507 |
| Borrowings | - | - | - | 11,882 |
| Deferred taxation | - | - | - | 12,708 |
| | | | | 162,597 |
| NTA | - | - | - | 82,023 |
| NTA per ordinary share (RM) | - | - | - | 0.24 |

- represent RM2.00 cash and subscribers' shares of RM2.00 respectively

- represent RM1.00 investment in an associated company

Proforma I

Proforma I incorporates the following:

Share exchange of the entire ordinary shares of RM1.00 each in BHB for 2,000,000 PREMIUM Shares on the basis of the approximately one (1) PREMIUM Share for every 9.975 BHB Shares.

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..... Move 4

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Proforma II
 Proforma II incorporates Proforma I and the following:
 Settlement of debts owing b 'I' to its creditors through the issuance of 62,000,000 new 'H' Shares to the creditors of 'H'. 185

Proforma III
 Proforma III incorporates Proforma II and the following:
 The acquisition of the entire issued and paid-up capital of PVOB for a total purchase consideration of RM136.5 million satisfied by the issuance of 273,000,000 new 'H' Shares. The listing expenses attributable to the acquisition of 'L' of approximately RM1.0 million is capitalised as cost of investment in 'H'. The other listing expenses of approximately RM1.0 million is charged to the income statement of 'H'. 190

(i) Movements of share capital 195
 The movements of share capital of PREMIUM are as follows:-

| | RM'000 | |
|---------------------------------|----------------|-----|
| Ordinary shares of RM0.50 each: | | |
| At date of incorporation | * | |
| Share Exchange | <u>1,000</u> | |
| Proforma I | 1,000 | 200 |
| Debt Settlement | <u>31,000</u> | |
| Proforma II | 32,000 | |
| Acquisition | <u>136,500</u> | |
| Proforma III | <u>168,500</u> | 205 |
| * Denotes RM2.00 | | |

3.3.2 **Proforma Consolidated Balance Sheets (cont'd) (ii)**

Accumulated losses

The accumulated losses arise from: 210

| | RM'000 | |
|---|---------------|-----|
| Cost of the Share Exchange charged to Income Statement (Proforma I) | 1,000 | |
| Cost of the Debt Settlement owing by BHB to its creditors charged to Income Statement | <u>31,000</u> | 215 |
| Proforma II | <u>32,000</u> | |
| Listing expenses to be written off | <u>1,000</u> | |
| Proforma III | <u>33,000</u> | 220 |

.....
 3.4 Principal Statistics Relating to the Offer for Sale Move 7

The current IPO on offer is as follows:

| | | |
|---|--------------------|-----|
| (i) Share Capital RM | | |
| Authorised | | 225 |
| 500,000,000 ordinary shares of RM0.50 each | 250,000,000 | |
| Issued and fully paid-up as at the date of this Prospectus | | |
| 337,000,004 ordinary shares of RM0.50 each | 168,500,002 | |

| | | |
|---|-------------------|-----|
| To be offered pursuant to the Offer for Sale | | |
| 43,208,000 ordinary shares of RM0.50 each | 21,604,000 | |
| (ii) Classes of Shares and Rights | | 230 |
| {S1: There is only one class of shares in 'H', being ordinary shares of RM0.50 each. The Offer Shares will rank pari passu in all respects with the existing issued and paid-up ordinary shares of RM0.50 each in PREMIUM.} | | |
| {S2: Subject to any special rights attaching to any shares that may be issued by the Company in the future, the shareholders of ordinary shares in the Company shall be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company.} | | 235 |
| {S3: At every general meeting of 'H', each shareholder shall be entitled to vote in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney to a shareholder shall have one vote and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held. A proxy may but need not be a member of the Company, 3.} | | 240 |
| (iii) {S1: Offer price of RM0.50 per ordinary share of RMO.SO each | | 245 |
| The factors taken into consideration in the pricing of the Offer Shares are set out in Section 4.5 of this Prospectus. | | 250 |
| (iv) Proforma Group NTA RM | | |
| (v) Consolidated Profit Forecast | | 255 |
| The consolidated profit forecast for the financial year ending 31 December 2003 is as follows:} | | |
| Forecast | | |
| Financial year ending 31 December 2003 | | |
| RM'000 | | |
| Profit before taxation | 17,250 | 260 |
| Taxation | (3,600) | |
| Profit after taxation | <u>13,650</u> | |
| Minority interest | (1,360) | |
| Profit for the year before exceptional item | <u>12,290</u> | |
| Exceptional item * | (32,000) | 265 |
| Net loss for the year | <u>(19,710)</u> | |
| Number of ordinary shares in issue ('000) | 337,000 | |
| Weighted average number of ordinary shares in issue ('000) | 236,750 | |
| Gross EPS (sen) [#] | 7.29 | |
| Net EPS(sen) [#] | 5.19 | 270 |
| Gross PE Multiple based on the Offer Price of RM0.50 per PREMIUM Share (times) | 6.86 | |
| Net PE Multiple based on the Offer Price of RM0.50 per PREMIUM Share (times) | 9.63 | |
| <i>Notes:</i> | | 275 |
| * The exceptional item relates to (he cost of the Restructuring Scheme by 'L' and the transfer of listing status of 11HH on the Second Board of KLSE to 'H' which is charged to the Income Statement as a one-off corporate cost. | | |
| # Based on the profit for the year before exceptional item against the weighted average number of ordinary shares in issue | | |

| | | |
|--|-----------------|--------|
| {S1: The principal bases and assumptions upon which the consolidated profit forecast of 'H' have been made, and the Reporting Accountants' letter thereon are set out in Sections 10.4 and 10.5 of this Prospectus 3. | 280 | |
| (vi) Dividend Forecast The dividend forecast for the financial year ending 31 December 2003 is as follows:} | 285 | |
| | 290 | |
| Financial year ending 31 December 2003 | Forecast | |
| Gross/net dividend per share (sen) | 1.30 | |
| Gross/net dividend yield based on the offer price of RM0.50 per share (%) | 2.60 | |
| Gross/net dividend yield based on the offer price of RM0.50 per share (%) | 2.60 | |
| Gross/net dividend cover (times) | 4.01 | |
| <i>Note:</i> | 295 | |
| <i>The above dividend forecast is based on the weighted average number of ordinary shares of 236,750,000 in PREMIUM.</i> | 300 | |
| | | |
| 3.5 Risk Factors | | Move 9 |
| The following is a summary of the risk factors (which may not be exhaustive) which applicants for the Offer Shares should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the Offer Shares. For a more detailed discussion on the risk factors, please refer to Section 5 of this Prospectus. | 305 | |
| (i) Marketability of 'H' Shares - the price at which 'H' Shares will be trade on the Second Board of KLSE will be dependent upon market forces beyond the control of the Company; | 310 | |
| (ii) Ownership and control of 'H' - following the Restructuring Scheme, the controlling shareholders of 'H' namely 'J', 'K', 'L', 'M', 'N', 'BBB' and 'JJ' will effectively and collectively hold approximately 55.0% in 'H' and will be able to control the outcome on certain matters requiring the vote of the Company's shareholders; | 315 | |
| (iii) Business risks - the speciality fats industry is inherently subject to the vagaries of the general economic and business fluctuations; | | |
| (iv) Operational risks - the speciality fat manufacturing industry is subject to operational risks, which includes inter-alia, fire outbreaks and disruption of electricity supply; | 320 | |
| (v) Competition and new market entrants - 'H' Group faces local and foreign competitors in the speciality fats sector; | | |
| (vii) Dependence on major customers - the risk of 'H' Group losing its top twenty (20) customers which contributed approximately 40% for its turnover for the financial year ended 31 December 2002; | 325 | |
| (viii) Effects of AFTA - the potentially intensified competition in the speciality fats industry arising from the market liberalisation in the 'X' | | |

| | | |
|---|-------|--------|
| region; | 330 | |
| (ix) Effects of the WTO liberalisation - the potentially intensified competition amongst the global players in the speciality fats and oil industry; | | |
| (x) Dependence on key personnel — the loss of key members of the senior management could adversely affect the Group's ability to compete in the speciality fats industry; | 335 | |
| (xi) Exchange rate risk - 'H' speciality fats products are mainly sold overseas and hence it is exposed to exchange rate fluctuations; | | |
| (xii) Insurance risk - inadequate insurance coverage for its assets, particularly plant and machinery against unforeseen events, could disrupt 'H' s business; | 340 | |
| (xiii) Restrictive covenants under credit facility agreements — PREMIUM Group have entered into various credit facility agreements with financial institutions which contain inter-alia, covenants which may limit the Group's operating and financial flexibility; | 345 | |
| (xiv) Political, economic and regulatory considerations - adverse developments in political, economic and regulatory conditions in Malaysia and the 'X' region could unfavorably affect the position and business prospects of the 'H'; | | |
| (xv) Profit forecast - the profit forecast for the 'H' is based on assumptions which the Directors deem to be reasonable, but which nevertheless are subject to uncertainties and contingencies. Hence, there can be no assurance that the forecasts contained will be realised; | 350 | |
| (xvi) Operations in 'B' - the Group's operations in 'B' is inherently subject to the business risks and the vagaries of the general economic conditions, political stability and tax structures in "B"; and | 355 | |
| (xvii) Future prospects - certain statements in this Prospectus are based on historical data, which may not be reflective of future results. | | |
| | | |
| 3.6 Proceeds of the Offer for Sale | | Move 8 |
| {S1: The gross proceeds of the Offer for Sale of approximately RM21,604,000 shall accrue to the Offerors and no part of the proceeds of the Offer for Sale is receivable by 'H'.}{S2: The Offerors shall bear all expenses including underwriting commission, placement fee, brokerage and stamp duty (if any) in relation to the Offer for Sale. } | 360 | |
| | 365 | |

Appendix D

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| | | |
|------|--|---------------|
| 2. | INFORMATION SUMMARY | Line |
| 2.1. | History, Principal Activities and Group Structure | Move 1 |
| | T was incorporated in Malaysia on 21 April 1999 under the Companies Act 1965 to acquire the shares of SFI for the Proposed Listing on MESDAQ Market. {S1: SI was incorporated in Malaysia on 27 February 1989 under the Companies Act 1965. } {S2: T is principally an investment holding company with one subsidiary namely SFI which is involved in the manufacturing of Caramel Colour, NFV, HVP and Glucose/Maltose Syrup} through a factory with a build up area of 82,715 square feet located on 5.4 acres of land in sungai Buloh, selangor, part of which spanning 92,202 square feet are still available for further expansion. } | 5 10 15 |
| | {S2: Caramel Colour and HVP are principally intermediary products that are targeted at the sauces, confectioneries and pharmaceutical products industry. Glucose/Maltose Syrup are used in the confectioneries, pharmaceutical, biscuit and sauces industry. NFV, on the other hand, is targeted at industrial use as well as table vinegar in households/restaurants, depending on the strength of the product. } | 20 25 |
| | {S1: In the late 1970s, F and his two brothers, being in the family business of producing soy sauce which is still in existence today, saw the potential in supplying Caramel Colour to the soya sauce industry and thus on 1 October 1977, established SM and Food Factory, a partnership. The business grew and on 27th February 1989, SF was incorporated to take over the business of this partnership. } | 30 35 |
| | {S6: The business started on a small scale and up to the early 1990s, grew incrementally from profits generated. in 1995 and 1996, SF | 40 |

invested in modern machinery and facilities that enabled SF to produce quality Caramel Colour and secure substantial orders from the bigger and more established sauce manufacturers, which in turn led to economies of scale. }

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{S2: All products produced by T Group are HALAL certified by the Islamic Development Department of Malaysia, an achievement which T Group is proud of. The Group is able to capitalise on its HALAL status by seeking new markets in other Muslim countries. In view of the potential of the industry as well as T Group's position in the industry, PNS took a 30% equity stake in T Group on 3 August 1999 via a subscription of new shares in SF. }

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{S2: Caramel Colour is a versatile colouring agent as it can be used in various food products that may require different combination of parameters such as ionic charge, pH value, high salt and alcohol content. In addition, Caramel Colour is a natural product that can be labeled simply as "Caramel Colour", hence providing a more acceptable label declaration than artificial coloring systems in food products. }

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{S2: T Group is able to maintain its competitive advantage over its competitors due to its competitive and flexible pricing strategy. This is achievable, while maintaining sustainable profitability as TARB Group strive to produce a wide range of Caramel Colour in terms of viscosity, texture, colour and other properties. The Group conducts in-house R&D to ensure product development and improvement. R&D activities are focused on implementation of cost saving measures, increase in production productivity while retaining quality standards and the development of new products. }

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{S2: The Group has also ventured into other food related products, which includes HvP, NFv and Glucose/Maltose Syrup to complement its strength in Caramel Colour manufacturing with the vision of

90

diversifying its revenue base. The Group believes the vast experience of its management together with its dedicated workforce will put T Group among the frontrunners in the local industry. }

2.2. Ownership and Management

Based on the Register of substantial shareholders of T as at the date of this Prospectus, none of the substantial shareholders, directors, promoters and key management have any interest in the Company save for the following:

| Shareholders | Nationality / Country of Incorporation | Before the Public Issue | | | | After the Public Issue ^(v) | | | |
|---|--|-------------------------|-------|----------------------|-------|---------------------------------------|-------|---------------------|-------|
| | | ----- Direct ----- | | ----- Indirect ----- | | ----- Direct ----- | | -----Indirect ----- | |
| | | No of shares ('000) | % | No. of shares ('000) | % | No.of shares ('000) | % | No.of shares ('000) | % |
| Fang Chew Ham ⁽ⁱ⁾⁽ⁱⁱ⁾ | Malaysian | 46,291 | 46.06 | 19,838 | 19.75 | 48,791 | 34.85 | 19,838 | 14.17 |
| Loong Chiew Fatt ⁽ⁱ⁾⁽ⁱⁱⁱ⁾ | Malaysian | 7,935 | 7.90 | 58,194 | 57.91 | 7,935 | 5.67 | 60,694 | 43.35 |
| Fong Chiew Hean ⁽ⁱ⁾⁽ⁱⁱⁱ⁾ | Malaysian | 7,935 | 7.90 | 58,194 | 57.91 | 7,935 | 5.67 | 60,694 | 43.35 |
| Fong Chu King ⁽ⁱ⁾⁽ⁱⁱⁱ⁾ | Malaysian | 3,968 | 3.94 | 62,161 | 61.86 | 3,968 | 2.83 | 64,661 | 46.19 |
| Dato' Mohd Nor Abdul Wahid ^{(i)(iv)} | Malaysian | 4,221 | 4.20 | - | - | 4,221 | 3.01 | - | - |
| Dato' Seri Utama Tan Sri Abdul Samad Idris | Malaysia | - | - | - | - | 100 | 0.07 | - | - |
| Mazan bin Ibrahim | Malaysian | - | - | - | - | 100 | 0.07 | - | - |
| Chew Eng Chai | Malaysian | - | - | - | - | 100 | 0.07 | - | - |
| Tan Chon Sing @ Tan Kim Tieng | Malaysian | - | - | - | - | 100 | 0.07 | - | - |
| PNS ^{(i)(v)} | Malaysia | 30,150 | 30.0 | - | - | 30,150 | 21.54 | - | - |

Notes:

- Promoters, substantial shareholders and Directors.
- Promoter and substantial shareholder
- Pursuant to a Share subscription agreement dated 10 May 1999, Dato' Mohd Nor has the option to purchase two thirds of the shareholdings of PNS of which he has serve a notice of exercise to PNS dated 18 June 2002. As such, after the exercise of the Option, Dato' Mohd Nor will hold 24,321 million Shares (17.4%) after the Public Issue.
- Fang Chew Ham, Foong Chiew Fatt, Fong Chiew Hean and Fong Chu King are brothers. Hence, they are deemed interested by virtue of the other brother's shareholdings.
- Assuming full subscription for the pink form allocation (Managing Director and Deputy Executive Chairman—2,500,000 Shares, Non executive directors—100,000 Shares)

Below summarizes the key management and technical personnel of the Group who do not hold any shares in the Company, save for their pink form entitlements.

Key Management **Key Technical Personnel**
N C A (Operations Manager) P K M (Financial Controller/ Company Secretary)

| | | |
|---|-----|--|
| L K C (Finance Executive) | | |
| L H S (Sales Manager) | | |
| L K L (Marketing Manager) | | |
| W C K (Factory Manager) | 140 | |
| D L K S (Assistant Factory Manager) | | |
| J S Y (Assistant Manager) | | |
| M I (Caramel Colour Production Supervisor) | | |
| L F M (NFV Adviser) | 145 | |
| S P (HVP Chemist cum Adviser) | | |
| LL L (QA Manager) | | |
| K P Y (HR Executive) | | |
| C C G (Purchasing Executive) | | |

| | | |
|--|-----|--------|
| | 150 | Move 3 |
| 2.3 Proforma Historical Financial Record | | |

The financial highlights of the T Group pertaining to the past five (5) financial years ended 31 December 2001 extracted from the Accountant's Report and based on the assumption that the current structure of the Group had been in existence throughout the period under review are as follows:-

| Year ended 31 December | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|--------|---------|--------|---------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 18,001 | 18,933 | 18,487 | 22,268 | 23,735 |
| Profit before depreciation, interest and taxation | 6,091 | 4,517 | 3,945 | 4,901 | 4,912 |
| Depreciation | (636) | (732) | (961) | (1,173) | (1,161) |
| Interest | (613) | (1,128) | (764) | (660) | (696) |
| Profit before taxation | 4,842 | 2,657 | 2,220 | 3,068 | 3,055 |
| Taxation | (471) | (440) | 96 | (627) | (622) |
| Profit after taxation | 4,371 | 2,217 | 2,316 | 2,441 | 2,433 |
| Gross EPS (sen) * | 4.82 | 2.64 | 2.21 | 3.05 | 3.04 |
| Net EPS (sen) * | 4.35 | 2.21 | 2.30 | 2.43 | 2.42 |
| Gross Dividend (%) | - | - | - | - | - |

* Based on the number of ordinary shares in issue before the Public Issue of 100.5 million Shares
There has been no extraordinary or exceptional item or share of profits of associated companies for the period under review.

| | | |
|-----------|--|--------|
| | | Move 5 |
| 2.4 Audit | | |

An extract of the Proforma Statement of Assets and Liabilities from the Accountant's Report contained in this Prospectus are as below. Details

concerning the Proforma statement below are shown in the Proforma Consolidated Balance Sheets as contained in this Prospectus. 190

There is no reservation or qualification in the auditors' reports on the financial statements of T and SF for the financial years 1997-2001. 195

| | Company as at 31/12/2001 RM'000 | (i) After Acquisition of SSSFI RM'000 | (ii) After (i) and Public Issue RM'000 |
|-------------------------------|---------------------------------------|--|---|
| CURRENT ASSETS | - | 11,064 | 11,064 |
| LESS : CURRENT LIABILITIES | 562 | 16,772 | 11,229 |
| NET CURRENT LIABILITIES | (562) | (5,708) | (165) |
| DEFERRED EXPENDITURE | 548 | 548 | - |
| PROPERTY, PLANT AND EQUIPMENT | - | 31,668 | 33,668 |
| LONG TERM LIABILITIES | - | (4,121) | (2,741) |
| | (14) | 22,387 | 30,762 |
| FINANCED BY : | | | |
| SHARE CAPITAL | - | 20,100 | 28,000 |
| ACCUMULATED LOSS | (14) | (14) | (14) |
| RESERVE ON CONSOLIDATION | - | 2,301 | 2,301 |
| SHARE PREMIUM | - | - | 475 |
| | (14) | 22,387 | 30,762 |
| No of Shares | 2 | 100,500,010 | 140,000,010 |
| NTA per share (sen) | - | 22 | 22 |

Notes:-

(i) After the Acquisition of SSSFI and share split.

(ii) After the Public Issue and adjusting for the effects of proposed utilisation of proceeds.

2.4 Risk Factors

The securities being offered hereby may involve a high degree of risk, including, but not limited to, those risk factors set forth below, and should not be purchased by anyone who cannot afford a possible diminution in the value of his investment. Prospective investors, prior to making an investment in the Company, should carefully consider the following risk factors inherent in and affecting the business of the Group and this offering. The discussion in this Prospectus contains forward-looking statements that involve risks and uncertainties. The Company's and the Group's actual results when materialised could differ materially from those discussed herein. The key risk factors that may

Move 9

affect the Group's future profitability are not limited to financial risks, market risks and industry risks. A summary of the detailed risk factors in Section 4 are shown below.

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Business Risks

o T is dependent on its promoters and key personnel namely Mr F C H and Mr F C K.

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o Sale of the Group's products are subject to seasonal variations with demand increasing towards festive seasons.

o Competition exists from international and local suppliers, which may be augmented by potential new market entrants.

o The Group's main raw material is sago and tapioca flour which may be subject to shortages in the future.

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o The Group's technology might face obsolescence and there is a risk of machinery breakdown which might effect the Group's revenue.

o Whilst the Group's processes currently do not raise any environmental issues, the Group's products might face environmental issues in the future.

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o Currently there is a concern in 3-monochloropropane-1,2-diol ("3-MCPD") contents in sauces related product as it is a contaminant that can potentially cause cancer at high levels of consumption. However, this compound only exists in the Group's HVP product and tests performed by various laboratories have confirmed that the quantity present is at tolerable ranges. In any case, HVP only contributes approximately 9.6% of the Group's revenue for the year ended 31 December 2001.

260

o The Group is in the process of expanding its market coverage and hence, may be exposed to foreign exchange risk.

265

o There can be no assurance that the disclosure regarding forward-looking statements in the Prospectus is accurate and hence, the actual results may differ substantially from the disclosure made.

o The Group is highly dependent on the sales of Caramel Colour which accounts for nearly 79% of Group revenue.

270

Financial Risks

o The Group's earnings may be subject to variability in the future due to various economic and business factors as detailed in Section 4.2.

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o The Group may face potential disputes with its employees

o Whilst the Group currently have registered its "AAA" marquee and have HALAL

certification, there can be no assurance that the loss of any of its trademarks, licenses

280

and/or certification will not have an adverse impact on the Group's business,

o Whilst none of the Group's customer individually amounts to over

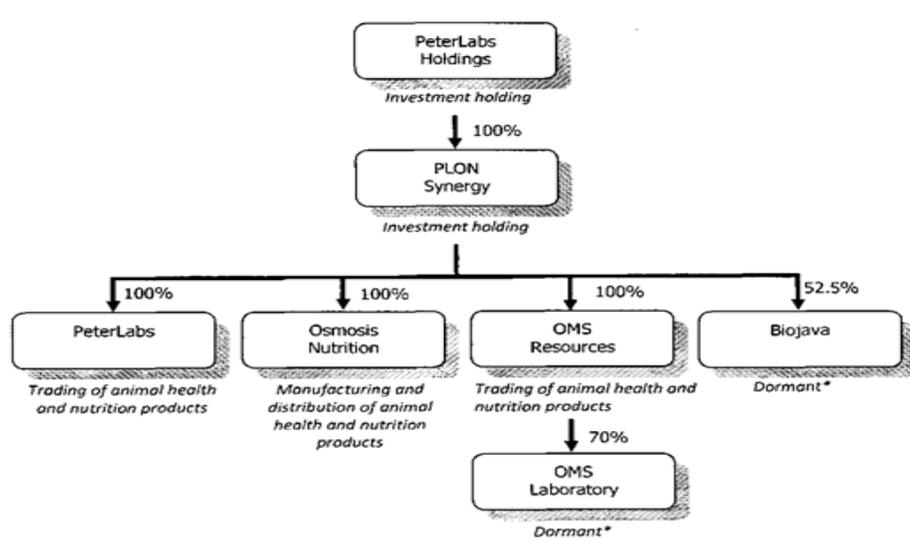
| | | |
|---|---------------|--------|
| 10% of the Group's revenue, | 285 | |
| there can be no assurance that the loss of its customers will not have an adverse impact on the Group's operations, | | |
| o There is uncertainty in the Group's 5-Year Business Development Plan | | |
| o The Group may be subject to product liability claims in the future which will effect the Group's business and operations. | 290 | |
| Market Risks | | |
| o The Group's business may be effected by any slowdown in the world economy or any political changes. | 295 | |
| o The Group is currently expanding into various other products such as Glucose/Maltose Syrup which may be subject to rapid growth. There is a risk of over expansion and management might face difficulty in managing its rapid growth. | | |
| o The Company's share price may be subject to extreme volatility in the future. | 300 | |
| o The Company's share price was agreed by the Company and the Underwriters as there has been no prior public market for the Shares | | |
| o The Group might require further capital injection in the future. | 305 | |
| o The Group is mainly controlled by its promoters with approximately 74% shareholdings who will have a material influence on the Group's operations. | | |
| o The Group may be involved in potential acquisitions and joint ventures in the future which may not be successful. | 310 | |
| | | |
| | | Move 7 |
| 2.5 Principal Statistics Relating to the Public Issue | | |
| The following is the summary of the principal statistics relating to the Public issue, details of which are contained in the Section 3. | 315 | |
| Share Capital | 320 | |
| Purpose | RM*000 | |
| Set-up of factory and purchase of plant and machineries | 4,000 | |
| Loan Repayment | 2,000 | |
| Working capital | 2,375 | 325 |
| Listing expenses | 1,500 | |
| TOTAL | 9,875 | |
| {S1: The Issue of a total of 39,500,000 Shares at an Issue price of RM0.25 per Share shall be subject to the terms and conditions of this | 330 | |

| | |
|---|-----|
| Prospectus and, upon acceptance, will be allocated in the following manner:- | |
| a) 5,000,000 of the Issue Shares will be made available for application by the public; and | 335 |
| b) 29,275,000 of the Issue Shares will be made available for placement to selected investors; and | 340 |
| c) 5,225,000 of the Issue Shares will be made available for application by the eligible Directors and employees. } | 345 |
| {S1: There is only one class of shares in the Company, namely ordinary shares of RM0.20 each. The Public Issue Shares rank pari passu in all respects with the existing issued ordinary shares of the Company, including voting rights and rights to all dividends, distributions that may be declared subsequent to the date of this Prospectus. } | 350 |
| | 355 |
| {S2: Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of liquidation of the Company, such surplus shall be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with its Articles of Association. } | 360 |
| | 365 |
| | 370 |
| {S3: Each shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and, on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and on poll, every shareholder present in person or by proxy or by attorney or other | 375 |

| | | |
|--|-------|--------|
| duly authorised representative shall have one vote for each ordinary shares held. A proxy may but need not be a member of the Company. } | 380 | |
| Proforma NTA based on the proforma consolidated balance sheet as at 31 December 2001 : | | |
| Proforma NTA upon listing RM30.76 million | 385 | |
| Proforma NTA per share upon listing RM0.22 | | |
| The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors, the details of which are contained in Section 4: Risk Factors. As such, the forecast of the Group is not disclosed in this Prospectus. | 390 | |
| | 395 | |
| | | |
| 2.6 Proceeds of Issue and Proposed Utilisation | | Move 8 |
| Based on a Public issue price per share of RM0.25, {S1: the Group expects the gross proceeds of the Public issue to be approximately RM9.875 million shall accrue to the Group. This amount shall be utilised in the manner specified under Section 3.6, a summary are as shown below. } | 400 | |

Appendix E

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|---|----------------|
| 2. INFORMATION SUMMARY | Line |
| | Move 1 |
| 2.1 OUR HISTORY AND BUSINESS | 5 |
| X Holdings was incorporated under the Act on 28 July 2010 as a private limited company under the name of Y. {S1: We subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market. } | 10 |
| {S1: Our Group is involved in the manufacturing, distribution and trading of animal health and nutrition products which include animal feed additives, environment maintenance products, veterinary pharmaceuticals and biologicals. } {S4: Our Group structure is as follows: } | 15 20 |
|  <pre> graph TD PLH[PeterLabs Holdings Investment holding] -- 100% --> PSY[PLON Synergy Investment holding] PSY -- 100% --> PL[PeterLabs Trading of animal health and nutrition products] PSY -- 100% --> ON[Osmosis Nutrition Manufacturing and distribution of animal health and nutrition products] PSY -- 100% --> OMR[OMS Resources Trading of animal health and nutrition products] PSY -- 52.5% --> B[Biojava Dormant*] OMR -- 70% --> OML[OMS Laboratory Dormant*] </pre> | 25 30 35 |
| Note: <ul style="list-style-type: none"> • The company is currently dormant. | 40 |
| {S2: The establishment of our Group can be traced back to the founding of C T on 20 December 1989 by T C H, L S H and T C T and B on 3 | |

December 1990 by L T, T C, T C and C E In 1992, D T C joined C T as
the Technical Director. C T was principally involved in the trading of
animal health and nutrition products whilst Benuser was involved in the
manufacturing and distribution of animal health and nutrition products. }

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{S1: Due to personal reasons, C T, one of the original shareholders of B
and C T wanted to withdraw from both companies. This led T to initiate
the idea of forming Pbs and O N with equity participation from all
remaining shareholders of both Benuser and CT thereby streamlining
the shareholdings of both companies under a group of common
shareholders. } {S1: Pbs and O N were subsequently incorporated on 4
October 2002 to capitalise on the growing demand of animal feed
additives from the local livestock industry. }

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{S6: Pbs and O N obtained the necessary licences in 2002 to engage in
manufacturing, distribution and trading of animal health and nutrition
products. For further details of our licences, please refer to Section 6.11
of this Prospectus. }

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Following the above, {S1: P S was incorporated on 13 November 2002
and became the common holding company of Pbs and O N on 7 October
2003, with an initial 51% equity interest in both companies. Upon the
formation of the P Sy group of companies, C T and Benuser ceased
operations in 2002 and were dissolved on 30 January 2007. On 25
September 2008, Pbs and O N became wholly-owned subsidiary
companies of P. Subsequently, T C T rejoined the P Synergy group of
companies in 2008. }

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{S1: Our founders have accumulated an average of 28 years experience
in the livestock industry. L, T and T have also been directly involved in
the business operations of P Synergy and its subsidiary companies since
its incorporation in 2002. }

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{S1: On 8 April 2003, our founders formed Z B (Asia) Sdn Bhd (now

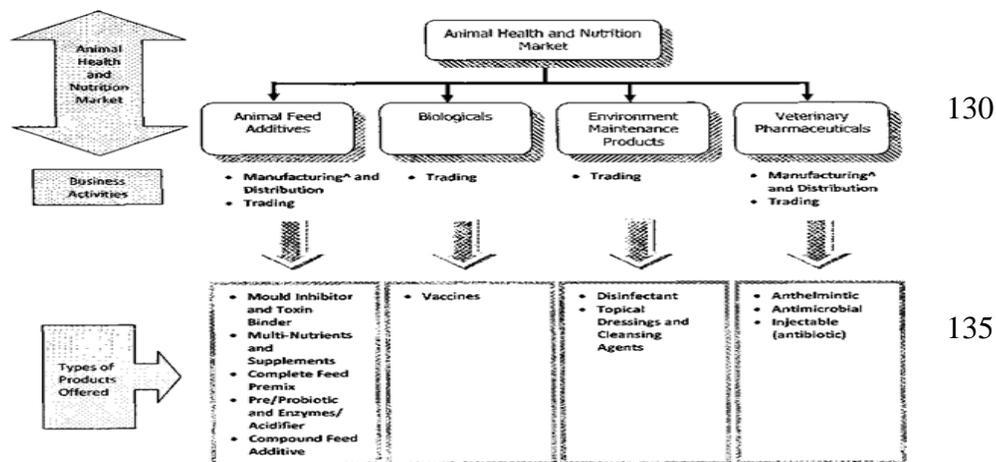
90

known as O Resources) to distribute, amongst others, products from Z. We acquired O Resources on 10 June 2010. OMS Resources currently distributes the Group's products such as Compound Feed Additive. } 95

{S1: On 10 July 2009, our founders formed Z B(M) Sdn Bhd (currently known as O) together with a director of Z for the purpose of venturing into the livestock industry in Indonesia. However, this plan did not materialise. } {S3: Subsequently, we acquired a 70% equity stake in OMS Laboratory on 1 October 2010. Whilst O Laboratory is currently dormant, we intend to undertake future laboratory activities under this company. } 100 105 110

{S1: Bj was incorporated in 2006 and was acquired by us on 4 October 2010. Biojava is currently dormant. It is our intention to undertake our Group's future export activities under Bj. } 115

{S2: Our Group operates within the animal health and nutrition market of the larger livestock industry. The animal health and nutrition market covers a wide and diverse range of products and is broadly segmented into animal feed additives, biologicals, environment maintenance products and veterinary pharmaceuticals. } {S4: Our Group's business activities and the types of products offered within the animal health and nutrition market are illustrated in the diagram below: } 120 125



Notes: ^a Involving blending/mixing of two (2) or more ingredients to become the Group's products. 140

{S7: jklWe currently operate through two (2) separate locations namely from our existing manufacturing plant/warehouses in Shah Alam and our new headquarters and warehousing for Pbs which is located in our new manufacturing plant in Nilai. Our Shah Alam manufacturing plant has a built up area of over 3,500 Sq. Ft. with a production capacity of over 160 tonnes per month and a storage capacity of approximately 200 tonnes. }

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{S7: On 18 December 2010, save for our manufacturing and warehousing of O Nutrition's products, we have relocated our operations to our newly constructed manufacturing plant in Nilai. The manufacturing plant in Nilai has a total built up area of 52,474 Sq. Ft. of which 27,200 Sq. Ft. is designated as the production area and the remaining is being utilized as office premises and for warehousing purposes. }

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{S2: Our new manufacturing plant is expected to be fully operational by the third quarter of the FYE 31 December 2011. The Group has commenced the production of certain products in the new manufacturing plant in Nilai, namely multi mineral supplements and water soluble products. } {S7: As at the LPD, the new manufacturing plant in Nilai is operating at approximately 13% of the maximum production output. Moving forward, all our manufacturing activities will be undertaken at the new manufacturing plant in Nilai. Meanwhile, the manufacturing plant in Shah Alam will still be used as our production facility during this transition period. Our Group will cease all operations at the Shah Alam manufacturing plant when all manufacturing activities have been fully integrated into the new manufacturing plant in Nilai. As at the LPD, our Group had transferred approximately 80% of our raw /packaging materials to the Nilai plant. In addition, our Group had informed the owner of our Shah Alam premises that we will cease the rental of our Shah Alam premises by end of July 2011. The new manufacturing plant is expected to have a production capacity of 344

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tonnes per month and a storage capacity of 986 tonnes. This enlarged production and storage capacity would enable us the capability to conduct Toll Manufacturing. }

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{S6: Our new manufacturing plant has undergone the GMP pre-certification audit on 18 January 2011, and had on 27 January 2011 received a letter from NPCB, which states that our Group's GMP compliance status is at a "satisfactory - pre-licensing stage". GMP is a quality assurance practice undertaken to ensure products manufactured are consistently produced and controlled to the quality standards appropriate to their intended uses and as required by the authorities or products specifications. The new manufacturing plant has enabled us to introduce liquefied and water soluble products. For further information about GMP compliance and our future product development plans, please refer to Section 6.15.1 and Section 6.8.3 of this Prospectus. }

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{S2: Apart from manufacturing activities, our Group also undertakes trading activities through Pbs and O Resources. Our Group currently holds ten (10) distributorship agreements from international suppliers which allow us to supply a variety of animal health and nutrition products to the local market. } {S5: For the FYE 31 December 2010, our trading and manufacturing activities contributed to 58.41% and 41.59% of our total revenue respectively. }

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{S5: For the past four (4) FYE 31 December 2007 to 2010, our proforma consolidated revenue increased from RM24.53 million in 2007 to RM40.73 million in 2010, whilst our proforma consolidated PAT increased from RM2.02 million in 2007 to RM5.95 million in 2010. } {S1: We believe that our performance has and will continue to be driven by our strong commitment to customers, the quality of our products and our competitive strengths as follows:

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(1) Highly experienced and professional management team;

| | | |
|--|-----|--------|
| (ii) Product development initiatives; | 240 | |
| (iii) Strong distribution networks; | | |
| (iv) Product quality; | 245 | |
| (v) Diverse range of products; | | |
| (vi) End-to-end solution provider; and | | |
| (vii) A new manufacturing plant in Nilai that is purpose built and ready for GMP certification. . } | 250 | |
| | | |
| 2.2 FINANCIAL HIGHLIGHTS | 255 | Move 3 |
| 2.2.1 Proforma Consolidated Statements of Comprehensive Income | | |
| The following table sets out our proforma consolidated statements of comprehensive income for the four (4) FYE 31 December 2007 to 2010, which have been prepared for illustrative purposes only based on the assumption that our current Group structure has been in existence throughout the financial years under review. | 260 | |
| | 265 | |
| | 270 | |
| | 275 | |
| | 280 | |

| -Audited FYE 31 December — | | | | |
|----------------------------|------------|------------|------------|------------|
| | 2007 | 2008 | 2009 | 2010 |
| | RM | | | |
| Revenue | 24,526,054 | 28,433,902 | 34,015,860 | 40,727,759 |
| Gross profit | 7,735,364 | 9,406,138 | 10,570,102 | 13,527,445 |
| Other income | | | 2,937 | 656,502 |
| EBITDA | 3,044,356 | 4,517,864 | 6,169,742 | 8,621,115 |
| Amortisation | - | - | - | - |
| Depreciation | (245,176) | (251,228) | (253,453) | (288,268) |
| Interest expense | (64,525) | (62,471) | (76,309) | (120,940) |

| | | | | | |
|--------------------|-----------|-------------|-------------|-------------|-----|
| PBT | 2,734,655 | 4,204,165 | 5,839,980 | 8,211,907 | |
| Tax expense | (712,175) | (1,216,863) | (1,411,481) | (2,263,909) | |
| PAT | 2,022,480 | 2,987,302 | 4,428,499 | 5,947,998 | 285 |

You should read this proforma consolidated statements of comprehensive income in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus and the Accountants' Report as set out in Section 13 of this Prospectus.

Notes:-

Mainly contributed by the reversal of impairment loss on trade receivables that amount to RM457.987 as discussed in Section 12.2.4(iv) of this Prospectus.

- **Based on the number of Shares in issue before our Public Issue.**
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..... Move 4

2.2.2 Proforma Consolidated Statements of Financial Position 310

The following table sets out our proforma consolidated statements of financial position as at FYE 31 December 2010, assuming that our Public Issue, Offer for Sale and utilisation of proceeds had been effected as at that date, for illustrative purposes only, and should be read in conjunction with the notes and assumptions included in the Reporting

Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 11.4 of this Prospectus.

| | | | | |
|---|------------|------------|------------|-----|
| | | | | 330 |
| Non-Current Asset | | | | 335 |
| Property, plant and equipment | 12,716,620 | 12,716,620 | 12,716,620 | |
| Total non-current asset | 12,716,620 | 12,716,620 | 12,716,620 | |
| Current Assets | | | | 340 |
| Inventories | 3,015,516 | 3,015,516 | 3,015,516 | |
| Receivables | 16,190,75 | 16,190,750 | 15,559,858 | |
| Cash and bank balances | 0 | 5,949,308 | 3,088,833 | 345 |
| | 1,449,308 | | | |
| Total current assets | 20,655,574 | 25,155,574 | 21,664,207 | |
| Current Liabilities | | | | 350 |
| Payables | 5,750,94 | 5,750,94 | 5,750,945 | |
| Hire purchase | 5 97,603 | 5 97,603 | 97,603 | |
| creditors | 1,733,87 | 1,733,87 | 1,733,878 | 355 |
| Borrowings | 8 | 8 | 540,042 | |
| Bank overdraft | 1,991,36 | 1,991,36 | | |
| Tax payables | 7 | 7 | | 360 |
| | 540,042 | 540,042 | | |
| Total current liabilities | 10,113,835 | 10,113,835 | 8,122,468 | |
| Net Current Assets | 10,541,739 | 15,041,739 | 13,541,739 | 365 |
| | 23,258,359 | 27,758,359 | 26,258,359 | |
| | | | | 370 |
| Notes:- | | | | |
| Proforma I Proforma If | | | | 375 |
| After the Public Issue and Offer for Sale | | | | |
| After Proforma I and utilisation of proceeds from the Public Issue | | | | |

| | | |
|---|-------|--------|
| | 380 | |
| | | |
| | | Move 7 |
| 2.4 SUMMARY OF OUR IPO | | |
| Size of our Public Issue: | 385 | |
| {S1: 15,000,000 new Pbs Holdings Shares, representing approximately 7.98% of our Company's enlarged issued and paid-up share capital which are reserved for the application by the Public, of which at least 50% will be to the extent possible allocated to Bumiputera individuals, companies, societies, co-operatives and institutions } | 390 | |
| | | 395 |
| Size of our Offer for Sale: | | |
| {S2: 35,903,000 Pbs Shares, representing approximately 19.10% of our Company's enlarged issued and paid-up share capital to be offered by our Offerors to identified investors | 400 | |
| IPO Price | | 405 |
| RM0.30 per IPO Share } | | |
| | | |
| | 410 | Move 8 |
| Utilisation of proceeds from the Public Issue | | |
| The gross proceeds from the Public Issue amounting to RM4.50 million is intended to be utilised in the following manner: | 415 | |
| Purpose | | |
| Repayment of borrowings Estimated listing expenses Total gross proceeds | | 420 |
| RM'000 | | |
| 3,000 1,500 | | |
| 4,500 100.00% | | 425 |

| | | |
|---|---------|--------|
| Total enlarged issued and paid-up share capital after Listing RM18,800,000 comprising 188,000,000 Shares | 430 | |
| Market capitalisation upon Listing RM56,400,000 | 435 | |
| | | Move 9 |
| 2.5 RISK FACTORS | 440 | |
| Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks and investment considerations as set out in Section 4 of this Prospectus (which may not be exhaustive), and are summarised below: | 445 | |
| Risks relating to our business and industries: | | |
| • Epidemics; | 450 | |
| • Competitive rivalry; | | |
| • Supply of raw materials and products; | | |
| • Fluctuation in prices of raw materials and products; | 455 | |
| • Protection of IP rights; | | |
| • Absence of long term contracts; | | |
| • Risk of fluctuation in foreign exchange rates and risk in entering foreign markets; | 460 | |
| • Dependency on particular products and markets; | | |
| • Threat of substitutes; | | |
| • Dependency on our executive directors, key management and key technical personnel; | 465 | |
| • Gestation period of GMP compliant manufacturing plant; | | |
| • Adequate insurance coverage; | 470 | |
| • Political, economic and regulatory risk; | | |
| • Shipping disruptions; and | | |
| • Lack of qualified professionals in the industry. | | |

| | |
|--|-----|
| Risks relating to investments in our Shares: | 475 |
| • Delay or abortion of our Listing; | |
| • No prior market for our Shares and possible volatility of our Share price; | 480 |
| • Control by Promoters; and | |
| • Dividend payments. | |

Appendix F

M 2

| | |
|--|--------|
| 2. INFORMATION SUMMARY | Line |
| | |
| | Move 1 |
| 2.1 BACKGROUND AND PRINCIPAL ACTIVITIES | |
| Our Company was incorporated in Malaysia under the Act on 30 | 5 |
| October 1989 as a private limited liability company under the name of | |
| Focus Lumber Sdn Bhd. Our Company was subsequently converted to a | |
| public limited liability company and assumed our present name on 13 | 10 |
| November 2009 to facilitate our listing on the Main Market of Bursa | |
| Securities. {S2: We are principally involved in the manufacturing and | |
| sale of plywood, veneer and LVL, and investment holding. Plywood is | 15 |
| our core product, generating the bulk of our Group's revenue. } | |
| {S1: Our Group was established by our three (3) key founders, namely | |
| L, C and Y who have developed our Group since incorporation into a | 20 |
| major plywood manufacturer in Malaysia. They each have more than 30 | |
| years of business experience in the timber industry. } {S7: Prior to | |
| establishing our Group, our founders were involved in timber trading | 25 |
| and plywood manufacturing businesses in Taiwan. } {S1: In the 1980's, | |
| after taking into consideration, inter-alia, Sabah's rich natural tropical | |
| forest resources and the Malaysian government's initiative to further | 30 |
| develop the downstream timber industry, they incorporated Focus | |
| Lumber in 1989. } {S7: We subsequently set up our plywood | |
| manufacturing mill in Keningau, Sabah in 1990. } {S1: In November | 35 |
| 1991, we saw the commencement of our plywood manufacturing | |
| business. As part of our management succession plan, in recent years, | |
| our Group has groomed key management personnel who have brought | |
| in new ideas to our Group. They are the children of our founders. } | 40 |

{S6: Over the years, we have gained vast experience in the manufacturing of plywood. With our strong technical capabilities and know-how, we have become a major player in the plywood industry. Our plywood is environmentally friendly and we were the first Malaysian plywood mill company certified as a CARB Certified Manufacturer on 2 October 2008 by Professional Service Industries, Inc., a CARB authorised third party certifier. The CARB standards regulate formaldehyde emissions from wood products sold in California or used to make finished goods for sale in California. In addition, our Company was also awarded with the JAS Certification by the Ministry of Agriculture, Forestry and Fisheries of Japan in 2009 for our quality plywood. JAS imposes stringent requirements on various aspects of production process. Hence, the JAS certification will facilitate our Group to supply to the Japanese market. These certifications awarded to our Company represent an official acknowledgement and endorsement of the quality of our plywood and enhance our customers' confidence on our plywood. }

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{S2: Our plywood can be used in many different applications where high-quality and high-strength sheet materials are required. We produce mainly thin panel plywood of which the thickness is below 6 mm and they are capable of further processing by laminate factories. These factories prefer thin panel plywood which is also a preferred choice for the RV market in the US, where most of our plywood is exported to. We also produce thick panel plywood ranging from 6 mm to 18 mm. For the FYE 31 December 2010, 95.2% of the revenue of our Group was derived from the manufacturing and sale of plywood. } {S5: 55.1%, 20.3% and 2.0% of the plywood, veneer and LVL products produced were exported to the US, Taiwan and Korea markets respectively whilst the domestic market contributed to 12.5% of our Group's revenue. }

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{S2: As part of our Group's strategy to consistently enhance our customer base, we have also exported our plywood to Mexico, India and

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other countries. Our plywood is widely used in various industries which include the RV industry (mainly in the US market), home decorating industry, furniture industry, vehicle internal body work, floors, walls and roofs in transport vehicles and house constructions. } {S3: In 2009, our Group attained a market share of approximately 23.9% in the US market for the imports of plywood, veneered panels and similar laminated wood from Malaysia. }

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{S4: Our wholly-owned subsidiary, Untung Ria, commenced its operation in 2006 after the completion of its power plant construction in the same year. Untung Ria is principally involved in the generation, transmission, distribution and sale of electricity. Untung Ria reuses bulk waste to generate biomass energy to supply electricity to our Group's operations. This has resulted in substantial cost savings for our Group and has reduced our reliance on expensive fossil fuels which in turn has reduced our overall cost of production and improved our profit margin, thus putting our Group at a competitive advantage. }

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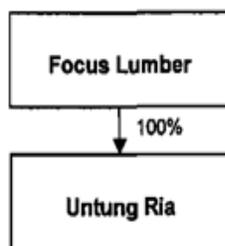
{S2: Our Group has also started a production line for the manufacturing of LVL which commenced operations in March 2010 and the sales of LVL started in April 2010. The start-up involved the purchase of new machinery amounting to RM0.48 million, which was financed through our internally generated funds. The manufacturing and selling of the new LVL product is part of our plan to diversify into different product market segments whilst maintaining our established position in the thin panel plywood market. } {S4:

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Our existing corporate Group structure is as



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..... Move 2

2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP 145

Our Company's promoters are Lu Chin Ting, Lin Fong Ming, Yang Chien Chih, Lin Hao Yu, Lin Hao Wen, Lin Lieh Ming, Lu Chun Chien, Lu Wei Hsu, Yang Wei Szu, Yang Sen, Yang Hsi Hsien, Chen Chun Hsiung and Lu Wei Sheng. 150

Our Company's existing substantial shareholders are the promoters mentioned above, Aznam Bin Mansor and Azizah Binti Kassim. After the Listing, Azizah Binti Kassim will cease as a substantial shareholder of our Company. 155

The Directors of our Company are as 160

| Name | Designation | |
|------------------|--|-----|
| Aznam Bin Mansor | Chairman / Independent Non-Executive Director | 165 |
| Lu Chin Ting | Vice Chairman / Non-Independent Non-Executive Director | |
| Lin Fong Ming | Managing Director | 170 |
| Lin Hao Wen | Executive Director | |
| Lin Lieh Ming | Executive Director | |
| Chen Chun Hsiung | Executive Director | |
| Yang Chien Chih | Executive Director | |
| Wong Yoke Nyen | Independent Non-Executive Director | 175 |
| Ng Tian Meng | Independent Non-Executive Director | |

..... Move 7

2.4 PRINCIPAL STATISTICS RELATING TO THE IPO 180

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text: 185

| | No. of Shares | Share Capital (RM) | |
|---|--------------------|--------------------|-------|
| Authorised share capital | 300,000,000 | 150,000,000 | 190 |
| Issued and fully paid-up share capital as at the date of this Prospectus | 91,000,000 | 45,500,000 | 195 |
| New shares to be issued pursuant to the Public Issue | 12,200,000 | 6,100,000 | |
| Enlarged share capital upon Listing | 103,200,000 | 51,600,000 | 200 |
| Offer for Sale | 5,160,000 | 2,580,000 | |
| IPO Price | | 0.60 | |
| | | RM | 205 |
| - Unaudited proforma consolidated NA per Share (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM2.80 million) | | 0.97 | |
| - Market capitalisation (based on the IPO Price and enlarged issued and paid-up share capital after the IPO) | | 61,920,000 | 210 |
| Further information on our IPO is disclosed under Section 3 of this | | | 215 |
| | | | |
| 2.5 UTILISATION OF PROCEEDS FROM THE IPO | | | 220 |
| The total gross proceeds from the Public Issue will amount to RM7.32 million based on the Issue Price. {S1: We expect the proceeds to be utilised in the following manner- | | | 225 |
| There is no minimum subscription to be raised from the IPO. | | | |
| The Offer for Sale may raise gross proceeds of up to approximately RM3.10 million. } {S2: All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. | | | 230 |
| The Offerors shall bear all the expenses including registration and transfer fees, placement fee and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to an estimate of | | | 235 |
| | | | 240 |

.....
Move 8

| | | |
|--|------------|---------------|
| approximately RM0.10 million on a pro-rated basis. } | | |
| The proforma impact of the utilisation of proceeds on our Unaudited Proforma Consolidated Statements of Financial Position as at 31 December 2010 is reflected in Section 11.2 of this Prospectus. | 245 | |
| | | |
| 2.6 HISTORICAL AUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF OUR GROUP | 250 | Move 3 |
| The following historical audited consolidated statements of comprehensive income for the past four (4) FYE 31 December 2007, 2008, 2009 and 2010 have been derived from the audited consolidated financial statements of our Group and should be read in conjunction with the Accountants' Report as set out in Section 12 of this Prospectus. | 255 260 | |
| There has been no audit qualification on the audited consolidated financial statements of Focus Lumber for the four (4) FYE 31 December 2007, 2008, 2009 and 2010 under review. There were no exceptional or extraordinary items in the audited financial statements of our Group during the financial years under review. Our Group's audited consolidated financial statements were prepared in accordance with approved accounting standards in Malaysia and have been audited by our External Auditors, Messrs. Ernst & Young. | 265 270 | |

| | FYE 31 December 2007 (Restated) RM'000 | FYE 31 December 2008 (Restated) RM'000 | FYE 31 December 2009 RM'000 | F 31 Decem 21 RM |
|--------------------------------------|--|--|--------------------------------------|---------------------------|
| Revenue | 113,837 | 114,373 | 102,300 | 120,280 |
| Cost of sales | (90,157) | (91,468) | (75,508) | (88,7 |
| Gross profit | 23,680 | 22,905 | 26,792 | 31, |
| Other items of income:- | | | | |
| Interest income | 252 | 204 | 79 | |
| Other income | 3,145 [#] | 145 | 747 | 285 |
| Discount on acquisition | - | - | 2,766 | |
| Other items of expense:- | | | | |
| Selling and distribution costs | (9,137) | (9,134) | (8,887) | (13,9 |
| Administrative expenses ^A | (6,119) [#] | (3,235) | (6,104) | (7,8 |
| Finance costs | (16) | (12) | (2) | 290 |
| PBT | 11,805 | 10,873 | 15,391 | 10, |
| Income tax expense | (1,663) | 1,121 | (3,587) | (5 |
| PAT | 10,142 | 11,994 | 11,804 | 10, |
| Profit attributable to: | | | | |
| Owners of Focus Lumber | 11,046 | 10,273 | 11,596 | 10,295 |
| Minority interests | (904) | 1,721 | 208 | |
| | 10,142 | 11,994 | 11,804 | 10, |
| No. of shares in issue ('000) | 91,000 ¹ | 91,000 ¹ | 91,000 ¹ | 91, |
| EBITDA | 17,487 | 15,821 | 20,321 ⁷ | 15,300 |
| Basic EPS ² (RM) | 0.12 | 0.11 | 0.13 | (|
| Gross profit margin ³ (%) | 20.80 | 20.03 | 26.19 | 26 |
| PBT margin ⁴ (%) | 10.37 | 9.51 | 15.04 | 1 |
| PAT margin ⁵ (%) | 8.91 | 10.49 | 11.54 | 1305 |
| Effective tax rate ⁶ (%) | 14.09 | (10.31) | 23.31 | 1 |

Notes:-

310

Included in other income for the FYE 31 December 2007 was reversal of provision for doubtful debts provided in prior years of RM2.89 million. These doubtful debts were subsequently considered as bad by our Group during the financial year. Hence, these doubtful debts were written off as bad debts under administrative expenses and the corresponding provision for doubtful debts (which had been made in prior years) have been reversed and have resulted in an equivalent amount of credit entry under other income accordingly.

315

A Administrative expenses for the FYE 31 December 2007 and 2008 were

320

restated to include workers recruitment and staff

advances written off amounting to approximately RM0.013 million and RM0.011 million respectively relating to a prior year adjustment identified during the FYE 31 December 2009. 325

The following adjustments relating to prior years financial statements of our Group were identified during the FYE 31 December 2009 and were accounted for retrospectively by way of prior year adjustment:- 330

| | 2007 RM'000 | 2008 RM'000 | 2009 RM'000 |
|--|----------------|----------------|----------------|
| Effects on retained earnings | | | |
| At 1 January, as previously stated | 46,033 | 57,091 | 67,335 |
| Effects of prior year adjustment | (1,007) | (1,019) | (1,000) |
| At 1 January, as restated | <u>45,026</u> | <u>56,072</u> | <u>66,335</u> |
| Effects on profit for the year | | | |
| Profit for the year before prior year adjustment | 10,155 | 12,005 | 11,830 |
| Effects of prior year adjustment | (13) | (11) | (10) |
| Profit for the year | <u>10,142</u> | <u>11,994</u> | <u>11,820</u> |

1) The number of ordinary shares in issue is adjusted for Bonus Issue and Share Split implemented on 16 December 2010 and 17 December 2010 respectively. 345

2) Basic EPS is calculated based on profit attributable to owners of our Company divided by the number of shares in issue. 350

3) Gross profit margin is calculated based on gross profit divided by revenue.

4) PBT margin is calculated based on PBT divided by revenue. 355

5) PA T margin is calculated based on PA T divided by revenue.

6) Effective tax rate is calculated based on income tax expense divided by PBT. 360

7) The EBITDA includes the one-off credit item for the FYE 31 December 2009, namely discount on acquisition. The following is the EBITDA before including the discount on acquisition:- 365

| | |
|---|----------------|
| EBITDA | RM'000 |
| Less: Discount on acquisition | 20,321 |
| EBITDA before including discount on acquisition | <u>(2,766)</u> |
| | <u>17,555</u> |

2.7 UNAUDITED PROFORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION OF OUR GROUP

The Unaudited Proforma Consolidated Statements of Financial Position of our Group as at 31 December 2010 set out below, for which our Directors are solely responsible, have been prepared for illustrative purposes only to show the effects of Payment of Dividend, Public Issue and Offer for Sale on the audited consolidated statements of financial position of our Group as at 31 December 2010 on the assumptions that these transactions were implemented and completed on 31 December 2010. We advise you to read the Unaudited Proforma Consolidated Statements of Financial Position together with the basis of assumptions as set out in the accompanying notes included in the Reporting Accountants' Letter on the Unaudited Performa Consolidated Statements of Financial Position as set out in Section 11.2 of this Prospectus.

| | Audited as at 31 December 2010 | Adjustments | Proforma I After Payment of Dividend | Adjustments | Proforma II After Proforma I, Public Issue and Offer for Sale |
|-------------------------------|-----------------------------------|-------------|--|-------------|--|
| | RM | RM | RM | RM | RM |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 46,987,450 | - | 46,987,450 | - | 46,987,450 |
| Investment properties | 1,517,720 | - | 1,517,720 | - | 1,517,720 |
| Other investments | 1,149,040 | - | 1,149,040 | - | 1,149,040 |
| Deferred tax assets | 3,417,853 | - | 3,417,853 | - | 3,417,853 |
| | <u>53,072,063</u> | <u>-</u> | <u>53,072,063</u> | <u>-</u> | <u>53,072,063</u> |

| | Audited as at 31 | Adjustments | Proforma I | Adjustments | Proform |
|--|--------------------|--------------------|--------------------|------------------|------------------|
| | December 2010 | | After Payment of | | After Proform |
| | RM | RM | Dividend | RM | Public Issue a |
| | | | RM | | Offer for S |
| Non-current liability | | | | | 410 |
| Deferred tax liabilities | 2,880,341 | - | 2,880,341 | - | 2,880,3 |
| Total liabilities | <u>12,036,321</u> | <u>-</u> | <u>12,036,321</u> | <u>-</u> | <u>12,036,3</u> |
| NA | <u>102,157,609</u> | <u>(6,200,000)</u> | <u>95,957,609</u> | <u>4,520,000</u> | <u>100,477,6</u> |
| Equity attributable to owners of Focus Lumber | | | | | 415 |
| Share capital | 45,500,000 | - | 45,500,000 | 6,100,000 | 51,600,0 |
| Share premium | - | - | - | 742,000 | 742,0 |
| Retained earnings | 56,657,609 | (6,200,000) | 50,457,609 | (2,322,000) | 48,135,6 |
| Total equity | <u>102,157,609</u> | <u>(6,200,000)</u> | <u>95,957,609</u> | <u>4,520,000</u> | <u>100,477,6</u> |
| Total equity and liabilities | <u>114,193,930</u> | <u>(6,200,000)</u> | <u>107,993,930</u> | <u>4,520,000</u> | <u>112,513,9</u> |
| Number of ordinary shares in issue | 91,000,000 | | 91,000,000 | | 103,200,0 |
| NA per share (RM) | 1.12 | | 1.05 | | 0.1 |

425 Move 9

2.9 RISK FACTORS

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

2.9.1 Risks relating to business and operations of our Group

- (i) No long term contract with major customers; 440
- (ii) Log supply;
- (iii) Risk of labour shortage;
- (iv) Fluctuation in log prices;
- (v) Foreign exchange risk;
- (vi) Reliance on the US market and a single customer; 445
- (vii) Competition;
- (viii) Environmental issues;
- (ix) Dependency on key management;
- (x) Workplace safety and health matters; and
- (xi) Operational risks and insurance coverage. 450

2.9.2 Risks relating to investing in our Shares

- (i) No prior market for our Shares;
- (ii) Share price volatility and volume of our Shares;

| | | |
|-------|--|-----|
| (iii) | Ownership and control by our existing shareholders; | |
| (iv) | Failure or delay in our Listing; | |
| (v) | We may not be able to pay dividends to shareholders; and | 455 |
| (vi) | Forward looking statements. | |

Appendix G

M 4

| | | |
|-----|---|--------|
| 2. | INFORMATION SUMMARY | Line |
| 2.1 | HISTORY AND BUSINESS | |
| | | |
| | “A Company” was incorporated in Malaysia as a public limited company on 6 February 2008. Our principal activities are those of investment holding and the provision of management services. The Company is a listing vehicle incorporated to undertake the flotation exercise of ‘B’ and ‘C’, our wholly-owned subsidiaries.}{S7: The sole activity of ‘A’ is property investment holding where it owns ‘D’, which houses Factory A and our head office.} | Move 1 |
| | {S1: We are principally an integrated ‘X’ and ‘Y’ player with a complete range of upholstered home furniture products. As an ‘X’, we design and manufacture furniture for our customers whereas, as an ‘Y’, we manufacture furniture based on designs provided to us. For the FYE 2009, approximately 86% of our Group's revenue was contributed by ‘X’ sales with the remaining 14% from ‘Y’ sales. Since commencement of business in 1997, our primary activity revolves around the design, manufacture and sale of upholstered home furniture which includes upholstered sofas, upholstered dining chairs and upholstered bed frames.}{S7: Presently, we are operating in 4 plants including 1 rented factory and they are located in ‘E’ with a total built-up area of approximately 348,000 sq. ft.} | 5 |
| | {S2: We are one of the leading upholstered home furniture manufacturers in Malaysia and our products are mainly focused on 'medium to high end range' of upholstered home furniture. We design our furniture products primarily based on Western stylishness and preferences.}{S5: We believe we have earned a strong reputation for our product quality and reliability with approximately 99% of our Group's revenue contributed from overseas and presently, we export our products to more than 40 countries across the world covering ‘F’, ‘G’, ‘H’, and ‘I’. | 10 |
| | {S4: The structure of our Group and the principal activities of our subsidiaries are as set out below:- } | 15 |
| | A | 20 |
| | 100% | |
| | 100% | |
| | E Industries Sdn Bhd | |
| | D Manufacturing Sdn Bhd | 35 |
| | <u>Subsidiaries</u> <u>Principal Activity</u> | |
| | B Design, manufacture and sale of upholstered furniture products | |
| | C Property investment holding | |
| | | 40 |

2.4 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT PERSONNEL Move 2

Our Promoters, substantial shareholders, Directors and key management personnel are as follows:-

| Name | |
|--|----|
| Designation | |
| Promoters | |
| ABCDEFGHIJ | |
| Directors | 50 |
| KLMNOP | |
| Key Management Personnel | |
| QRSTU | |
| Managing Director Executive Director Assistant Purchasing Manager | 55 |
| Managing Director | |
| Executive Director | |
| Independent Non-Executive Director | |
| Independent Non-Executive Director | |
| Independent Non-Executive Director | 60 |
| Managing Director Executive Director Marketing Manager Group Accountant | |
| Chief Designer | |
| Assistant Purchasing Manager Administration and Human Resources Manager | |
| Quality Assurance Manager | |

2.5 FINANCIAL HIGHLIGHTS Move 3

2.5.1 Pro forma Consolidated Income Statements

{S1: The table below sets out selected items from our proforma consolidated income statements for the past three (3) FYE 2007 to 2009. The proforma figures are provided for illustrative purposes only on the assumption that our Group structure has been in existence during the period under review.}

| Audited | < FYE 31 August > | 2007 | 2008 | 2009 | |
|---|-------------------|----------------|----------------|-------------|----|
| RM'000 RM'000 RM'000 | | | | | |
| Revenue | | 73,804 | 92,550 | | 75 |
| 108,439 | | | | | |
| Gross profit | | 16,749 | 20,652 | | |
| 32,537 | | | | | |
| Earnings before interest, taxation, depreciation and amortisation | | 12,341 | 15,009 | | |
| 26,812 | | | | | |
| PBT | | 11,681 | 13,709 | | 80 |
| 24,958 | | | | | |
| PAT | | 10,466 | 12,381 | | |
| 22,678 | | | | | |
| No. of ordinary shares of RM0.20 each assumed to be in issue ('000)* | | 180,897 | 180,897 | | 85 |
| 180,897 | | | | | |
| Gross earning per share (RM) | | 0.06 | 0.08 | 0.14 | |
| Net earnings per share (RM) | | 0.06 | 0.07 | 0.13 | |

* Based on the issued and paid-up share capital of 180,897,385 ordinary shares of RM 0.20 each in Homeritz after the Acquisitions, Subdivision and Share

| | | | |
|--|-------------------------|-------------------------|--------------|
| Consolidation but prior to the Rights Issue and IPO. | | | |
| There were no exceptional or extraordinary items during the period under review. | | | 90 |
| | | | |
| 2.5.2 Proforma Consolidated Balance Sheet | | | Move 4 |
| The summary of our proforma consolidated balance sheet as at 31 August 2009 as set out below is provided for illustrative purposes only to show the effects of the Listing Scheme on the assumption that it had been completed on 31 August 2009. | | | 95 |
| Audited as at 31 August 2009 | RM'000 | | |
| Non-Current Assets | 33,814 | | |
| Current Assets | 40,718 | | 100 |
| Current Liabilities | (24,854) | | |
| Net Current Assets | 15,864 | | |
| Non-Current Liabilities | (7,456) | | |
| | 42,222 | | |
| Share capital and reserves | 42,222 | | |
| NTA/NA | 42,222 | | 105 |
| NTA/NA per Share (RM) | 0.21 | | |
| | | | |
| 2.5.3 Proforma Consolidated Cash Flow Statement | | | 110 Move 5 |
| The summary of our proforma consolidated cash flow statement for the FYE 2009 as set out below is provided for illustrative purposes only and on the assumption that our Group structure has been in existence during the period under review. | | | |
| Audited FYE 2009 RM'000 | | | 115 |
| Net cash from operating activities | | 23,681 | |
| Net cash used in investing activities | | (2,653) | |
| Net cash used in financing activities | | (8,878) | |
| Net increase in cash and cash equivalents | | 12,150 | |
| Effect of exchange difference | | (20) | |
| Cash and cash equivalents at the beginning of financial year | | 8,574 | 120 |
| Cash and cash equivalents at the end of financial year | | 20,704 | |
| | | | |
| 2.5.4 Audit Qualifications | | | Move 6 |
| The auditors of 'A' have reported on the audited financial statements of 'A' for the financial period from 6 February 2008 (date of incorporation) to 31 August 2008 and the FYE 2009 without any audit qualifications. The auditors of all the subsidiary companies of 'A' have reported on the respective audited financial statements of the said companies for the past three (3) FYE 2007 to 2009 without any audit qualifications. | | | 125 |
| | | | 130 |
| | | | |
| 2.7 PRINCIPAL STATISTICS RELATING TO THE IPO | | | Move 7 |
| | Number of Shares | Nominal Value RM | |
| Authorised share capital | 500,000,000 | 100,000,000 | 135 |
| Issued and fully paid-up as at the date of this Prospectus | 191,000,000 | 3 8,200,000 | |
| To be issued pursuant to the Public Issue | 9,000,000 | 1,800,000 | |
| Enlarged issued and paid-up share | | | |

| | | | |
|--|--------------------|--------------------|--------|
| capital upon Listing | 200,000,000 | 40,000,000 | |
| To be offered pursuant to the Offer for Sale | 35,020,000 | 7,004,000 | 140 |
| IPO Price per Share (RM) | | 0.65 | |
| Proforma consolidated NTA as at 31 August 2009 | | | |
| - NTA (RM)* | | 42,222,000 | |
| - NTA per Share (RM) ** | | 0.21 | |
| Market capitalisation upon Listing (RM) | | 130,000,000 | |
| Notes:- | | | 145 |
| * After taking into account our Public Issue and deducting estimated listing expenses amounting to RM2.0 million. | | | |
| ** Based on enlarged issued and paid-up share capital of 200,000,000 Shares. | | | |
| | | | 150 |
| 2.8 UTILISATION OF PROCEEDS | | | |
| {S1: The total estimated gross proceeds to be raised by our Company from our Rights Issue and Public Issue of RM7.87 million shall be utilised in the following manner:- | | | Move 8 |
| | | | 155 |
| Utilisation of Proceeds RM'000 | | | |
| 1. Capital expenditure | 5,720 | | |
| 2. General working capital | 151 | | |
| 3. Estimated listing expenses | 2,000 | | 160 |
| Total | 7,871 | | |
| The total estimated gross proceeds from the Offer for Sale amounting to RM22.76 million shall accrue entirely to the Offerors.}{S3: The Offerors shall bear all incidental expenses relating to the Offer for Sale.} | | | 165 |
| | | | |
| 2.9 RISK FACTORS | | | Move 9 |
| Before applying for our IPO Shares, you should carefully consider the following material risk factors in addition to the other information contained elsewhere in this Prospectus. | | | 170 |
| (a) Risks relating to our Group:- | | | |
| • Business risk. | | | |
| • Dependency on major customers. | | | 175 |
| • Dependency on major suppliers. | | | |
| • Absence of long term contracts | | | |
| • Availability and volatility in prices of raw materials. | | | |
| • Competition. | | | |
| • Dependency on key executives. | | | |
| • Foreign currency exchange risks. | | | 180 |
| • Changes in the sentiments of the furniture industry, consumer preferences and spending trends. | | | |
| • Labour market. | | | |
| • Liability claims. | | | |
| • Production or operational risks. | | | 185 |
| • Reliance on intellectual property rights including our trademarks. | | | |
| • Shipping disruptions. | | | |

| | | |
|-----|---|-----|
| • | Credit risks. | |
| • | Interest rate risks. | 190 |
| • | Disputes or legal proceedings. | |
| • | Future plans and strategies. | |
| • | Manufacturing operations in Vietnam. | |
| • | Unfavourable economic, social and political considerations. | |
| (b) | Risks relating to the investment in our Shares:- | 195 |
| • | No prior market for our Shares. | |
| • | Failure / delay in or abortion of the Listing. | |
| • | Dividend payment. | |
| • | Continued control by Promoters | |
| (c) | Other risks:- | 200 |
| • | Forward-looking / prospective statements. | |

Appendix H-1 (Wordlist-set out)

| Basic Statistics | | |
|------------------|--|--------|
| Total | | 3294 |
| Max | | 98 |
| Min | | 0 |
| Mean | | 51.47 |
| Sd. | | 23.98 |
| 1/8 | | 15.06% |
| 2/8 | | 10.75% |
| 3/8 | | 11.90% |
| 4/8 | | 10.32% |
| 5/8 | | 15.57% |
| 6/8 | | 15.03% |
| 7/8 | | 13.51% |
| 8/8 | | 7.86% |
| N | Concordance | % |
| 1 | as at 31 December 2002 are set out in Section 10.7 of this P | 49.00% |
| 2 | ntant's letter thereon are set out in Section 10.7 and Secti | 50.00% |
| 3 | Group as at 31 August 2010 set out below has been prepared s | 37.00% |
| 4 | ation The following table sets out our proforma consolidated | 71.00% |
| 5 | olidated balance sheets as set out in Section 10.7 of this P | 50.00% |
| 6 | ed for working capital (as set out in Section 4.5 of this Pr | 69.00% |
| 7 | om the Accountants' Report set out in Section 10 of this Pro | 93.00% |
| 8 | om the Accountants' Report set out in Section 10 of this Pro | 77.00% |
| 9 | financial information are set out in Section 10 of this Pro | 39.00% |
| 10 | ights The following table sets out a summary of the proforma | 82.00% |
| 11 | in the Accountants' Report set out in Section 11 of this Pro | 83.00% |
| 12 | ncome The following table sets out a summary of the proforma | 0.00% |
| 13 | on and Accountants' Report set out in Sections 11.5 and 12 o | 53.00% |
| 14 | ation The following table sets out a summary of our proforma | 10.00% |
| 15 | million, our net dividend pay-out will be approximately 4.2 | 65.00% |
| 16 | of comprehensive income is set out in Section 8.7 of this Pr | 22.00% |
| 17 | formation of our Group are set out in Section 9 of this Pros | 42.00% |
| 18 | ement of PREMIUM Group are set out in Section 11 of this Pro | 46.00% |
| 19 | on the Accountants' Report set out in Section 10 of this Pro | 76.00% |
| 20 | ated financial information set out in Sections 12 and 13 of | 2.00% |
| 21 | ated Financial Information set out in Section 10.6 of this P | 38.00% |
| 22 | ated Financial Information set out in Section 11.5 of this P | 68.00% |
| 23 | ated financial information set out in Section 9.1 of this Pr | 42.00% |
| 24 | onsolidated balance sheets set out in Section 9.11 of this P | 78.00% |
| 25 | ated financial information set out in Section 10.6 of this P | 35.00% |
| 26 | ined financial information set out in Section 8.7 of this Pr | 12.00% |
| 27 | repayment of borrowings as set out in Section 4.5 of this Pr | 70.00% |
| 28 | d results of operations as set out in Section 11.2.2 of this | 53.00% |
| 29 | ents of financial position set out in Section 8.7 of this Pr | 22.00% |
| 30 | rresponding gross dividend pay-out will be approximately 5.7 | 65.00% |
| 31 | of the Listing Scheme are set out in Sections 2.3 and 4.6 o | 43.00% |
| 32 | orma Financial Information set out in Section 9.1 of this Pr | 40.00% |
| 33 | thereto. The table below sets out a summary of the audited | 93.00% |
| 34 | utilisation of proceeds as set out in Section 2.6 of this Pr | 43.00% |
| 35 | and reinvestment allowances to set-off against business inco | 98.00% |
| 36 | n and results of operations as set out in Section 11.2.2 of | 53.00% |
| 37 | and utilisation of proceeds as set out in Section 2.6 of thi | 43.00% |

Appendix H-2 ((Wordlist-M-set out)

| | | |
|----------|---|----------|
| Max | | 0 |
| Min | | 0 |
| Mean | | 0.00 |
| Sd. | | 0.00 |
| 1/8 | | 0.00% |
| 2/8 | | 0.00% |
| 3/8 | | 0.00% |
| 4/8 | | 0.00% |
| 5/8 | | 0.00% |
| 6/8 | | 0.00% |
| 7/8 | | 0.00% |
| 8/8 | | 0.00% |
| | | |
| N | Concordance | % |
| | 1 balance sheets of our Group are set out in Section 9.7 of thi | 66.00% |
| | 2 the utilisation of proceeds as set out in Section 2.5 of thi | 65.00% |
| | 3 and the Accountants' Report as set out in Section 13 of this | 68.00% |
| | 4 dated Financial Information as set out in Section 11.4 of th | 68.00% |
| | 5 olidated financial information set out in Section 9.7 of thi | 64.00% |
| | 6 olidated financial information set out in Section 9.7 of thi | 62.00% |
| | 7 porting Accountants' Letter as set out in Section 11.2 of th | 60.00% |
| | 8 roup as at 31 December 2007 as set out below have been prepa | 63.00% |
| | 9 up's financial information are set out in Section 9 of this | 62.00% |
| | 10 dated Financial Information as set out in Section 11.4 of th | 70.00% |
| | 11 olidated financial information set out in Sections 13 and 15 | 94.00% |
| | 12 ma consolidated balance sheets set out in Section 8.4 of thi | 92.00% |
| | 13 our financial information are set out in Section 12 of this | 98.00% |
| | 14 olidated financial information set out in Section 15 of this | 98.00% |
| | 15 sumptions included in the full set of the proforma consolida | 92.00% |
| | 16 and the Accountants' Report as set out in Section 13 of this | 77.00% |
| | 17 dated Financial Information as set out in Section 11.4 of th | 77.00% |
| | 18 mpanying notes and assumptions set forth in Section 8.4 of t | 85.00% |
| | 19 dated Financial Information as set out in Section 11.4 of th | 79.00% |
| | 20 porting Accountants' Letter as set forth in Section 11.2 of | 57.00% |
| | 21 olidated financial information set out in Section 11,7 of th | 14.00% |
| | 22 consolidated balance sheets is set out in Section 11.1 of th | 12.00% |
| | 23 rical Financial Information as set out in Section 13, the Ac | 23.00% |
| | 24 lidated cash flow statement is set out in Sectionll.l of thi | 21.00% |
| | 25 olidated financial information set out in Section 11.7 of th | 7.00% |
| | 26 olidated financial information set out in Section 11.7 of th | 5.00% |
| | 27 d key management personnel are set out in Section 8 of this | 3.00% |
| | 28 consolidated balance sheets as set out below have been prepa | 6.00% |
| | 29 solidated income statements is set out in Section 11.1 of th | 6.00% |
| | 30 13, the Accountants' Report as set out in Section 16 and the | 23.00% |
| | 31 r Group as at 31 December 2010 set out below, for which our | 54.00% |
| | 32 ith the Accountants' Report as set out in Section 12 of this | 46.00% |
| | 33 ments of Financial Position as set out in Section 11.2 of th | 55.00% |
| | 34 th the basis of assumptions as set out in the accompanying n | 55.00% |
| | 35 olidated financial information set out in Section 11.3 of th | 40.00% |
| | 36 Its and Financial Condition as set out in Section 14 of this | 26.00% |
| | 37 Its and Financial Condition as set out in Section 14 of this | 23.00% |

Appendix H-3 (Wordlist-M-Gerunds)

| Basic Statistics | | |
|------------------|--|--------|
| Total | | 3359 |
| Max | | 89 |
| Min | | 7 |
| Mean | | 55.98 |
| Sd. | | 26.30 |
| 1/8 | | 9.23% |
| 2/8 | | 13.66% |
| 3/8 | | 14.32% |
| 4/8 | | 10.45% |
| 5/8 | | 18.37% |
| 6/8 | | 12.74% |
| 7/8 | | 10.66% |
| 8/8 | | 10.57% |
| Concordance | | |
| N | Concordance | % |
| 1 | December 1987/ 2,000,000 100.0 Manufacturing of oil seed exp | 31.00% |
| 2 | September 2004/ 200,000 100.0 Manufacturing of automated oi | 31.00% |
| 3 | rted a production line for the manufacturing of LVL which co | 48.00% |
| 4 | accreditation in 2006 for the manufacturing of granite and | 17.00% |
| 5 | m manufacturing plant when all manufacturing activities have | 81.00% |
| 6 | incorporated to undertake the manufacturing of UPR. The fol | 58.00% |
| 7 | s are primarily engaged in the manufacturing, selling, distr | 9.00% |
| 8 | re principally involved in the manufacturing and sale of ply | 35.00% |
| 9 | oducts. As at the LPD, the new manufacturing plant in Nilai | 80.00% |
| 10 | will be undertaken at the new manufacturing plant in Nilai. | 81.00% |
| 11 | st Benuser was involved in the manufacturing and distributio | 66.00% |
| 12 | iness which specialised in the manufacturing, polishing and | 11.00% |
| 13 | of certain products in the new manufacturing plant in Nilai, | 80.00% |
| 14 | emicals Industries Ltd for the manufacturing of UPR. Subsequ | 58.00% |
| 15 | ct Toll Manufacturing. Our new manufacturing plant has under | 83.00% |
| 16 | December 2010, our trading and manufacturing activities cont | 87.00% |
| 17 | 18 December 2010, save for our manufacturing and warehousing | 78.00% |
| 18 | February 1988 to commence the manufacturing of dimension st | 10.00% |
| 19 | warehousing purposes. Our new manufacturing plant is expect | 79.00% |
| 20 | fully integrated into the new manufacturing plant in Nilai. | 82.00% |
| 21 | gained vast experience in the manufacturing of plywood. Wit | 38.00% |
| 22 | our Group was derived from the manufacturing and sale of ply | 43.00% |
| 23 | . Our Group is involved in the manufacturing, distribution a | 64.00% |
| 24 | licences in 2002 to engage in manufacturing, distribution a | 69.00% |
| 25 | in Malaysia. Our Group's steel manufacturing business was or | 21.00% |
| 26 | in timber trading and plywood manufacturing businesses in T | 36.00% |
| 27 | plant in Nilai. Our Shah Alam manufacturing plant has a bui | 77.00% |
| 28 | ted offshore crane service and manufacturing provider specia | 51.00% |
| 29 | is principally involved in the manufacturing and trading of | 20.00% |
| 30 | bs which is located in our new manufacturing plant in Nilai. | 77.00% |
| 31 | tions namely from our existing manufacturing plant/warehouse | 77.00% |
| 32 | ufacturing plant in Nilai. The manufacturing plant in Nilai | 78.00% |
| 33 | s by end of July 2011. The new manufacturing plant is expect | 83.00% |
| 34 | of this Prospectus. Apart from manufacturing activities, our | 86.00% |
| 35 | ll operations at the Shah Alam manufacturing plant when all | 81.00% |
| 36 | tions to our newly constructed manufacturing plant in Nilai. | 78.00% |
| 37 | oducts specifications. The new manufacturing plant has enabl | 85.00% |

Appendix H-4 (Wordlist-FB-Gerunds)

| Basic Statistics | | |
|------------------|--|--------|
| Total | | 1642 |
| Max | | 97 |
| Min | | 30 |
| Mean | | 65.68 |
| Sd. | | 20.06 |
| 1/8 | | 21.50% |
| 2/8 | | 11.75% |
| 3/8 | | 14.98% |
| 4/8 | | 13.40% |
| 5/8 | | 8.28% |
| 6/8 | | 6.03% |
| 7/8 | | 13.22% |
| 8/8 | | 10.84% |
| N | Concordance | % |
| 1 | its strength in Caramel Colour manufacturing with the vision | 90.00% |
| 2 | % Subsidiary of OFIH OFI 100.0 Manufacturing and marketing o | 93.00% |
| 3 | confectioneries. GoodFood 51.0 Manufacturing and wholesale o | 93.00% |
| 4 | tribution of various beverages Manufacturing and distributio | 77.00% |
| 5 | tribution of various beverages Manufacturing and distributio | 77.00% |
| 6 | SSSFI which is involved in the manufacturing of Caramel Colo | 79.00% |
| 7 | LDTOWN' brand name. In view of expanding our manufacturing a | 37.00% |
| 8 | re the manufacturing, trading, distributing and exporting of | 74.00% |
| 9 | business of manufacturing and distributing RTD coffee, RTD | 75.00% |
| 10 | are principally engaged in the manufacturing and sales of na | 97.00% |
| 11 | company of PVOB SPCSB General trading of oils and fats. Fur | 69.00% |
| 12 | diaries are the manufacturing, trading, distributing and exp | 74.00% |
| 13 | follows: Principal activities Manufacturing and distributio | 77.00% |
| 14 | d commenced operations in 2004 manufacturing of roasted coff | 37.00% |
| 15 | ion Ltd for the processing and manufacturing of beverage pro | 46.00% |
| 16 | BM TRADA Certification Ltd for manufacturing of dried roaste | 53.00% |
| 17 | ant white coffee and commenced manufacturing in 1999. With m | 30.00% |
| 18 | 20 years of experience in the manufacturing and retailing i | 32.00% |
| 19 | name. In view of expanding our manufacturing activities, we | 37.00% |
| 20 | y is to undertake projects for manufacturing downstream prod | 68.00% |
| 21 | es of our subsidiaries are the manufacturing, trading, distr | 74.00% |
| 22 | view We are in the business of manufacturing and distributin | 75.00% |
| 23 | velopment Corporation for the manufacturing/distribution of | 55.00% |
| 24 | ically for our RTD coffee. The manufacturing of our RTD coff | 56.00% |
| 25 | ary Principal activities PVOB Manufacturing and sale of spe | 67.00% |

Appendix H-5 (Wordlist-FB-Should)

| Basic Statistics | | |
|------------------|--|--------|
| Total | | 0 |
| Max | | 0 |
| Min | | 0 |
| Mean | | 0.00 |
| Sd. | | 0.00 |
| 1/8 | | 0.00% |
| 2/8 | | 0.00% |
| 3/8 | | 0.00% |
| 4/8 | | 0.00% |
| 5/8 | | 0.00% |
| 6/8 | | 0.00% |
| 7/8 | | 0.00% |
| 8/8 | | 0.00% |
| N | Concordance | % |
| | 1 text of this Prospectus and should be read in conjunction | 53.00% |
| | 2 text of this Prospectus and should be read in conjunction | 1.00% |

Appendix H-6 (Wordlist-M-Should)

| Basic Statistics | | |
|------------------|--|--------|
| Total | | 0 |
| Max | | 0 |
| Min | | 0 |
| Mean | | 0.00 |
| Sd. | | 0.00 |
| 1/8 | | 0.00% |
| 2/8 | | 0.00% |
| 3/8 | | 0.00% |
| 4/8 | | 0.00% |
| 5/8 | | 0.00% |
| 6/8 | | 0.00% |
| 7/8 | | 0.00% |
| 8/8 | | 0.00% |
| N | Concordance | % |
| | 1 text of this Prospectus and should be read in conjunction | 94.00% |
| | 2 text of this Prospectus and should be read in conjunction | 62.00% |

7.0 BIBLIOGRAPHY

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