

10. FINANCIAL INFORMATION

10.1 HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The historical consolidated financial information of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 are the financial years/period under review. The proforma consolidated financial information are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Independent Assurance Report on the Compilation of Pro Forma Financial Information set out in Section 10.8 of this Prospectus and the management's discussion and analysis of financial condition, results of operations and prospects as set out in Section 10.3 of this Prospectus.

Audited consolidated statements of profit or loss and other comprehensive income

The following table set out a summary of the audited consolidated statement of profit or loss and other comprehensive income of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

The audited consolidated statement of profit or loss and other comprehensive income should be read in conjunction with our "Management Discussion and Analysis of Financial Condition and Results of Operations" as set out in Section 10.3 of this Prospectus and the Accountants' Report, together with the accompanying notes as set out in Section 11 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2015 RM'000	FPE 2016 RM'000
Revenue	64,394	77,578	74,123	22,699	25,443
Cost of sales and services	(48,564)	(50,918)	(41,195)	(12,903)	(14,535)
GP	15,831 [^]	26,660	32,928	9,796	10,907 [^]
Other operating income	856	812	1,609	594	519
Other gains and losses	-	73	155	16	-
General and administrative expenses	(7,600)	(7,725)	(7,977)	(2,384)	(2,321)
Finance costs	(4,811)	(6,512)	(7,464)	(2,620)	(2,394)
PBT	4,277[^]	13,308	19,251	5,402	6,711
Tax income/(expenses)	2,936	175	(62)	1,370	(1,319)
PAT	7,213	13,483	19,189	6,772	5,391[^]
Item that will not be reclassified subsequently to profit or loss:					
Gain arising from revaluation of properties - net of tax	-	7,367	-	-	-
Total comprehensive income for the financial years/periods	7,213	20,850	19,189	6,772	5,391
Profit for the years/period attributable to:					
Owners of the Company	7,174	13,437	19,082	6,719	5,362
Non-controlling interests of Perak Transit Group	39	46	107	53	29
	7,213	13,483	19,189	6,772	5,391
Number of ordinary shares of RM0.10 each in issue ('000) ⁽¹⁾	897,948	897,948	897,948	897,948	897,948
EBITDA	14,282	25,586	33,460	10,249	11,610
GP margin (%) ⁽²⁾	24.58	34.37	44.42	43.16	42.87
PBT margin (%) ⁽³⁾	6.64	17.15	25.97	23.80	26.38
PAT margin (%) ⁽⁴⁾	11.20	17.38	25.89	29.83	21.19
Effective tax rate (%)	*	*	*	*	20.25
Gross EPS (sen) ⁽⁵⁾	0.48	1.48	2.14	0.60	0.75
Net EPS (sen) ⁽⁶⁾	0.80	1.50	2.14	0.75	0.60

10. FINANCIAL INFORMATION (Cont'd)*Notes:*

- * No effective tax rate was computed as Perak Transit recorded a tax income in the respective financial years/period.
- ^ Does not equal due to rounding.
- (1) Based on our enlarged issued and paid-up share capital of 897,948,000 Shares after the New Share Issuance but before the IPO.
- (2) The GP margin is computed by dividing the GP with the revenue earned in the respective financial years/period under review.
- (3) The PBT margin is computed by dividing the PBT with the revenue earned in the respective financial years/period under review.
- (4) The PAT margin is computed by dividing the PAT with the revenue earned in the respective financial years/period under review.
- (5) The gross EPS is computed by dividing the PBT with 897,948,000 Shares after the New Share Issuance but before the IPO.
- (6) The net EPS is computed by dividing the PAT with 897,948,000 Shares after the New Share Issuance but before the IPO.

There was no share of profits of associates or joint venture, and no exceptional or extraordinary items throughout the financial years/period under review. The audited financial statements of our Group for the financial years/period under review were reported without any audit qualification.

Audited consolidated statement of financial position

The following table set out a summary of the audited consolidated statement of financial position of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

The audited consolidated statement of financial position of our Group should be read in conjunction with the our Group's audited consolidated statement of financial position for the FYE 2013 to FYE 2015 and the FPE 2016 together with the accompanying notes set out in Section 11 and the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" as set out in Section 10.3 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
PPE	173,640	210,265	225,993	212,413	234,527
Land held for property development	1,655	-	-	-	-
Goodwill on consolidation	3,364	1,623	1,623	1,623	1,623
Deferred tax assets	7,140	5,980	7,231	7,460	6,333
Total Non-Current Assets	185,799	217,868	234,847	221,496	242,483
Current Assets					
Inventories	548	1,143	1,064	911	812
Trade and other receivables	3,288	4,582	11,872	11,430	9,950
Current tax assets	155	195	63	255	88
Other assets	1,823	548	7,175	483	17,177
Fixed deposits, cash and bank balances	13,456	19,812	12,338	10,704	8,752
Total Current Assets	19,270	26,280	32,512	23,783	36,779
Total Assets	205,069	244,148	267,359	245,279	279,262

10. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	50,047	50,047	70,747	50,047	70,747
RCPS	1,701	1,701	-	1,701	-
Revaluation reserves	5,706	12,928	12,928	12,928	12,928
Retained earnings	15,525	25,756	42,766	32,474	45,829
Equity attributable to owners of the Company	72,979	90,432	126,441	97,150	129,504
Non-controlling interests	358	496	596	548	622
TOTAL EQUITY	73,337	90,928	127,037	97,698	130,126
LIABILITIES					
Non-Current Liabilities					
Obligations under hire-purchase arrangements	5,439	3,039	1,843	2,603	1,429
Borrowings	61,701	93,765	96,596	93,005	103,915
Deferred capital grant	9,581	9,381	9,181	9,315	9,115
Deferred tax liabilities	755	1,382	1,351	1,395	1,364
Other financial liability	14,245	14,516	-	14,612	-
Total Non-Current Liabilities	91,721	122,083	108,971	120,930	115,823
Current liabilities					
Trade and other payables	4,312	1,917	2,941	501	1,265
Amount owing to directors	17,764	21,829	-	1,350	-
Obligations under hire-purchase arrangements	2,607	1,763	1,196	1,503	1,176
Borrowings	12,051	2,755	20,743	20,289	24,743
Deferred capital grant	200	200	200	200	200
Other liabilities	1,635	1,230	5,826	1,355	5,444
Other financial liability	1,416	1,443	-	1,453	-
Current tax liabilities	26	-	445	-	485
Total Current Liabilities	40,011	31,137	31,351	26,651	33,313
Total Liabilities	131,732	153,220	140,322	147,581	149,136
TOTAL EQUITY AND LIABILITIES	205,069	244,148	267,359	245,279	279,262

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10. FINANCIAL INFORMATION (Cont'd)**Audited consolidated statement of cash flows**

The following table set out a summary of the audited consolidated statement of cash flows of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

The audited consolidated statement of cash flows of our Group should be read in conjunction with the our Group's audited consolidated statement of financial position for the FYE 2013 to FYE 2015 and the FPE 2016 together with the accompanying notes set out in Section 11 and the "Management's Discussion and Analysis of Financial Condition, Results of Operations and Prospects" as set out in Section 10.3 of this Prospectus.

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)					
OPERATING ACTIVITIES					
Profit for the years/periods	7,213	13,483	19,189	6,772	5,391
Adjustments for:					
Depreciation of PPE	5,194	5,766	6,745	2,227	2,505
Finance costs	4,810	6,512	7,464	2,620	2,394
PPE written off	40	166	*	*	*
Tax (income)/expenses recognised in profit or loss	(2,936)	(175)	62	(1,370)	1,320
Amortisation of deferred capital grant	(200)	(200)	(200)	(66)	(67)
Interest income	(106)	(38)	(61)	(10)	(34)
Gain on disposal of PPE	-	(53)	(15)	(16)	-
Gain on disposal of subsidiary companies	-	(20)	-	-	-
Gain on conversion of RCPS to ordinary shares	-	-	(140)	-	-
	14,015	25,442 [^]	33,044	10,157	11,510 [^]
Movements in working capital:					
Decrease/(Increase) in:					
Inventories	325	(595)	79	232	253
Trade and other receivables	(333)	(1,164)	(7,290)	(6,848)	1,921
Other assets	(1,280)	1,186	(203)	65	171
Increase/(Decrease) in:					
Trade and other payables	(2,151)	(2,395)	1,024	(1,416)	(1,690)
Other liabilities	(438)	(574)	4,146	87	(282)
Cash From Operations	10,138	21,900	30,800	2,277	11,883 [^]
Income tax refunded	382	87	93	-	-
Interest received on current account	22	23	22	7	5
Income tax paid	(472)	(524)	(860)	(156)	(394)
Net Cash From Operating Activities	10,070	21,486	30,055	2,128	11,494[^]

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10. FINANCIAL INFORMATION (Cont'd)

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(USED IN)					
INVESTING ACTIVITIES					
Interest received on fixed deposits	84	15	39	3	29
Purchase of PPE	(41,852)	(13,806)	(22,236)	(4,438)	(11,024)
Additional investment in subsidiary	(3,415)	-	-	-	-
Proceeds from disposal of subsidiary companies	-	3,559	-	-	-
Proceeds from disposal of PPE	-	1,143	79	79	-
Acquisition of subsidiary companies, net of cash acquired	-	74	-	-	-
Deposits paid for purchase of PPE	-	-	(6,424)	-	(10,172)
Placement of fixed deposits no longer meet the definition of cash equivalents	-	-	(647)	(624)	(7)
Acquisition of shares from non-controlling interest	-	-	*	*	-
Addition to land held for property development	-	(35)	-	-	-
Net Cash Used In Investing Activities	(45,183)	(9,050)	(29,189)	(4,980)	(21,174)
CASH FLOWS FROM/(USED IN)					
FINANCING ACTIVITIES					
Drawdown of term loans, BBA facilities, Musharakah financing and Muamalat Term Financing	60,000	15,815	6,531	-	8,825
Proceeds from issuance of ordinary shares	23,500	-	-	-	-
Proceeds from issuance of RCPS	17,200	-	-	-	-
Advances received from/(Repayment to) directors	8,432	3,754	(18,329)	(20,479)	-
Withdrawal/(Placement) of fixed deposits	3,199	(59)	(153)	(3)	(797)
Advances received from former holding company	107	-	-	-	-
Repayment of term loans and BBA facilities	(59,253)	(2,921)	(2,652)	(884)	(1,503)
Finance costs paid	(4,555)	(6,101)	(7,117)	(2,477)	(2,495)
Repayment of obligations under hire-purchase arrangements	(2,976)	(3,245)	(1,762)	(696)	(434)
Dividends paid	(1,700)	(3,253)	(2,590)	-	(2,299)
Dividends paid to NCI	(226)	(6)	(6)	(1)	(3)
Repayment to other related companies	(231)	-	-	-	-
Proceeds from bank overdrafts	-	-	16,939	17,657	3,996
Net Cash From/(Used in) Financing Activities	43,497	3,984	(9,139)	(6,883)	5,290
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	8,384	16,419	(8,273)	(9,735)	(4,390)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	(5,344)	3,040	19,459	19,459	11,186
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	3,040	19,459	11,186	9,724	6,796

Note:

^ Does not equal due to rounding.

* Amount is immaterial.

10. FINANCIAL INFORMATION (Cont'd)

Pro forma consolidated statements of financial position as at 30 April 2016

Our pro forma consolidated statement of financial position as at 30 April 2016 as set out below has been prepared for illustrative purposes only on the assumption that the New Share Issuance, our IPO and utilisation of proceeds were completed on that date. You should read this pro forma consolidated statement of financial position in conjunction with the accompanying notes and assumptions set out in Section 10.8 of this Prospectus.

	Notes	Audited as at 30 April 2016 RM'000	Pro forma (I) After the New Share Issuance RM'000	Pro forma (II) After (I) and the Public Issue RM'000	Pro forma (III) After (II) and the utilisation of proceeds RM'000
ASSETS					
Non-Current Assets					
PPE	1	234,527	234,527	234,527	254,527
Goodwill on consolidation		1,623	1,623	1,623	1,623
Deferred tax assets		6,333	6,333	6,333	6,333
Total Non-Current Assets		242,483	242,483	242,483	262,483
Current Assets					
Inventories		812	812	812	812
Trade and other receivables		9,950	9,950	9,950	9,950
Current tax assets		88	88	88	88
Other assets		17,177	17,177	17,177	17,177
Fixed deposits, cash and bank balances	2	8,752	8,752	45,502	19,233
Total Current Assets		36,779	36,779	73,529	47,260
TOTAL ASSETS		279,262	279,262	316,012	309,743
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital		70,747	89,795	114,295	114,295
Share premium	3	-	952	13,202	13,202
Revaluation reserve		12,928	12,928	12,928	12,928
Retained earnings		45,829	45,829	45,829	41,669
Equity attributable to owners of the Company		129,504	149,504	186,254	182,094
Non-controlling interests		622	622	622	622
TOTAL EQUITY		130,126	150,126	186,876	182,716

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10. FINANCIAL INFORMATION (Cont'd)

		Audited as at 30 April 2016	Pro forma (I) After the New Share Issuance	Pro forma (II) After (I) and the Public Issue	Pro forma (III) After (II) and the utilisation of proceeds
	Notes	RM'000	RM'000	RM'000	RM'000
LIABILITIES					
Non-Current Liabilities					
Obligations under hire-purchase arrangements		1,429	1,429	1,429	426
Borrowings		103,915	83,915	83,915	83,915
Deferred capital grant		9,115	9,115	9,115	9,115
Deferred tax liabilities		1,364	1,364	1,364	1,364
Total Non-Current Liabilities		115,823	95,823	95,823	94,820
Current Liabilities					
Trade and other payables		1,265	1,265	1,265	1,265
Obligation under hire-purchase arrangements		1,176	1,176	1,176	70
Borrowings		24,743	24,743	24,743	24,743
Current tax liabilities		485	485	485	485
Deferred capital grant		200	200	200	200
Other liabilities		5,444	5,444	5,444	5,444
Total Current Liabilities		33,313	33,313	33,313	32,207
Total Liabilities		149,136	129,136	129,136	127,027
TOTAL EQUITY AND LIABILITIES		279,262	279,262	316,012	309,743
Number of Perak Transit Shares in issue ('000)		707,472	897,948	1,142,948	1,142,948
NA (RM'000)	5	129,504	149,504	186,254	182,094
NA per ordinary share (RM)	5	0.18	0.17	0.16	0.16

Notes:

1. Being RM20.00 million of the gross Public Issue proceeds which will be utilised for our Group's business expansion for the construction of Terminal Kampar and will therefore be recognised as non-current asset under PPE.
2. After taking into consideration the gross proceeds of RM36.75 million which will accrue to Perak Transit from the Public Issue. Subsequent thereof, RM26.27 million will be defrayed for business expansion, repayment of hire-purchase obligations and listing expenses pursuant to the utilisation as per Section 2.7 of this Prospectus. The balance of RM10.48 million, shall continue to be retained in our bank for defrayment of working capital as per Section 2.7 of this Prospectus.
3. Based on the IPO Price of RM0.15 per Public Issue Share, the issuance of the Public Issue Shares will result in a share premium of RM12.25 million.
4. The listing expenses of RM4.16 million shall be defrayed from the retained earnings.
5. Following the issuance of the Public Issue Shares, our Group's NA is expected to increase by RM32.59 million, after deducting the listing expenses of RM4.16 million.

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

	Notes	Pro forma statement of cashflows after New Share Issuance, our IPO and utilisation of proceeds	
		Audited FPE 2016 RM'000	FPE 2016 RM'000
CASH FLOWS FROM/(USED IN)			
OPERATING ACTIVITIES			
Profit for the period	1	5,391	1,232
Adjustments for:			
Finance costs		2,394	2,394
Depreciation of PPE		2,505	2,505
PPE written off		-*	-*
Amortisation of deferred capital grant		(67)	(67)
Tax expenses recognised in profit or loss		1,320	1,320
Interest income		(34)	(34)
		11,510 [^]	7,350
Movements in working capital:			
Decrease in:			
Inventories		253	253
Trade and other receivables		1,921	1,921
Other assets		171	171
Decrease in:			
Trade and other payables		(1,690)	(1,690)
Other liabilities		(282)	(282)
Cash From Operations		11,883 [^]	7,723
Interest received on current account		5	5
Income tax paid		(394)	(394)
Net Cash From Operating Activities		11,494[^]	7,334
CASH FLOWS FROM/(USED IN)			
INVESTING ACTIVITIES			
Interest received on fixed deposits		29	29
Purchase of PPE	2	(11,024)	(31,024)
Deposits paid for purchase of PPE		(10,172)	(10,172)
Placement of fixed deposits no longer meet the definition of cash equivalents		(7)	(7)
Net Cash Used In Investing Activities		(21,174)	(41,174)

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10. FINANCIAL INFORMATION (Cont'd)

	Notes	Pro forma statement of cashflows after New Share Issuance, our IPO and utilisation of proceeds(a)	
		Audited FPE 2016 RM'000	FPE 2016 RM'000
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Drawdown of term loans, BBA facilities, Musharakah financing and Muamalat Term Financing		8,825	8,825
Proceeds from bank overdrafts		3,996	3,996
Proceeds from issuance of Perak Transit Shares	3	-	36,750
Finance costs paid		(2,495)	(2,495)
Dividends paid		(2,299)	(2,299)
Repayment of term loans and BBA facilities		(1,503)	(1,503)
Placement of fixed deposits		(797)	(797)
Repayment of obligations under hire-purchase arrangements	4	(434)	(2,543)
Dividends paid to non-controlling interests		(3)	(3)
Net Cash From Financing Activities		5,290	39,931
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4,390)	6,091
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		11,186	11,186
CASH AND CASH EQUIVALENTS AT END OF PERIOD		6,796	17,277

Notes:

^ Does not equal due to rounding.

* Amount is immaterial.

- The profit for the period was arrived at after deducting the listing expenses of RM4.16 million.
- Being RM20.00 million of the gross Public Issue proceeds which will be utilised for our Group's business expansion for the construction of Terminal Kampar.
- After taking into consideration the gross proceeds of RM36.75 million which will accrue to Perak Transit from the Public Issue. Subsequent thereof, RM26.27 million will be defrayed for business expansion, repayment of hire-purchase obligations and listing expenses pursuant to the utilisation as per Section 2.7 of this Prospectus. The balance of RM10.48 million, shall continue to be retained in our bank for defrayment of working capital as per Section 2.7 of this Prospectus.
- Being RM2.11 million of the gross Public Issue proceeds which will be utilised for repayment of hire-purchase obligations pursuant to the utilisation as per Section 2.7 of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)**10.2 CAPITALISATION AND INDEBTEDNESS**

The following table shows our Group's cash and bank balances, capitalisation and indebtedness:

	(Unaudited) As at 30 June 2016 RM'000	After New Share Issuance, our IPO and utilisation of proceeds RM'000
Cash and cash equivalents	7,192	17,674
Short-term indebtedness:		
<u>Secured and guaranteed</u>		
Obligations under hire-purchase arrangements	1,185	80
Borrowings	28,692	8,691
Long-term indebtedness:		
<u>Secured and guaranteed</u>		
Obligations under hire-purchase arrangements	1,230	226
Borrowings	109,908	109,908
Total indebtedness	141,015	118,905
Capitalisation:		
Total shareholders' equity	131,300	183,890
Total capitalisation and indebtedness	272,315	302,795
Gearing ratio (times)	1.07	0.65

10.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS, RESULTS OF OPERATIONS AND PROSPECTS

The following management's discussion and analysis of our Group's financial conditions and results of operations should be read in conjunction with the Independent Assurance Report on the Compilation of Pro Forma Financial Information and the Accountants' Report, together with the accompanying notes and assumptions as set out in Sections 10.8 and 11 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties and reflect our current view with respect to future events and financial performance. Our Group's actual results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)

10.3.1 Overview of our operations

Our Company's principal activity is investment holding, whilst our Group via our subsidiaries, are principally involved in the operations of Terminal AmanJaya integrated public transportation terminal and the provision of public bus services. Our Group is also involved in the petrol sales business in the operations of several petrol stations in Ipoh, Lahat and Kuala Kangsar, Perak. Our Group's main operations are summarized as follows:

Main operations	Description
(a) Integrated public transportation terminal operations	<ul style="list-style-type: none"> • We are the owner and operator of Terminal AmanJaya, the only gazetted express bus terminal in Ipoh. • Terminal AmanJaya is a three (3) storey building complex that has bus platforms, bus holding bays, ticketing counters, retail space, office space, A&P space, budget hotel, lobby and basement carpark. <p>As at the LPD, the gross building area of Terminal AmanJaya is approximately 208,802 sq ft, and it is located on a total land area of approximately 363,174 sq ft.</p> <p>Terminal AmanJaya has a total of 17 departure bays on the ground floor for express buses to pick up passengers and five (5) arrival bays on the first floor for express buses to drop off passengers. Terminal AmanJaya further has a total of 40 holding bays, where express buses are held, or bypassed, to facilitate efficient ground movement of buses. Additionally, stage buses that ply the Terminal AmanJaya route pickup and drop off passengers at the bay of Terminal AmanJaya.</p> <ul style="list-style-type: none"> • Location - strategically located at Bandar Meru Raya, Ipoh. • The major operations Terminal AmanJaya centres on the: <ul style="list-style-type: none"> Terminal operations including ticketing sales, bus and passenger traffic control, travel information counters, rental of retail, commercial space and promotional facilities, indoor and outdoor advertising, project facilitation, petrol station, security services, and carpark facilities. The outdoor advertising include a three-face advertising billboard located within the compound of Terminal AmanJaya. • Revenue streams – Our revenue streams from our Terminal AmanJaya integrated public transportation terminal operations comprise among others, rental of A&P spaces (indoor and outdoor advertising), rental of shops and kiosks, Project Facilitation Fee, lavatory fees, bus and taxi entrance fees and car park fee.

10. FINANCIAL INFORMATION (Cont'd)

Main operations	Description
	<p>Since the commencement of Terminal AmanJaya operations in September 2012, our Group recorded revenues of RM13.54 million, RM24.99 million, RM29.55 million and RM9.69 million for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016, respectively</p>
(b) Public bus services	<ul style="list-style-type: none"> • Our public bus services primarily encompass public express bus and stage bus services. We also offer bus charter services to interested parties. • As at the LPD, we operate 27 stage bus routes covering Ipoh and its surrounding areas. We utilise air-conditioned buses for the provision of stage bus services. Our public stage bus service operates from Stesen Bas, Jalan Kidd. • Since the commencement of our operations in 2009 with an initial fleet size of 105 buses, we have expanded our fleet size to 146 buses as at FPE 2016 and remains the same as at the LPD. <p>As at the FPE 2016, we had a total of 146 buses, of which 119 were used for public stage bus operations and the remaining 27 were used for express bus operations and these remains the same as at the LPD. These buses are also available for bus charter services.</p> <ul style="list-style-type: none"> • Revenue streams – Our revenue streams from our bus operations are mainly derived from services that are rendered to the passengers and the available relevant government support fund (as detailed in Section 4.4 (v) (d) of this Prospectus) for bus operations based on services provided as well as rental of spaces for advertisement. <p>For the past three (3) FYE 2013, FYE 2014 and FYE 2015 as well as the FPE 2016, our Group recorded revenues of RM15.20 million, RM16.66 million, RM21.62 million and RM7.26 million, respectively.</p>
(c) Petrol stations and the management of ADO incentive programme	<ul style="list-style-type: none"> • As at the LPD, our Group currently operates a total of 4 petrol stations. • Our petrol station operations involve the retail sale of petrol and diesel, as well as petrol stations' retail marts. In addition, our Group is managing an ADO incentive programme with Petron Fuel. Kindly refer to Section 4.3.3 of this Prospectus for further details. • Revenue streams – Our Group derives revenue from sale of petrol, diesel, retail mart products and transportation of diesel from this segment. For the past three (3) FYE 2013, FYE 2014 and FYE 2015 as well as the FPE 2016, we recorded revenues of RM35.65 million, RM35.92 million, RM22.96 million and RM8.49 million, respectively.

10. FINANCIAL INFORMATION (Cont'd)

10.3.2 Revenue

Over the past three (3) FYE 2013 to FYE 2015 and the FPE 2016, our Group's revenue are mainly derived from:

- (a) Integrated public transportation terminal operations;
 - i. Rental of A&P spaces;
 - ii. Rental of shops and kiosks
 - iii. Project Facilitation Fee; and
 - iv. Others such as bus and taxi entrance fee and fee imposed for the usage of the basement car park and lavatory.
- (b) Providing public stage bus and express bus services and bus charter services; and
- (c) Petrol stations operations and the management of ADO incentive programme.

Revenue from sale of goods and performance of services are measured at the fair value of the consideration received or receivable upon delivery of goods or performance of services net of sales tax/GST, trade discounts and returns.

(i) Revenue from integrated public transportation terminal operations

We derived revenue in this segment from various streams such as:

- (i) Advertising fee on indoor and outdoor advertising spaces, rental of spaces for promotional events and products promotion activities held at the terminal;
- (ii) Rental of shops and kiosks in the integrated public transportation terminal by bus operators, budget hotel, restaurant operators, travel agents, government agencies' offices, entertainment outlets, car wash outlet and other retail shops;
- (iii) Project Facilitation Fee; and
- (iv) Toll collections from entrance of buses and taxi, fee from usage of the basement carpark and lavatory at Terminal AmanJaya.

Rental of A&P spaces, rental of shops and kiosks, lavatory fees and taxi entrance fees are recognised based on a straight-line basis (i.e. same amount of rental to be recognised every month) over the period of services in accordance to the agreement entered, where applicable. Bus entrance fee is recognised when the buses enter the bus terminal or bus entrance tickets are sold. Car park fee is recognised when the vehicles exit the terminal. The Project Facilitation Fee is recognised when the services are provided for based on the terms of the respective agreements.

(ii) Revenue from bus operations

Revenue from bus operations is recognised when services are rendered to the passengers or as and when the services are completed as well as the available relevant government support fund for bus operations based on services provided. The government support fund accrued to our Group are to address the shortfalls of revenues for certain unprofitable routes and provided assistance to our Group to continue to ply on these unprofitable routes so as to enable our Group to have continuity of bus services. The payment will be made based on submission of the prescribed "Monthly Report for ISBSF" and approved by SPAD and it is recognised as revenue on accrual basis.

Revenue from bus operations on rental of spaces for advertisement is recognised over a straight-line basis, by reference to the terms of the respective contracts.

10. FINANCIAL INFORMATION (*Cont'd*)

(iii) Revenue from petrol station operations and the management of ADO incentive programme

Revenue from petrol station operations is recognised when the petrol, diesel and retail mart products are sold. Our Group's venture into the petrol station operations segment was mainly intended to complement our Group's revenue, which is in line with our Group's business as a public transportation company and that petrol stations also forms part of our supplies to our Group's bus operations.

Revenue from the management of ADO incentive programme consists of revenue derived from the provision of product orders, payment collection management as well as other services on behalf of Petron Fuel to the ADO Buyers. Kindly refer to Section 4.3.3 of this Prospectus for further details of the business model of our Group's petrol stations operations.

Kindly refer to Section 10.3.2.2 for further analysis of our Group's revenue by core activities.

Our revenues for the FYE 2013, FYE 2014 and FYE 2015 as well as the FPE 2016 were RM64.39 million, RM77.58 million, RM74.12 million and RM25.44 million, respectively. We have experienced growth in revenue with a CAGR of 4.80% over the last three (3) FYE 2013 to FYE 2015.

The growth of our Group's revenue for the financial years and financial period under review was mainly attributed to the knowledge of market demand that we have accumulated over the years since 2006, beginning with the incorporation of our subsidiary, The Combined Bus. In addition, our Managing Director, Dato' Sri Cheong Kong Fitt and our Executive Director, Dato' Cheong Peak Sooi have many years of experience in the public transportation industry. Our Group is also supported by a group of key management personnel with diverse background (i.e. in public transportation, accounting and finance). Kindly refer to Sections 6.1.2 and 6.4.2 of this Prospectus for their profiles.

Since the inception of our Group, under the leadership of our Executive Directors, we have strategically expanded our business operations which provide us with the firm foundation towards achieving the overall revenue growth levels as we have recorded during the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

Kindly refer to Section 4.1.2 of this Prospectus for further details of our Group's key milestones and achievements. Our expansion strategies over the years have enable our Group to expand our value chain from bus operations into integrated public transportation terminal operations, which mainly derived revenue from A&P spaces as well as petrol station operations, thus allowing our Group to venture in various facets relating to the public transportation industry.

Our Group's growth over the financial years and financial period under review was also due to among others the following factors:

- (a) Our Terminal AmanJaya is strategically located in Bandar Meru, Ipoh, augurs well to our integrated public transportation terminal operations. Terminal AmanJaya is able to attract high human traffic to our terminal by being the only express bus terminal in Ipoh and that our terminal is nestled among notable developments such as the Amanjaya Convention Centre as well as several government agencies offices, (as detailed in Section 4.4 (iii) of this Prospectus), that has enable our Group to grow our main earning driver, being A&P. Further, our three-face advertising billboard located within the compound of Terminal AmanJaya is visible to visitors of our terminal and road users along the Ipoh North-South expressway. In addition, Project Facilitation Fee had also contributed to the revenue growth of our Group;

10. FINANCIAL INFORMATION (Cont'd)

- (b) We are well connected on most bus routes within Ipoh city for operations of our public stage buses; and
- (c) Our petrol stations are strategically located thereby allowing us to leverage on the high vehicle traffic.

The table below sets forth the breakdown of our Group's revenue and GP for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016:

10.3.2.1 Analysis of revenue by subsidiaries

	Audited					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
The Combined Bus	34,339	52.10	46,104	58.36	51,499	68.40
Terminal Urus	-	-	130	0.16	500	0.66
Syarikat Sumber Manusia	204	0.31	204	0.26	246	0.33
IpohLink	324	0.49	324	0.41	324	0.43
CKS Bumi	987	1.50	736	0.93	3,285	4.36
Star Kensington	7,543	11.44	9,890	12.52	8,521	11.32
CKS Labur	22,512	34.16	21,613	27.36	10,920	14.50
Subtotal	65,909	100.0	79,001	100.0	75,295	100.0
Less:						
Consolidation adjustment(s)^	(1,515)	-	(1,423)	-	(1,172)	-
Consolidated revenue	64,394	-	77,578	-	74,123	-

	Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%
The Combined Bus	16,154	70.00	17,027	65.82
Terminal Urus	97	0.42	136	0.52
Syarikat Sumber Manusia	82	0.36	82	0.32
IpohLink	108	0.47	108	0.42
CKS Bumi	160	0.69	3,125	12.08
Star Kensington	2,860	12.39	2,390	9.24
CKS Labur	3,618	15.67	3,000	11.60
Subtotal	23,079	100.0	25,868	100.0
Less:				
Consolidation adjustment(s)^	(380)	-	(425)	-
Consolidated revenue	22,699	100.0	25,443	100.0

Note:

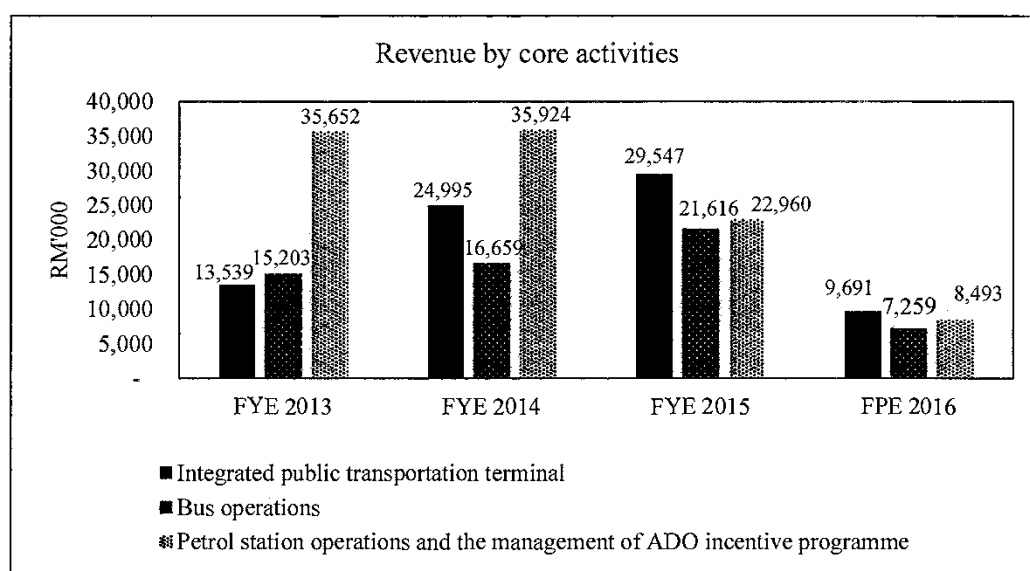
^ The consolidation adjustments consists of inter-company transactions within our Group namely, management fees, sale of lubricants and transportation cost for the management of ADO incentive programme.

Presently, our Group's operations are based in Perak with services provided within Malaysia. No historical analysis of geographical segmentation is necessary since our Group's business activities are based in Perak.

Further, the explanation of the revenue contribution by specific companies within the Group are not provided since it is clearer for analysis by core activities as set out in the ensuing paragraphs. Kindly refer to Sections 1.1 and 4.2.1 of this Prospectus for the principal activities of our subsidiaries.

10. FINANCIAL INFORMATION (Cont'd)

10.3.2.2 Analysis of revenue by core activities



	Audited					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
Integrated public transportation terminal						
- Rental of A&P spaces	10,173	15.79	19,338	24.93	17,450	23.54
- Rental of shops and kiosks	2,922	4.54	1,311	1.69	1,779	2.40
- Project Facilitation Fee	-	-	3,800	4.90	9,669	13.04
- Others ⁽¹⁾	444	0.69	546	0.70	649	0.88
Subtotal	13,539	21.02	24,995	32.22	29,547	39.86
Bus operations	15,203	23.61	16,659	21.47	21,616	29.16
Petrol station operations and the management of ADO incentive programme	35,652	55.37	35,924	46.31	22,960	30.98
Total	64,394	100.0	77,578	100.0	74,123	100.0

	Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%
Integrated public transportation terminal				
- Rental of A&P spaces	5,328	23.47	5,905	23.21
- Rental of shops and kiosks	394	1.74	1,141	4.48
- Project Facilitation Fee	4,017	17.70	2,396	9.42
- Others ⁽¹⁾	170	0.75	249	0.98
Subtotal	9,909	43.66	9,691	38.09
Bus operations	6,046	26.63	7,259	28.53
Petrol station operations and the management of ADO incentive programme	6,744	29.71	8,493	33.38
Total	22,699	100.0	25,443	100.0

Note:

- (1) Other revenues from the integrated public transportation terminal operations comprises fees such as bus and taxi entrance fees, revenue from basement car park charges and fees imposed for the usage of lavatory at Terminal AmanJaya.

10. FINANCIAL INFORMATION (Cont'd)

Based on the above segmental analysis, our Group has three (3) main sources of revenue streams.

(a) Integrated public transportation terminal operations

The integrated public transportation terminal operations contributes 21.02%, 32.22%, 39.86% and 38.09% of our Group's total revenue during the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016, respectively. Overall, our Group's revenue contributions from integrated public transportation terminal operations over the financial years and financial period under review was mainly driven by the opening of our Terminal AmanJaya in September 2012 and was fully operational in FYE 2013. Our revenue from terminal operations has improved in FYE 2014, FYE 2015 and FPE 2016, respectively.

For the FYE 2013, we recorded a full financial year revenue from integrated public transportation terminal operations after the opening of our Terminal AmanJaya in September 2012. We recorded revenues from this segment of RM13.54 million mainly derived from rental of A&P spaces of RM10.17 million. During FYE 2013, the rental of advertising spaces in the terminal increased significantly during the year as the terminal received advertising revenue from various advertisement relating to industries such as public transportation, tourism, telecommunication and government and semi government agencies. The terminal also held various promotional events during the year which increased its promotional spaces rental revenue. Furthermore, during the FYE 2013, Terminal AmanJaya attracted various companies and government agencies to hold their sales and promotional events at the terminal, among others such as real estate promotions, mobile phone promotions, colouring contest, health awareness campaign, blood donation campaign and the "Kempen Keselamatan Jalan Raya".

Our revenue for the FYE 2013 from the integrated public transportation terminal operations was also contributed by the revenue from rental of shops and kiosks. Our leased out area and occupancy rate in our Terminal AmanJaya was 78.0% and approximately 38,445 sq ft of our Terminal AmanJaya was leased out in FYE 2013 to tenants with retail operations in apparel and accessories, computer and mobile phone products, convenience store, souvenir, pharmacy and stationery, entertainment, food and beverage, budget hotel, office space, ticketing counters and miscellaneous services. In addition, during the FYE 2013, more express bus operators had used our Terminal AmanJaya as their stops or rest area which had brought in more human traffic to our Terminal AmanJaya.

For the FYE 2014, our Group recorded revenues from the integrated public transportation terminal operations of RM24.99 million (FYE 2013: RM13.54 million), which was higher than our previous FYE 2013 revenue contribution from this segment by RM11.45 million or 84.56%. The increase was mainly driven by the increase in the rental of A&P spaces of RM19.34 million (FYE 2013: RM10.17 million).

Rental of A&P spaces increased significantly to RM19.34 million in FYE 2014 (FYE 2013: RM10.17 million) mainly due to more advertising activities and promotional events that were held in our Terminal AmanJaya during the year. We were able to attract various organisations, government agencies and private commercial entities to undertake promotional activities in our Terminal AmanJaya. During the financial year, Terminal AmanJaya also manages to secure new advertising revenue from various industries such as the tourism and transportation, property developers, telecommunication, entertainment and food and beverage.

10. FINANCIAL INFORMATION (Cont'd)

Further, in order to encourage the businesses of the existing tenants to improve their businesses, the rental rates of shop lots to our tenants were reduced and replaced with charges to place advertising spaces. We encouraged our tenants to advertise their shop lots and/or products at the surrounding areas of our Terminal AmanJaya. As such, the advertising revenues increased resulting in the decrease in rental revenue from shop lots. Thus, revenue from rental of shops and kiosks decreased to RM1.31 million in FYE 2014 (FYE 2013: RM2.92 million).

Project Facilitation Fee had also contributed to the increased in the integrated public transportation terminal revenue by RM3.80 million in FYE 2014 (FYE 2013: Nil). The Project Facilitation Fee was invoiced upon preliminary work done and the identification of the terminal site by the relevant authorities which enable The Combined Bus to invoice Maksima Timur based on the estimated GDC of Temerloh Sentral, Pahang, calculated by independent Quantity Surveyors.

As for the revenue from the Others, it has increased slightly from RM0.44 million in FYE 2013 to RM0.55 million in FYE 2014. The increase was mainly due to more bus entrance fee received during the year as more express buses were using our Terminal AmanJaya.

For the FYE 2015, our Group recorded revenues from the integrated public transportation terminal operations of RM29.55 million (FYE 2014: RM24.99 million), which was higher than our previous FYE 2014 revenue contribution from this segment by RM4.56 million (or 18.25%). The increase was mainly driven by the increase in the Project Facilitation Fee revenue of RM9.67 million (FYE 2014: RM3.80 million).

Revenue from rental of A&P spaces decreased by 9.77% to RM17.45 million in FYE 2015 (FYE 2014: RM19.34 million) mainly due to the engagement of Century Edge Group and Angkasa Aman in April 2015 with different rental arrangement. Prior to April 2015, Rezeki Megajaya was our customer and the rental arrangement was "incentive-based" depending on the actual rental income our Group receives from Rezeki Megajaya. However, in April 2015, the rental arrangement with Century Edge Group and Angkasa Aman was on fixed monthly rental basis. Further, the fixed monthly rental for both companies in FYE 2015 was lower than the monthly rental income collected from Rezeki Megajaya in FYE 2014 as it was the first year of these companies' services. The Company is of the view that, with the fixed monthly rental income arrangement, our Group would be able to be assured of the revenue from A&P activities. Having said this, our Group has successfully negotiated for higher monthly rental fee with these (2) customers commencing from April 2016. The rental rates revisions for FYE 2016 is RM1.66 million per month from Angkasa Aman and Century Edge Group collectively (FYE 2015: RM1.42 million per month from both companies, collectively). Kindly refer to Section 4.6 of the Prospectus for further details.

Revenue from Project Facilitation Fee contributed to the increase in the integrated public transportation terminal revenue by RM5.87 million (or 154.47%) to RM9.67 million in FYE 2015 (FYE 2014: RM3.80 million). The increase was mainly due to the Project Facilitation Fee of RM9.67 million invoiced in FYE 2015. The Project Facilitation Fees were invoiced upon:

10. FINANCIAL INFORMATION (Cont'd)

- (i) preliminary work done which involves conducting of site visit at Terminal AmanJaya, preparing the concept papers (which includes the concept of the proposed terminal, proposed terminal layout, SWOT analysis of the proposed terminal, general statistics report such as the current populations, current bus terminal and services available and potential future development at that area), attending working committee meetings with the relevant authorities to discuss on the terminal operational requirement by the respective authorities such as SPAD, Fire and Rescue Department of Malaysia and Road Transport Department, Malaysia; and
- (ii) the identification of the location of the terminal sites by the relevant authorities (i.e. Majlis Daerah of the respective locations). Thereafter, the independent Quantity Surveyor will estimate the GDC of the respective terminals.

The proposed terminals are as follows:

Projects	Estimated GDC[^] (RM'million)	Project Facilitation Fee (RM'million)*
Terminal Kampar, Perak	128.33	3.22
Terminal Kemaman, Terengganu	64.15	1.60
Terminal Kota Bharu, Kelantan.	194.0	4.85
Total	386.48	9.67

Notes:

[^] Based on the estimates by an independent Quantity Surveyor (excluding 6% GST).

* Based on 2.5% of the estimated GDC (excluding 6% GST).

Revenue from rental of shops and kiosks increased from RM1.31 million in FYE 2014 to RM1.78 million in FYE 2015 mainly due to rental of spaces to two (2) new tenants which the rental period commenced in November 2015. One of the two (2) tenants rented two (2) leasable spaces for office space and food and beverage space, respectively, since November 2015. The other tenant rented space located in the basement car park area for the business of selling used cars for a period of two (2) months from November 2015 to December 2015.

There was also increase in revenue from Others from RM0.55 million in FYE 2014 to RM0.65 million in FYE 2015 mainly due to more bus entrance fee received during the year as more express buses were using our Terminal AmanJaya as well as from collection of parking fees, whereby Terminal AmanJaya commenced to charge parking fees on visitors' vehicles during the year.

For the four (4) months FPE 2016, our Group recorded revenues from the integrated public transportation terminal operations of RM9.69 million (FPE 2015: RM9.91 million), which was lower by RM0.22 million or 2.22% compared to the corresponding preceding period. The decrease was mainly driven due to the lower Project Facilitation Fee revenue of RM2.40 million (FPE 2015: RM4.02 million).

10. FINANCIAL INFORMATION (Cont'd)

Revenue from rental of A&P spaces increased by RM0.58 million to RM5.91 million in FPE 2016 (FPE 2015: RM5.33 million). The lower revenue from rental of A&P spaces in FPE 2015 was mainly due to rental of the promotional spaces in the month of April 2015 of RM0.80 million was only recognised in June 2015, whereby the billings to Century Edge Group were deferred by two (2) months at their request as it is the start of their tenancy in order to facilitate Century Edge Group to familiarise and co-ordinate with our Group for the rental of promotional spaces in Terminal AmanJaya to their end-customers.

Revenue from Project Facilitation Fee contributed to the lower integrated public transportation terminal revenue by RM1.62 million or 40.30% to RM2.40 million in FPE 2016 following the issuance of only one (1) invoice for Project Facilitation Fee amounting to RM2.40 million in FPE 2016 i.e., for the proposed Terminal Kemaman, Terengganu (FPE 2015: Two (2) invoices of RM4.02 million in respect to the proposed Terminal Kampar, Perak and Terminal Kemaman, Terengganu).

Revenue from rental of shops and kiosks increased from RM0.40 million in FPE 2015 to RM1.14 million in FPE 2016 was mainly due to one (1) new tenant renting two (2) units of spaces (i.e. office space and food and beverage space with the total of 4,071 sq ft of spaces) with the total rental RM170,000 per month commencing from November 2015.

There was also increase in revenue from Others from RM0.17 million in FPE 2015 to RM0.25 million in FPE 2016 mainly due to more bus entrance fee received during the financial period as more express buses operators were using our Terminal AmanJaya and from collection of parking fees, whereby Terminal AmanJaya commenced to charge parking fees on visitors vehicles since August 2015.

(b) Bus operations

Our Group's bus operations contribute 23.61%, 21.47%, 29.16% and 28.53% of our Group's total revenue in the FYE 2013, FYE 2014, FYE 2015 and FPE 2016, respectively. Our Group provides stage bus services in Ipoh and its surrounding areas and express bus service from Ipoh to neighbouring towns, namely, Cameron Highlands, Taiping, Teluk Intan and Lumut. We also operate one (1) express bus route connecting Kampar to Terminal Bersepadu Selatan, Kuala Lumpur, which commenced operations in April 2016.

For the FYE 2013, our Group's revenue from bus operations stood at RM15.20 million, contributed mainly from our public stage bus services.

For the FYE 2014, our Group recorded higher revenues from our bus operations segment by RM1.46 million or 9.61% to RM16.66 million (FYE 2013: RM15.20 million). The increase in revenue from this segment in the FYE 2014 as compared to the preceding FYE 2013 was mainly due to the increased in the charter bus income of RM1.30 million during the FYE 2014. During the financial year, the Group acquired additional 64 new buses and wrote-off 50 old buses. With a new fleet of buses, more buses were used to run the routes and thus we received higher fare collections from RM12.22 million in FYE 2013 to RM12.45 million in FYE 2014 (an increase of RM0.23 million in the FYE 2014). Despite the acquisition of the 64 new buses to replace the 50 old buses, it did not generate the same quantum of increase in the passengers as not all new buses plying the routes are loaded with full passengers. Furthermore, the fare rate remains the same. Therefore, the increase in fare collection was only by RM0.23 million or 1.88% higher than FYE 2013.

10. FINANCIAL INFORMATION (*Cont'd*)

For the FYE 2015, our Group's bus operations contributed RM21.62 million (or 29.16%) of our Group's total revenue in FYE 2015 (FYE 2014: RM16.66 million or 21.47%). The higher revenue was mainly due to the increase in the bus charter services income which amounted to RM6.20 million during FYE 2015 (FYE 2014: RM1.79 million). The increased in bus charter services was due to the chartering of buses for the use by private and public sectors in relation to activities such as transporting passengers to attend events launching and to attend private functions. In FYE 2015, our Group provided bus charter service to Rezeki Megajaya which derived income of RM5.31 million. Prior to the agreement signed on the 1 August 2015, our Group has been invoicing Rezeki Megajaya for the bus charter services provided. The revenue recognised from January to July 2015 was RM2.72 million. On 1 August 2015, we formalised the bus charter and bus advertising services by signing an agreement with Rezeki Megajaya and setting the fee of RM550,000 per month (inclusive of GST). The revenue recognised from August to December 2015 was RM2.59 million. Our Group had also provided bus charter services to other customers which contributed income to RM0.89 million for FYE 2015.

In FPE 2016, our Group's bus operations contributed RM7.26 million or 28.53% of our Group's total revenue (FPE 2015: RM6.05 million or 26.63%). The higher revenue was mainly due to the increase in the bus charter services income.

Kindly refer to Section 4.3.2.3 of the Prospectus, for further details of our Group's bus charter services.

(c) **Petrol station operations and the management of ADO incentive programme**

The main revenue of our Group during the financial years and financial period under review is derived from petrol station operations and management of ADO incentive programme that contributed 55.37%, 46.31%, 30.98% and 33.38% of our Group's total revenue in the FYE 2013, FYE 2014, FYE 2015 and FPE 2016, respectively. As at the LPD, our Group operates four (4) petrol stations and manage the ADO incentive programme. Kindly refer to Section 4.3.3 of this Prospectus, for further details on the management of ADO incentive programme.

For the FYE 2013, our Group recorded revenue from this segment of RM35.65 million mainly due to the petrol sales from our subsidiaries, namely from CKS Labur and Star Kensington.

For the FYE 2014, the revenue generated from petrol station operations and the management of ADO incentive programme is sustained at RM35.92 million, albeit a slight improvement from the preceding FYE 2013, mainly due to the increase in petrol prices for RON95 from RM2.10/ litre to RM2.30/ litre, as well as a slight increase in demand.

For the FYE 2015, our Group's revenue from petrol station operations and the management of ADO incentive programme were RM22.96 million (FYE 2014: RM35.92 million). The reduction was mainly due to the decline in petrol prices in FYE 2015 (RON95: RM1.95/ litre) as compared to FYE 2014 (RON95: RM2.26/ litre). Further, it was also due to lower demand for diesel by 4.85 million litres (or 55.81%) to 3.84 million litres in FYE 2015 (FYE 2014: 8.69 million litres) from our Group's petrol stations. In addition, the decrease in the revenue from the management of ADO incentive programme from RM2.40 million in FYE 2014 to RM0.11 million in FYE 2015 was mainly due to the reduction of five (5) customers in FYE 2014 to only one (1) customer in FYE 2015. This has also contributed to the reduction in revenue from petrol stations operations and the management of ADO incentive programme.

10. FINANCIAL INFORMATION (Cont'd)

For the FPE 2016, our Group's revenue from petrol station operations and the management of ADO incentive programme were RM8.49 million (FPE 2015: RM6.74 million). The increase was mainly due to revenue generated from the commencement of operation for the new petrol station at Lubok Merbau, Kuala Kangsar in August 2015.

10.3.2.3 Analysis of GP and GP margins by subsidiaries

As stated in Section 10.3.2.1, no historical analysis of geographical segmentation is provided since our Group's business activities are only carried out in Perak. Further, the explanation of the GP and GP margins by specific companies within the Group are not provided since it is clearer for analysis by core activities as set out in the ensuing paragraphs. Kindly refer to Sections 1.1 and 4.2.1 of this Prospectus for the principal activities of our subsidiaries. Therefore, the GP and GP margins analysis by companies are provided herewith for information purposes only.

(a) GP by subsidiaries

	Audited					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
The Combined Bus	13,876	87.65	24,929	93.06	31,407	95.32
Terminal Urus Syarikat Sumber Manusia	-	-	130	0.49	202	0.61
IpohLink	204	1.29	204	0.76	246	0.75
CKS Bumi	324	2.05	324	1.21	324	0.98
Star Kensington	566	3.58	411	1.53	454	1.38
CKS Labur	347	2.19	257	0.96	138	0.42
	514	3.25	534	1.99	178	0.54
Subtotal	15,831	100.0	26,789	100.0	32,949	100.0
Less:						
Consolidated adjustment(s)^	-		(129)		(21)	
Consolidated GP	15,831		26,660		32,928	

	Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%
The Combined Bus	9,398	95.64	10,414	95.54
Terminal Urus Syarikat Sumber Manusia	67	0.68	8	0.07
IpohLink	82	0.84	82	0.76
CKS Bumi	108	1.10	108	0.99
Star Kensington	144	1.47	215	1.97
CKS Labur	5	0.05	9	0.08
	22	0.22	64	0.59
Subtotal	9,826	100.0	10,900	100.0
Less:				
Consolidated adjustment(s)^	(30)		8	
Consolidated GP	9,796		10,908	

10. FINANCIAL INFORMATION (Cont'd)

(b) GP margins by subsidiaries

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	%	%	%	%	%
The Combined Bus	40.40	54.10	60.99	58.18	61.16
Terminal Urus	-	100.0	40.40 [#]	69.07 [#]	5.88
Syarikat Sumber Manusia*	100.0	100.0	100.0	100.0	100.0
IpohLink*	100.0	100.0	100.0	100.0	100.0
CKS Bumi	57.35	55.80	13.82	90.00	6.88
Star Kensington	4.60	2.60	1.62	0.17	0.38
CKS Labur	2.30	2.50	1.63	0.61	2.13
Consolidated GP margins	24.58	34.37	44.42	43.16	42.87

Notes:

* 100% GP margins are due to the nature of the business where there are no direct cost and all the cost are general in nature, which are recognized as administrative expenses in the audited accounts of our Group. Further, the GP of these subsidiaries are not significant to the Group.

Terminal Urus has entered into an arrangement with The Combined Bus during FYE 2015 whereby Terminal Urus was granted the rights to collect the bus entrance fees, as well as revenue from basement car park charges and fees imposed for the usage of lavatory at Terminal AmanJaya, hence all related expenses (i.e. cost of printing of tickets and payroll) has been included. Previously in FYE 2014, only management fee was collected by Terminal Urus. This has resulted in GP margins of 40.40% and 69.07% for the FYE 2015 and FPE 2015, respectively.

^ The consolidation adjustments consists of inter-company transactions within our Group namely, management fees, sale of lubricants and transportation cost for the management of ADO incentive programme.

10.3.2.4 Analysis of GP and GP margins by core activities

(a) GP by core activities

	Audited					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
Integrated public transportation terminal operations						
- Rental of A&P spaces ⁽¹⁾	10,165	64.21	19,330	72.51	17,442	52.97
- Rental of shops and kiosks	58	0.37	(599)	(2.25)	(410)	(1.25)
- Project Facilitation Fee	-	-	2,263	8.49	8,126	24.68
- Others ⁽³⁾	442	2.79	546	2.05	631 ⁽⁴⁾	1.92
Subtotal	10,665	67.37	21,540	80.80	25,789	78.32
Bus operations	2,463	15.56	2,933	11.00	6,250	18.98
Petrol station operations and the management of ADO incentive programme	2,703	17.07	2,187	8.20	889	2.70
Total	15,831	100.0	26,660	100.0	32,928	100.0

10. FINANCIAL INFORMATION (Cont'd)

	Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%
Integrated public transportation terminal operations				
- Rental of A&P spaces ⁽¹⁾	5,325	54.36	5,902	54.11
- Rental of shops and kiosks	(376)	(3.84)	476	4.36
- Project Facilitation Fee	3,440	35.12	1,842	16.89
- Others ⁽³⁾	169	1.72	235	2.15
Subtotal	8,558	87.36	8,455	77.51
Bus operations	1,051	10.73	2,193	20.11
Petrol station operations and the management of ADO incentive programme	187	1.91	260	2.38
Total	9,796	100.0	10,908	100.0

(b) GP margins by core activities

	Audited			Unaudited	Audited
	FYE 2013	FYE 2014	FYE 2015	FPE 2015	FPE 2016
	%	%	%	%	%
Integrated public transportation terminal operations					
- Rental of A&P spaces ⁽¹⁾	99.92	99.96	99.95	99.94	99.95
- Rental of shops and kiosks	1.98	(45.69)	(23.05)	(95.43)	41.72
- Project Facilitation Fee ⁽²⁾	-	59.56	84.04	85.64	76.88
- Others	99.55 ⁽³⁾	100.00 ⁽³⁾	97.23 ⁽⁴⁾	99.41 ⁽⁴⁾	94.38 ⁽⁴⁾
Bus operations	16.20	17.60	28.91	17.38	30.21
Petrol station operations and the management of ADO incentive programme	7.60	6.09	3.87	2.77	3.06
Consolidated GP margins	24.58	34.37	44.42	43.16	42.87

Notes:

- (1) The cost in deriving for the GP and GP margin of Rental of A&P spaces is in relation to the depreciation of the outdoor three-faced advertising billboard.
- (2) The cost in deriving for the GP and GP margin of Project Facilitation Fee is in relation to the payroll cost and terminal related expenses. The basis of apportioning payroll cost and terminal related expenses to Project Facilitation Fee is arrived at based on the directors' estimation of:
- (a) the time apportionment with an average of 2 hours per day over 8 working hours of the two (2) Executive Directors and two (2) terminal staffs for two (2) out of five (5) office working days; and
- (b) number of hours where Maksima Timur is allowed to access to the Terminal AmanJaya's equipment, utilities and facilities, e.g. from 6.00 a.m. to 7.00 p.m. on a daily basis.

10. FINANCIAL INFORMATION (Cont'd)

- (3) *The cost in deriving the GP and GP margin of Others for FYE 2013 and FYE 2014 are in relation to the cost of printing bus entrance tickets for all express buses that utilised Terminal AmanJaya, save for those express buses operated by Perak Transit.*
- (4) *The cost in deriving the GP and GP margin of Others for FYE 2015 and FPE 2016 is in relation to the cost of printing bus entrance tickets for all express buses that utilise Terminal AmanJaya, save for those express buses operated by Perak Transit and payroll cost incurred by Terminal Urus as disclosed in Section 10.3.2.3 (#) of this Prospectus.*

(i) Integrated public transportation terminal operations

Our Group's GP increased by RM10.83 million or 68.41% to RM26.66 million in FYE 2014 (FYE 2013: RM15.83 million). The increase was mainly due to the increased in the revenue from integrated public transportation terminal operations. GP for integrated public transportation terminal operations increased by RM10.87 million or 101.87% to RM21.54 million in FYE 2014 (FYE 2013: RM10.67 million).

The increase in the integrated public transportation terminal operations' GP was mainly contributed by the rental fee from A&P spaces activities of RM19.33 million (FYE 2013: RM10.17 million). The GP margin for the rental of A&P spaces is consistent at 99.96% (FYE 2013: 99.92%).

The GP for rental of shops and kiosks had decreased by RM0.66 million to a gross loss of RM0.60 million in FYE 2014 (FYE 2013: gross profit of RM0.06 million). The decrease was due to the reduction in rental of shops and kiosks revenue to RM1.31 million in FYE 2014 (FYE 2013: RM2.92 million) as explained in Section 10.3.2.2 (a) while the terminal related expenses increased to RM3.25 million in FYE 2014 (FYE 2013: RM2.88 million). Following thereto, the gross loss margin decreased to 45.69% in FYE 2014 from gross profit margin of 1.98% in FYE 2013.

The GP for Project Facilitation Fee for FYE 2014 was RM2.26 million (FYE 2013: Nil) and with a GP margin of 59.56%. The GP was derived from the revenue of RM3.80 million and after deducting the terminal related expenses and payroll expenses which have based on the time apportionment spent on the Project Facilitation Fee.

The GP of Others had also continue to increase by RM0.11 million to RM0.55 million during FYE 2014 (FYE 2013: RM0.44 million). The increase was mainly due to the Terminal AmanJaya being able to attract more buses and people to use the terminal during the financial year under review.

The GP for integrated public transportation terminal operations increased by 19.73% to RM25.79 million in FYE 2015 (FYE 2014: RM21.54 million). The increase was mainly attributable to the increase in GP from Project Facilitation Fee, of RM8.13 million (FYE 2014: RM2.26 million), which was derived from the higher revenue recorded from Project Facilitation Fee of RM9.67 million in FYE 2015 (FYE 2014: RM3.80 million) due to the three (3) Project Facilitation Fee projects as stated in Section 10.3.2.2 (a). The GP margin for Project Facilitation Fee also increased to 84.04% in FYE 2015 from 59.56% in FYE 2014. The increase in GP Margin was mainly due to the terminal related costs which are mostly fixed and no additional terminal staff hired for project facilitation activity.

10. FINANCIAL INFORMATION (Cont'd)

The gross loss for rental of shops and kiosks improved by RM0.19 million to a gross loss of RM0.41 million in FYE 2015 (FYE 2014: gross loss of RM0.60 million). The improvement of the Group's gross loss position in this segment was due to increase in rental of shops and kiosks revenue to RM1.78 million in FYE 2015 (FYE 2014: RM1.31 million). Further, the gross loss margin in FYE 2015 was recorded at 23.05% as compared to 45.69% in FYE 2014.

The GP for rental of A&P spaces decreased by RM1.89 million to RM17.44 million in FYE 2015 (FYE 2014: RM19.33 million). In this regard, the decrease was mainly due to the decrease in the revenue from rental of A&P spaces by RM1.89 million to RM17.45 million during FYE 2015 (FYE 2014: RM19.34 million). Having said this, the GP margin for the rental of A&P spaces was sustained at 99.95% in FYE 2015.

The GP of Others had also increased by RM0.08 million to RM0.63 million during FYE 2015 (FYE 2014: RM0.55 million). The increase was mainly due to more buses and users, which utilised the terminal in FYE 2015.

The GP for integrated public transportation terminal operations decreased by 1.17% to RM8.46 million in FPE 2016 (FPE 2015: RM8.56 million). The decrease was mainly attributable to the decrease in GP from Project Facilitation Fee of RM1.84 million (FPE 2015: RM3.44 million), resulting from lower revenue from this segment.

The GP for rental of shops and kiosks improved by RM0.86 million to a GP of RM0.48 million in FPE 2016 (FPE 2015: gross loss of RM0.38 million). The improvement of the Group's GP position in this segment was mainly due to the increase in rental of shops and kiosks revenue to RM1.14 million in FPE 2016 (FPE 2015: RM0.40 million) as explained in Section 10.3.2.2 (a).

The GP for rental of A&P spaces increased by RM0.57 million to RM5.90 million in FPE 2016 (FPE 2015: RM5.33 million). In this regard, the increase was mainly due to the increase in the revenue from rental of A&P spaces to RM5.90 million during FPE 2016 (FPE 2015: RM5.33 million) as explained in Section 10.3.2.2 (a) above. Having said this, the GP margin for the rental of A&P spaces was consistent at 99.0% in FPE 2016.

The GP of Others had also increased by RM0.07 million to RM0.24 million during FPE 2016 (FPE 2015: RM0.17 million). The increase was mainly due to more buses and users which utilised the terminal in FPE 2016.

(ii) Bus operations

For FYE 2013, our Group recorded GP of RM2.46 million with a GP margin of 16.20%. The main costs for the bus operations comprises repairs and maintenance, petrol and diesel and payroll expenses. Kindly refer to Section 10.3.6.1 of this Prospectus for further details.

The GP for the bus operations witnessed an increase of RM0.47 million (or 19.11%) to RM2.93 million in FYE 2014 (FYE 2013: RM2.46 million). The increase was mainly due to the additional new 64 buses acquired during the FYE 2014 to replace 50 old buses. This replacement had assisted our Group to reduce our operation cost such as maintenance expenses and fuel consumption cost. This is reflected by the increased in the GP margin from 16.20% in FYE 2013 to 17.60% in FYE 2014.

10. FINANCIAL INFORMATION (Cont'd)

The GP for the bus operations for FYE 2015 of RM6.25 million had increased by RM3.32 million or 113.31% from RM2.93 million in FYE 2014. The increase was mainly due to the increase in our Group's bus charter services income. Bus charter services income is in addition to our Group's stage and express bus operations income. Our Group's buses which are not utilised to ply the stage and express bus route are deployed for bus charter services. In addition, the cost of the bus operations are mainly fixed in nature namely depreciation. Hence, it has resulted in a higher GP margin for the bus operations from 17.60% in FYE 2014 to 28.91% in FYE 2015.

The GP for the bus operations increased by RM1.14 million or 108.57% from RM1.05 million in FPE 2015 to RM2.19 million in FPE 2016. The increase was mainly due to the higher bus charter services income generated in FPE 2016. The GP margin for the bus operations increased to 30.21% in FPE 2016 from 17.38% in FPE 2015.

(iii) Petrol station operations and the management of ADO incentive programme

For the FYE 2013, our Group recorded GP of RM2.70 million with GP margin of 7.60% from the petrol station operations and the management of ADO incentive programme.

The GP for petrol station operations and the management of ADO incentive programme had reduced by RM0.51 million or 18.89% to RM2.19 million in FYE 2014 (FYE 2013: RM2.70 million). The reduction in GP was mainly due to the increased in the direct operational cost of the petrol stations due to higher transportation cost for the management of ADO incentive programme and a lower petrol station sales.

The GP for petrol stations operations and the management of ADO incentive programme reduced from RM2.19 million in FYE 2014 to RM0.90 million in FYE 2015. The reduction was due to decline in petrol prices in FYE 2015 (RON95: RM1.95/ litre) as compared to FYE 2014 (RON95: RM2.26/ litre), lower demand for diesel and the decrease in the incentive received from the management of ADO incentive programme. The GP margin decreased to 3.87% in FYE 2015 from 6.09% in FYE 2014. The decrease in GP margin was mainly due to the cost related to operating the petrol stations such as payroll cost and depreciation of petrol stations, which are mainly fixed in nature.

The GP for petrol station operations and the management of ADO incentive programme increased from RM0.19 million in FPE 2015 to RM0.26 million in FPE 2016. The increase was mainly due to the revenue generated from the commencement of operation for the new petrol station at Lubok Merbau, Kuala Kangsar in August 2015. The GP margin for petrol station operations and the management of ADO incentive programme increased to 3.06% in FPE 2016 from 2.77% in FPE 2015, mainly due to the additional revenue generated from the commencement of operation for the new petrol station at Lubok Merbau, Kuala Kangsar in August 2015.

10. FINANCIAL INFORMATION (Cont'd)**10.3.3 PBT and PBT margin**

The analysis of our Group's PBT and PBT margins for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 are as follows:

	Audited			Unaudited FPE 2015 RM'000	Audited FPE 2016 RM'000
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000		
PBT	4,277	13,308	19,251	5,402	6,712
PBT margin	6.64%	17.15%	25.97%	23.80%	26.38%

10.3.4 Effective tax rates

	Audited			Unaudited FPE 2015 RM'000	Audited FPE 2016 RM'000
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000		
Tax income/(expenses)	2,936	175	(62)	1,370	(1,319)
Effective tax rate	-	-	-	-	20.25%
Statutory tax rate	25%	25%	25%	25%	24%

For the FYE 2013 and FYE 2014, no effective tax rate was recorded. This was mainly from the recognition of deferred tax assets of RM3.27 million and RM0.49 million for the FYE 2013 and FYE 2014, respectively.

Income tax expenses for FYE 2015 was RM0.06 million and no effective tax rate was recorded. This was due to the tax expenses amounted to RM0.17 million related to prior years tax expense was only provided in FYE 2015 and was set-off with our Group's current tax income of RM0.11 million.

In FPE 2016, there was an income tax expense of RM1.32 million and effective tax rate of 20.25%. This was due to higher taxable profit recorded during the period and lower tax capital allowance available for off-set against taxable profit in FPE 2016.

10.3.5 PAT and PAT margin

	Audited			Unaudited FPE 2015 RM'000	Audited FPE 2016 RM'000
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000		
PAT	7,213	13,483	19,189	6,772	5,391
PAT margin	11.20%	17.38%	25.89%	29.83%	21.19%

Commentary on our Group's PBT & PBT margin and PAT & PAT margin

For FYE 2013, the PBT and PAT of the Group were RM4.28 million and RM7.21 million respectively. The PBT and PAT margin were 6.64% and 11.20% respectively. The higher PAT as compared to the PBT was also due to the recognition of deferred tax assets arising from The Combined Bus's unabsorbed tax capital allowances and unutilized investment tax allowance of RM2.82 million and RM4.87 million respectively.

Deferred tax assets recorded in FYE 2013 arose from unutilised tax losses and unabsorbed tax capital allowances and unutilised investment allowances amounted to RM2.82 million and RM11.52 million respectively. This was net-off with the deferred tax liabilities of RM7.96 million which resulted in the Group's net deferred tax assets of RM6.38 million.

10. FINANCIAL INFORMATION (Cont'd)

Our Group recorded a PBT and PAT in FYE 2014 of RM13.31 million and RM13.48 million respectively. For the FYE 2014, the increased in the PBT and PAT for the financial year under review as compared to the previous year was mainly due to the financial performance of Terminal AmanJaya which was better in FYE 2014 as compared to FYE 2013. For the FYE 2014, our Group continues to enjoy the surplus of deferred tax assets which was due from a subsidiary company's (i.e. The Combined Bus) unutilized investment tax allowance of RM5.45 million.

In FYE 2014, the deferred tax assets arose from unutilised tax losses has been reduced to RM1.27 million while unutilised investment allowances has increased to RM16.97 million due to increase in future taxable profit. This was net-off with deferred tax liabilities of RM13.64 million and resulted in the Group's net deferred tax assets position of RM4.60 million.

The analysis of the expenses which impact our Group's PBT margins for the FYE 2013 to FYE 2015 and the FPE 2016 are further detailed in the following Section 10.3.6 of this Prospectus.

Our Group recorded PBT and PAT in FYE 2015 of RM19.25 million and RM19.19 million respectively. The PBT and PAT margin were 25.97% and 25.89% respectively. The PBT and PAT margins are similar due to the tax expense of RM0.06 million recorded during the year.

Our Group recorded PBT and PAT in FPE 2016 of RM6.71 million and RM5.39 million respectively. The PBT and PAT margin were 26.38% and 21.19% respectively. The PAT margin was lower than the PBT margin was mainly due to tax expense of RM1.32 million incurred during the period.

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10. FINANCIAL INFORMATION (Cont'd)**10.3.6 Other key factors affecting the profitability of our Group****10.3.6.1 Cost of sales**

The components of our costs of sales are as follow:

- Terminal related expenses;
- Petrol, diesel and retail mart products, incentive fee paid under the ADO incentive programme and transport charges;
- Stage buses expenses, repair and maintenance, management fee payable to IpohLink and Syarikat Sumber Manusia, petrol and diesel costs; and
- Payroll expenses.

A breakdown of the components of our cost of sales for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 is as follows:

Analysis of cost of sales

	Audited					
	FYE 2013		FYE 2014		FYE 2015	
	RM'000	%	RM'000	%	RM'000	%
Terminal related expenses	2,875	5.74	3,248	6.22	3,291	7.77
Petrol, diesel and retail mart products, incentive fee paid under the ADO incentive programme and transport charges	33,936	67.77	34,501	66.08	22,252	52.55
Stage buses expenses, repair and maintenance, management fee, petrol and diesel	9,080	18.13	9,623	18.43	11,447	27.03
Payroll expenses	4,188	8.36	4,840	9.27	5,356	12.65
Subtotal	50,079	100.0	52,212	100.0	42,346	100.0
Less: Consolidation adjustment(s)^	(1,515)		(1,294)		(1,151)	
Consolidated cost of sales	48,564		50,918		41,195	

	Unaudited FPE 2015		Audited FPE 2016	
	RM'000	%	RM'000	%
Terminal related expenses	1,134	8.56	1,108	7.40
Petrol, diesel and retail mart products, incentive fee paid under the ADO incentive programme and transport charges	6,572	49.59	8,306	55.49
Stage buses expenses, repair and maintenance, management fee, petrol and diesel	3,694	27.87	3,802	25.40
Payroll expenses	1,853	13.98	1,752	11.71
Subtotal	13,253	100.0	14,968	100.0
Less: Consolidation adjustment(s)^	(350)		(433)	
Consolidated cost of sales	12,903		14,535	

10. FINANCIAL INFORMATION (Cont'd)

Note:

^ *The consolidation adjustments consists of inter-company transactions within our Group namely, management fees, sale of lubricants and transportation of diesel fee.*

Petrol, diesel and retail mart products, incentive and transport charges represents the largest components of our cost of sales, which primarily consist of purchases of petrol and diesel. Our petrol, diesel and retail mart products contributed approximately 67.77%, 66.08%, 52.55% and 55.49% of our total cost of sales for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 respectively.

The increase in the petrol, diesel and retail mart products, incentive and transport charges were mainly due to the increase in our petrol stations operations' revenue segment for the financial years under review. Petrol and diesel purchase cost increase was attributed to the increase in the petrol prices for RON95 in September 2013 from RM1.90/litre to RM2.10/litre and further increased to RM2.26/litre in October 2014. In addition, the increase in our cost was also due to higher transportation cost for the management of ADO incentive programme.

The petrol, diesel and retail mart products, incentive and transport charges reduced to RM22.25 million in FYE 2015 (FYE 2014: RM34.50 million). This was mainly due to the lower petrol prices in FYE 2015 (RON95: RM1.95/ litre) as compared to FYE 2014 (RON95: RM2.26/ litre). Further, the cost of purchases has also reduced due to lower demand of diesel mainly at one (1) of our petrol stations as most of our Group's regular customers (i.e. lorry transportation companies) have relocated their operations elsewhere. This is reflected in the revenue in FYE 2015 of RM22.96 million (FYE 2014: RM35.92 million).

The petrol, diesel and retail mart products, incentive and transport charges increased to RM8.31 million in FPE 2016 (FPE 2015: RM6.57 million). This was mainly due to the commencement of operation for the new petrol station at Lubok Merbau, Kuala Kangsar in August 2015 which resulted in the additional purchase of petrol, diesel and retail mart products.

The second major cost of sales of the Group was from stage buses expenses, repair and maintenance, management fee, petrol and diesel which contributed approximately 18.13%, 18.43%, 27.03% and 25.40% of our total cost of sales for the FYE 2013, FYE 2014, FYE 2015 and FPE 2016, respectively.

The cost for the bus expenses increased from RM9.08 million in FYE 2013 to RM9.62 million in FYE 2014. The increase was due to our Group's larger fleet of buses in operations in FYE 2014 of 136 buses as compared to FYE 2013 of 122 buses. Following this, our petrol and diesel costs were also higher. The cost for bus operations increased to RM11.45 million in FYE 2015 (FYE 2014: RM9.62 million) was mainly due to the increase in diesel consumed during the financial year. In addition, the cost of bus operations was also higher in FYE 2015 due to the increase in the depreciation expenses as our Group recorded depreciation for the full year in FYE 2015 in relation to the 64 new buses acquired in FYE 2014.

The cost for bus operations increased slightly to RM3.80 million in FPE 2016 (FPE 2015: RM3.69 million) was mainly due to the higher depreciation expenses resulting from the 16 new express buses acquired during FPE 2016.

10. FINANCIAL INFORMATION (Cont'd)

Our Group direct payroll costs were RM4.19 million, RM4.84 million, RM5.36 million and RM1.75 million for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016, respectively. The direct payroll costs increased by RM0.65 million to RM4.84 million in FYE 2014 (FYE 2013: RM4.19 million) owing to the increase in number of bus drivers during the year. During the FYE 2014, we had also recruited additional operational staff in Terminal AmanJaya. The direct payroll costs has also increased to RM5.36 million in FYE 2015 (FYE 2014: RM4.84 million) mainly due to the increment in the salaries for existing staffs and the new staffs employed for the commencement of operation for the new petrol station at Lubok Merbau, Kuala Kangsar during the year. The direct payroll costs has decreased to RM1.75 million in FPE 2016 (FPE 2015: RM1.85 million) was mainly due to different bonus payment arrangement (i.e. two (2) tranche payment of bonus adopted in first half and second half of FYE 2016 respectively, instead of a lump sum payment in the first half of FYE 2015).

The terminal related expenses were RM2.88 million, RM3.25 million, RM3.29 million and RM1.11 million in FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 respectively. Terminal related expenses comprises among others utilities, terminal maintenance cost, depreciation expenses of terminal. Generally, the increased in the terminal related cost from FYE 2013 to FYE 2014 was mainly due to the increased in the terminal operations activities since the opening of our Terminal AmanJaya in September 2012.

The terminal related expenses increased by RM0.04 million or 1.23% to RM3.29 million in FYE 2015 (FYE 2014: RM3.25 million). Terminal related expenses comprises among others utilities, terminal maintenance cost, depreciation expenses of terminal and incentive fee paid to Rezeki Megajaya in respect of salcs of A&P spaces in FYE 2015. However, Rezeki Megajaya ceased to be our Group's customer for A&P spaces and was replaced with Century Edge Group and Angkasa Aman since 1 April 2015 which the arrangement for rental of A&P spaces was on a fixed rental basis. Kindly refer to Section 4.6 of the Prospectus, for further details of the arrangement in relation to rental of A&P spaces with our customers.

The terminal related expenses for FPE 2016 decreased slightly by RM0.02 million or 1.77% to RM1.11 million mainly due to no incentive fee paid to Rezeki Megajaya in respect of rental of A&P spaces. Rezeki Megajaya ceased to be our Group's customer for the rental of A&P spaces since April 2015.

10.3.6.2 Other operating income

Other operating income for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 was RM0.86 million, RM0.81 million, RM1.61 million and RM0.52 million respectively. Other operating income was derived mainly from the following:

- The sharing of profit with one (1) new tenant in the terminal. This profit sharing arrangement was offered to a telecommunication shop in FYE 2014. Instead of a paying fixed monthly rental, the retailers share their profit with the Group at an agreed percentage of their profit. This arrangement was in place in view that Management is of the opinion that the tenant's business has the potential to achieve profitable return on their business. Therefore, such arrangement will allow the Group to enjoy higher return in future as compared to a fixed rental income;

10. FINANCIAL INFORMATION (Cont'd)

- The amortisation of deferred capital grant derived from the amortisation of grant received in 2012 from the government's Public Private Partnership Unit of the Prime Minister's Department of RM9.98 million through the Facilitation Fund for the construction of the Terminal AmanJaya. The grant was recognized in profit and loss accounts on a systematic basis over the useful life of Terminal AmanJaya. The estimated use life of bus terminals is 50 years;
- The rental received from non-terminal building was from the rental of IpohLink's property;
- The performance-linked operating allowances are the allowances received from Shell Malaysia Trading Sdn Bhd for achieving score on performance evaluation. The amount shall be based on the sales of the selected fuels and the weighted score for Health, Safety, Security and Environment ("HSSE") review, which shall be reviewed from time to time and subject to changes by Shell Malaysia Trading Sdn Bhd;
- Interest income from fixed deposits and current account; and
- Rental of spaces within our petrol stations for promotional activities.

10.3.6.3 Administrative expenses

Our Group recorded administrative expenses of RM7.60 million, RM7.73 million, RM7.98 million and RM2.32 million for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016, respectively. Administrative expenses comprise mainly of payroll costs, water and electricity, depreciation, insurance and road taxes, stamp duties and upkeep and maintenance expenses.

The administrative expenses have increased over the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 mainly due to the increased in management fee of RM0.67 million paid to Terminal Urus and the increased in water and electricity of RM0.52 million and RM0.27 million from FYE 2013 to FYE 2014. These increases were mainly due to Terminal AmanJaya being fully operational in FYE 2013. The administrative expenses had increased to RM7.98 million in FYE 2015 (FYE 2014: RM7.73 million). The increase was mainly due to the increase in audit fee and professional fees for our listing expenses. The audit fee for FYE 2015 was RM0.67 million (FYE 2014: RM0.09 million) which consist of audit and reporting accountants' fee and the professional fee (for principal advisers, independent market researchers, solicitors, internal audit, etc) was incurred in FYE 2015 of RM0.88 million (FYE 2014: Nil) in conjunction with the preparation for our listing exercise.

In FPE 2016, the administrative expenses has slightly decreased to RM2.32 million from RM2.39 million in FPE 2015. The decrease was mainly due to the lower professional fee incurred in conjunction with the preparation for our listing exercise in FPE 2016.

10. FINANCIAL INFORMATION (Cont'd)

Payroll costs such as bonus, salaries, wages and directors' salaries constitute major portion of the administrative expenses for the financial years under reviews. For FYE 2014, payroll cost increased to RM1.55 million (FYE 2013: RM1.32 million), an increase of RM0.23 million (or by 17.42%) due to the salary increment. In FYE 2015, payroll cost had increased to RM1.77 million (FYE 2014: RM1.55 million), an increase of RM0.22 million or by 14.19% due to salaries increment and the employment of personnel with the commencement of petrol station operation at Lubok Merbau, Kuala Kangsar during the year. In FPE 2016, the payroll cost decreased to RM0.58 million (FPE 2015: RM0.66 million) mainly due to different bonus payment arrangement (i.e. two (2) tranche payment of bonus adopted in first half and second half of FYE 2016 respectively, instead of a lump sum payment in the first half of FYE 2015).

Depreciation expenses for the FYE 2013 were RM0.74 million and decreased to RM0.48 million in FYE 2014. The decrease was mainly due to the disposal of motor vehicles (i.e. cars) in FYE 2014. The depreciation in FYE 2015 further reduced to RM0.35 million compared to FYE 2014 mainly due to the disposal of motor vehicles coupled with some of the PPE (such as office equipment) being fully depreciated during the year. In FPE 2016, the depreciation expenses decreased to RM0.11 million (FPE 2015: RM0.14 million) mainly due to some PPE was fully depreciated during the period.

Water and electricity expenses for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 were RM0.91 million, RM1.18 million, RM0.97 million and RM0.34 million, respectively.

10.3.6.4 Finance costs

	Audited		
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
BBA	2,714	3,293	4,207
Interest on RCPS	815	1,416	885
Bank overdraft	418	961	1,278
Hire purchase interest	626	456	268
Term loan, Musharakah financing and Muamalat Term Financing ⁽¹⁾	215	362	804
Bank charges, commitment fees and commission charges	23	24	22
Total	4,811	6,512	7,464

	Unaudited	Audited
	FPE 2015 RM'000	FPE 2016 RM'000
BBA	1,407	1,488
Interest on RCPS	478	-
Bank overdraft	400	524
Hire purchase interest	91	53
Term loan, Musharakah financing and Muamalat Term Financing ⁽¹⁾	240	325
Bank charges, commitment fees and commission charges	4	4
Total	2,620	2,394

Note:

- (1) The Muamalat Term Financing was obtained and fully drawdown in FPE 2016. Further details are set out in Section 10.4.4 of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)

Our Group finance costs for the financial years and financial periods under review were mainly derived from interest and financial charges arising from our borrowings from various financial institutions in various financial products and from the liability portion of the RCPS.

The increased in finance costs from RM4.81 million in FYE 2013 and to RM6.51 million in FYE 2014 was mainly due to the full draw down of the BBA financing in FYE 2013 of RM2.15 million upon the completion of Terminal AmanJaya and redemption of the term loans from the existing conventional term loan of RM57.85 million to BBA financing for the construction of Terminal AmanJaya. The recognition of the liability portion of the finance costs to the RCPS holders had also increased the interest expenses in FYE 2013 and FYE 2014.

Overdraft interest increased from FYE 2013 to FYE 2014 was for the use as the working capital requirement of the terminal operation, bus service operation and petrol stations and it is in tandem with the increase in operational activities of these segments.

The increased in finance costs from RM6.51 million in FYE 2014 to RM7.46 million in FYE 2015 was in regards to the initial capital contribution of Muamalat Venture's Investment of RM15.0 million in Perak Transit pursuant to the Investment Agreement in September 2014 and was a full year's finance cost in FYE 2015. There was also an additional capital contribution of RM5.0 million of Muamalat Venture's Investment in Perak Transit in June 2015 which finance cost was further incurred. Overdraft interest increased from RM0.96 million in FYE 2014 to RM1.28 million in FYE 2015, which was for working capital requirements of the terminal operation, bus service operation and petrol stations.

In FPE 2016, the finance costs decreased by RM0.23 million to RM2.39 million (FPE 2015: RM2.62 million) was mainly due to the interest expense accrued on the liability portion of the RCPS in FPE 2015, which all RCPS were fully converted into Perak Transit Shares in FYE 2015.

10.3.6.5 Tax income / (expenses)

Our Group's tax rate remained at 25% for the FYE 2013, FYE 2014 and FYE 2015. In FPE 2016, our Group's tax rate reduced to 24%. However, one of our subsidiary company, namely The Combined Bus, has an unabsorbed tax capital allowances of RM11.29 million in FYE 2013 and RM5.08 million in FYE 2014. Our Group has no unabsorbed tax capital allowances for FYE 2015 and FYE 2016.

In addition, in FYE 2012, our Group received approval for the Approved Service Project Status (Tax Incentive) from MoF. Following this, our Group's unutilised investment allowances of RM77.05 million in FYE 2013, RM96.03 million in FYE 2014, RM88.33 million in FYE 2015 and RM88.37 million in FPE 2016 were recorded in these respective financial years/period. Therefore, our Group has sufficient tax allowances which resulted in tax income for FYE 2013 and FYE 2014 of RM2.94 million and RM0.18 million, respectively.

A tax expense of RM0.06 million was recorded in FYE 2015 due to higher taxable profit which off-setted with the lower unabsorbed tax capital allowance brought forward from FYE 2014.

In FPE 2016, there was an income tax expense of RM1.32 million. This was due to higher taxable profit recorded during the period and lower tax capital allowance available for off-set against taxable profit in FPE 2016.

10. FINANCIAL INFORMATION (Cont'd)**10.3.6.6 Other gains and losses**

	Audited		
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000
Gain on disposal of PPE	-	53	15
Gain on disposal of investments in subsidiary companies	-	20	-
Gain on conversion of RCPS into ordinary shares	-	-	140
Total	-	73	155

	Unaudited FPE 2015 RM'000	Audited FPE 2016 RM'000
	Gain on disposal of PPE	16
Gain on disposal of investments in subsidiary companies	-	-
Gain on conversion of RCPS into ordinary shares	-	-
Total	16	-

For the FYE 2014, the gain on disposal of PPE was derived from the disposal of motor vehicle and office equipment. The gain on disposal of investment in subsidiary companies was derived from the disposal of Faktor Azam Sdn Bhd and CBS Edar Sdn Bhd.

For the FYE 2015, the gain on disposal of PPE was derived from the disposal of motor vehicle. The gain on conversion of RCPS into ordinary shares is mainly due to the gain on the reversal of provision of interest expenses (on the liability portion of RCPS) from the conversion of RCPS into Perak Transit Shares in FYE 2015 (it is an accounting treatment to provide for interest expenses of the RCPS, which was issued since FYE 2013).

10.3.6.7 Gains arising from revaluation of properties

The leasehold land, building and integrated public transportation terminal of the Group was revalued for FYE 2014 based on valuation by independent valuers using the "Open Market Value on Existing Use" and "Depreciated Replacement Cost" basis. The resulting revaluation surplus amounting to RM7.37 million for FYE 2014 was credited to property revaluation reserve account.

10.3.6.8 Significant factors and trends affecting our Group's operations and financial conditions

Our Group is subject to certain risks inherent in the public transportation industry in Perak which are set out in Section 3 of this Prospectus. Despite this, we believe our competitive strengths as set out in Section 4.4 of this Prospectus, provide the foundation for sustainability of our business and financial growth. Furthermore, our future plans and strategies as set out in Section 4.21 of this Prospectus which aim to strengthen our reputation in integrated public transportation terminal operations and sustain our lead in our market share of public bus operations, will further contribute to the sustainable growth and business.

10. FINANCIAL INFORMATION (Cont'd)

Notwithstanding the above, some of the pertinent factors that may affect our Group's operation and financial results include, but are not limited to the following:

- (a) Our ability to transfer increase in cost of operations to our customers and passengers;
- (b) Our ability to effectively collect receivables in a timely manner to ensure we have healthy cash flows for our operations;
- (c) Our ability to retain the services of our key management personnel;
- (d) Our ability to manage and ensure safety and compliance with the relevant regulations; and
- (e) Our ability to comply with the changes in policies, legislations and regulations governing our industry.

General information for the FYE 2013 to FYE 2015 and the FPE 2016

(a) Impact of interest rates

Our operations are mainly funded by a combination of internally generated funds and credit facilities from financial institutions for the past three (3) financial years from FYE 2013 to FYE 2015 and the FPE 2016. Given that the credit facilities from financial institutions are interest bearing, any interest rate hike will affect our financial performance and hence we will monitor and plan for any alternative financing options should the need arise.

However, there was no material impact of interest rates on our historical profits for the past three (3) financial years from 2013 to FYE 2015 and the FPE 2016. The financial costs only accounted for approximately 7.47%, 8.39%, 10.07% and 9.41% of our revenue for the FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 respectively.

(b) Impact of inflation

There was no material impact of inflation on our historical profits for the past three (3) financial years from FYE 2013 to FYE 2015 and the FPE 2016. However, any material increase in inflation rate in the future may affect our operations and financial performance if we are not able to pass such increase in cost, especially the cost of raw material, to our customers.

(c) Impact of foreign exchange

Our existing business operations are within Malaysia. All of our revenue and purchases have been made in RM for the past three (3) financial years from FYE 2013 to FYE 2015 and the FPE 2016. As such, the functional and reporting currency of our Group is in RM. Hence, we do not require hedging policies or forward contracts to mitigate foreign exchange exposure.

There was no impact of foreign exchange on our historical profits for the past three (3) financial years from FYE 2013 to FYE 2015 and the FPE 2016.

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

(d) Government / economic / fiscal / monetary policies

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

There is no material impact of government, economic, fiscal or monetary policies or factors on our profitability and financial position for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

(e) Sales tax exemption and GST of CKD bus and air conditioning equipment

Our Group shall be entitled to these sales tax and GST exemption of CKD bus and air conditioning equipment as and when we purchase these equipment for our operations. As stated in Section 4.4(v)(a) of this Prospectus, for the past three (3) FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 our Group recorded cost savings of RM0.38 million, RM2.02 million, RM0.15 million and RM0.46 million, respectively.

These one-off sales tax exemptions have subsequently been replaced by the GST exemption. MoF has approved our application for exemption of goods and service tax for the purchase of CKD buses and air conditioning equipment on 10 June 2015. This GST exemption is granted for the purchase of specified CKD buses which must be pre-approved by MoF.

(f) Approved Service Project status

As stated in Section 4.4 (v) (b) of this Prospectus, in 2012, MoF granted and approved the Approved Service Project status for our Group where we can claim up to 60% of the amount of capital expenditure invested during the investment allowance period of up to five (5) years between 2012 and 2017. Our Group has committed substantial investment in total capital expenditure for the construction of Terminal AmanJaya infrastructure, facilities and equipment, and purchase of buses to better serve the public. The retained earnings and savings on lower tax payments will allow our Group to achieve higher profitability, enhance shareholder fund and dividends to shareholders.

For the past three (3) FYE 2013, FYE 2014, FYE 2015 and the FPE 2016, the total investment allowance generated from Approved Service Project Status were RM24.19 million, RM19.56 million, RM5.65 million and RM2.52 million, respectively.

(g) Government grant for the construction of Terminal AmanJaya

As stated in Section 4.4 (v) (c) of this Prospectus, in 2012, we received a one-time Government grant from the Public Private Partnership Unit of the Prime Minister's Department of RM9.98 million to fund for the principal infrastructure cost of Terminal AmanJaya. This, together with internal funds and bank borrowing, has allowed our Group to complete the construction in August 2012 and commereialise operations at Terminal AmanJaya on 25 September 2012.

10. FINANCIAL INFORMATION (Cont'd)

(h) ISBSF

As stated in Section 4.4 (v) (d) of this Prospectus, in 2012, we qualified for financial assistance under SPAD's ISBSF. The ISBSF is a fund established by the Government of Malaysia to improve the quality of bus services. The ISBSF initiative is also expected to promote the continuity of bus services, and promote bus services as an effective mode of transportation. The total revenue recorded under income from bus operations for the past three (3) FYE 2013, FYE 2014, FYE 2015 and the FPE 2016 were RM2.91 million, RM2.33 million, RM2.43 million and RM0.80 million, respectively.

(i) SBST Programme

As stated in Section 4.4 (v) (e) of this Prospectus, we received Letter of Intent from SPAD on 29 June 2015, appointing The Combined Bus as the network operator for Ipoh under the SBST Programme, where for a period of eight (8) years the network operator will be paid cost per vehicle-km run for stage bus services rendered for stage bus routes in Ipoh. On 18 February 2016, The Combined Bus entered into a conditional agreement with SPAD to formalise The Combined Bus's appointment as the bus network operator for Ipoh under the SBST Programme for 16 stage bus routes in Ipoh. Our Group has commenced the bus operations of six (6) routes under the SBST Programme since 1 June 2016. Therefore, the SBST Programme does not have any impact to the financial performance of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

10.4 LIQUIDITY AND CAPITAL RESOURCES

10.4.1 Working capital

Our operations have been funded by a combination of internal and external sources of funds. The internal sources mainly comprise our shareholders' equity and cash generated from our operations while the external sources mainly comprise credit terms granted by our suppliers and credit facilities extended to us by financial institutions.

As at 30 April 2016, we have a cash and cash equivalents balance of RM6.80 million which is expected to be recorded at RM17.28 million upon completion of the Public Issue and utilisation of the proceeds from IPO. Further details of our Group's cash and cash equivalents and borrowings are disclosed in Sections 10.4.2 and 10.4.4 of this Prospectus

As at 30 April 2016, we have current assets of RM36.78 million and current liabilities of RM33.31 million, translating into a current ratio of 1.10 times, which reflects the ability of our Group to meet our short-term obligations. The current assets mainly comprise inventories, trade and other receivables, other assets as well as fixed deposits, cash and bank balances.

Our Directors are of the opinion that after taking into account our cash flow position and net proceeds from the Public Issue, our Group will have adequate working capital to meet our present and foreseeable requirements for a period of twelve (12) months from the date of this Prospectus.

10. FINANCIAL INFORMATION (*Cont'd*)

10.4.2 Historical audited consolidated statement of cash flows

The commentaries on the historical audited consolidated statement of cash flows are shown below. Kindly refer to Section 10.1 of this Prospectus for the details of the audited consolidated statement of cash flows.

(a) Net cash from operating activities

FYE 2013

During the FYE 2013, our Group generated a net cash inflow before working capital changes of RM14.02 million on the back of the profit for the year of RM7.21 million. This was partially offset by cash outflows arising from increase in other assets of RM1.28 million mainly from a deposit paid for the feasibility study fee for project Terminal Kampar (comprises among others surveyor cost, professional fees and other miscellaneous expenses). The final payment made in other payables for RM2.15 million, which mainly consist of payment to contractors of Terminal AmanJaya has also caused the cash outflows.

The net cash generated from our operating activities after the working capital changes was RM10.07 million.

FYE 2014

During the FYE 2014, our Group generated a net cash inflow before working capital changes of RM25.44 million on the back of the profit for the year of RM13.48 million. The changes in the net operating cash flow for the year as compared to FYE 2013 was mainly due to cash inflow from other assets of RM1.19 million which was mainly due to refund of deposit paid for performance bond in FYE 2013. This was partially offset by cash outflows arising from increase in receivables of RM1.16 million mainly due to increase in the trade receivables as the revenue from terminal operation had increased during the year. The net cash inflow before working capital changes was also partially offset by the payment made in trade and other payables during the year of RM2.40 million.

The net cash generated from our operating activities after the working capital changes was RM21.49 million.

FYE 2015

During the FYE 2015, our Group generated a net cash inflow before working capital changes of RM33.04 million on the back of the profit for the year of RM19.19 million. The net cash generated from our operating activities contributed by the increase in trade and other payables of RM1.02 million was mainly attributable by the A&P rental payment advance received from Century Edge Group (of RM1.70 million) for January and February 2016. Further, the increase in other liabilities during the year of RM4.15 million was mainly in respect of the refundable deposits received from Century Edge Group and Angkasa Aman (of RM2.83 million). However, this was partially offset by cash outflows resulted from increase in trade and other receivables of RM7.29 million mainly due to increase in the trade receivables as the revenue from terminal operation had increased during the year. Our Group had also paid income tax of RM0.86 million for the FYE 2015.

The net cash generated from our operating activities after the working capital changes was RM30.06 million.

10. FINANCIAL INFORMATION (Cont'd)

FPE 2016

During the period of FPE 2016, our Group generated a net cash inflow before working capital changes of RM11.51 million on the back of the profit for the period of RM5.39 million. The net cash generated from our operating activities was mainly contributed from the decrease of trade and other receivables of RM1.92 million resulted from settlement of the trade receivables. However, this was partially offset by cash outflows resulted from decrease in trade and other payables of RM1.69 million as there is no advance rental payment received from Century Edge Group in FPE 2016.

The net cash generated from our operating activities after the working capital changes was RM11.49 million.

(b) Net cash from investing activities**FYE 2013**

During the FYE 2013, we had incurred a net cash outflow for investing activities of RM45.18 million, which was mainly due to additional investment made for a few subsidiaries and purchase of PPE. Additional investment of RM3.42 million was made to The Combined Bus and CBS Edar Sdn Bhd for their working capital purposes during FYE 2013. Payment was also made for the construction of Terminal AmanJaya and the purchase of additional 8 new stage buses and 3 new express buses during the year which resulted in the total cash outflows of RM 41.85 million.

FYE 2014

During the FYE 2014, we had incurred a net cash outflow for investing activities of RM9.05 million, which was mainly due to payment made for the purchase of 64 new stage buses and the renovation in the Terminal AmanJaya of RM13.81 million. However, proceeds from the disposal of CBS Edar Sdn Bhd and Faktor Azam Sdn Bhd, and the disposal of motor vehicles and office equipment of RM3.56 million and RM1.14 million respectively had contributed to the cash inflow from investing activities during FYE 2014. In this relation, CBS Edar Sdn Bhd was disposed in FYE 2014 since CBS Edar Sdn Bhd was a dormant company and the intended principal activity of property investment was not in line with that of our Group's principal activities.

FYE 2015

During the FYE 2015, our Group recorded net cash outflow for investing activities of RM29.19 million, which was mainly due to (1) payment made for the preliminary works and consultant fee for application of "Kebenaran Merancang" for Terminal Kampar of RM6.56 million; (2) the purchase of 6 new express buses of RM2.35 million, (3) the construction of the petrol station building at Lubok Merbau, Kuala Kangsar of RM2.30 million; and (4) the renovation, upgrading, improvement in the Terminal AmanJaya amounting to RM8.10 million involving mainly the following:

- (i) renovation, upgrading and improvement for shoplots,
- (ii) installing ceiling metal plank to the roof top of the Terminal AmanJaya;
- (iii) basement car park floor strengthening and installed additional gutters;
- (iv) access road improvement;
- (v) additional electrical works and CCTV installation;
- (vi) constructing new toll booth and widening exit point;
- (vii) rewiring and installing new electrical points, lighting, meters; installing air conditioning units; and
- (viii) renovation of food court.

10. FINANCIAL INFORMATION (Cont'd)

FPE 2016

During the FPE 2016, our Group had recorded net cash outflow for investing activities of RM21.17 million, which was mainly due the purchase of PPE (i.e. our Group acquired 16 new express buses of RM7.66 million) and cost of renovation, upgrading, improvement works at Terminal AmanJaya amounting to RM4.65 million. In addition, the net cash outflow for investing activities is contributed by the deposits paid for capital expenditure of RM10.17 million, relating to the deposit paid for renovation works at Terminal AmanJaya of RM9.25 million, deposit paid for preliminary works for Terminal Kampar of RM2.20 million and deposit paid for acquisition of land of RM0.25 million for Terminal Kampar. However, the net cash outflow for investing activities was off-set by the transfer of deposit paid for purchase of commercial vehicles of RM1.53 million into PPE.

(c) Net cash from financing activities**FYE 2013**

During the FYE 2013, we recorded net cash inflow of RM43.50 million from financing activities, which was mainly attributable to cash inflows from the issuance of new Perak Transit shares and new RCPS of RM23.50 million and RM17.20 million respectively. This was mainly for the payment of Terminal AmanJaya construction cost. Further, advances received from directors of RM8.43 million, withdrawal of fixed deposits of RM3.20 million and the net drawdown of BBA facilities and term loan from financial institution of RM0.75 million have also contributed to the cash inflows. The advancement received from directors was mainly for the working capital requirement of the Group. However, the cash inflow was partially off-set by the cash outflow due to finance costs paid of RM4.55 million, repayment of obligations under hire-purchase arrangements of RM2.98 million and the interim single tier dividend of 6.4% per share paid to the shareholders of the Group amounting to RM1.7 million during the financial year under review.

FYE 2014

During the FYE 2014, we recorded net cash inflow of RM3.98 million from financing activities, which was mainly attributable to inflows resulting from drawdown of Musharakah financing and term loan from financial institutions of RM15.82 million and advances from directors of RM3.75 million. The advances received from directors were mainly for the working capital requirement of the Group.

The net cash inflow was offset by cash outflows for the repayment obligations under hire-purchase arrangements, term loan and BBA facilities, Musharakah financing and term loan and finance costs of RM3.25 million, RM2.92 million and RM6.10 million respectively. Furthermore, the payment of two (2) single tier interim dividends with a total of RM3.25 million had also contributed to the cash outflows from Group during the financial year.

FYE 2015

During the FYE 2015, our Group recorded net cash outflow of RM9.14 million from financing activities, which was mainly attributable to outflows resulted from the settlement of amount owing to directors of RM18.33 million. Further, there were cash outflows due to finance costs paid (of RM7.12 million), dividends paid (of RM2.59 million), repayment of obligations under hire-purchase arrangements (of RM1.76 million) and repayment of term loan and BBA facilities, Musharakah financing facility (of RM2.65 million).

I0. FINANCIAL INFORMATION (*Cont'd*)

The net cash inflow resulting from the drawdown of Musharakah financing and term loan of RM6.53 million and proceeds from bank overdrafts of RM16.94 million. These drawdowns were mainly for the working capital requirement of our Group and purchase of new express buses during the FYE 2015.

FPE 2016

During the FPE 2016, our Group recorded net cash inflow of RM5.29 million from financing activities, which was mainly attributable to the drawdown of Muamalat Term Financing, Musharakah financing and term loans of RM8.82 million and cash in inflow from bank overdrafts of RM4.00 million. The majority of these drawdowns were for the working capital requirement of our Group and purchase of new express buses during the FPE 2016.

There were cash outflows from financing activities were primarily due to finance costs paid by our Group of RM2.49 million, single-tier dividend paid of RM2.30 million, repayment of obligations under hire-purchase arrangements of RM0.43 million and repayment of term loans and BBA facilities of RM1.50 million.

I0.4.3 Treasury policies and objectives

Our Group has been funding our operations through a combination of internal and external sources of funds. The internal sources mainly comprise of our shareholders' equity and cash generated from our operations while the external sources mainly comprise credit terms granted by our suppliers and credit facilities extended to us by financial institutions. Our funding policy is to obtain the most suitable type of financing and at favourable cost of funding whereas our treasury policy is to maintain sufficient working capital to finance our operations to meet estimated commitments arising from our operational expenditures and financial liabilities.

The normal credit terms granted to our Group by our suppliers ranges from 2 days to 5 days, which is mainly for purchases of petrol and diesel and are in cash term. Our Group's borrowings from financial institutions are BBA facilities, Musharakah financing, Muamalat Term Financing, term loans and overdraft facilities which are used to finance our acquisition of the PPE and for the purpose of working capital such as purchase of trading goods and payment of operating expenses.

Our short term borrowings are the portion of BBA facilities, Musharakah financing, Muamalat Term Financing, term loans and overdraft facilities which are payable within one (1) year. The interest rates for these short term borrowings are based on the prevailing cost of funds or Base Financing Rate or Base Lending Rate plus or minus a margin as agreed upon by our bankers when the respective banking facilities were granted

Our long term borrowings are the portion of BBA facilities, Musharakah financing, Muamalat Term Financing and term loans which are payable after one (1) year. The interest rates for these long term borrowings are based on the prevailing cost of funds or Base Financing Rate or Base Lending Rate plus or minus a margin as agreed upon by our bankers when the respective banking facilities were granted.

The decision to utilise either the banking facilities or internally generated funds for our operations depend on, inter alia, our cash reserves, expected cash inflows or receipts from customers, future working capital requirements, future capital expenditure requirements and the prevailing interest rates of the banking facilities.

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

10. FINANCIAL INFORMATION (Cont'd)

Currently, our Group does not have any interest rate hedging policy. We will monitor the interest rate movement and will take the necessary steps to minimise the interest rate risk whenever appropriate. No assurance can be given that any significant movement in interest rates in the future will not have a material impact on our financial results or position and business operations.

Range of interest rates per annum for the short-term and long-term borrowings for the financial periods under review are as follows:-

Type	Audited			
	FYE2013	FYE2014	FYE 2015	FPE 2016
BBA	5.25% – 5.85%	5.25% – 5.85%	5.33% - 5.85%	5.72% - 5.85%
Musharakah financing	-*	3.00%	3.00%	3.00%
Term loans	4.28% - 7.60%	3.93% - 7.85%	2.62% - 7.85%	3.10% – 7.99%
Bank overdrafts	4.50% - 7.35%	4.50% - 7.60%	4.50% - 8.10%	4.50% – 8.90%
Muamalat Term Financing	-^	-^	-^	8.65%

Notes:

* No interest rates computed for the Musharakah financing in FYE 2013 as the facility was not drawn until FYE 2014.

^ No interest rates computed for the Muamalat Term Financing in FYE 2013, FYE 2014 and FYE 2015 as the facility was not drawn until FPE 2016.

10.4.4 Borrowings

As at 30 April 2016, our total debts are set out as follows:

	Effective interest rate	As at 30 April 2016
	% per annum	RM'000
Total debts	3.10% - 8.90%	131,263
Gearing ratio (times) ⁽ⁱ⁾		1.01
Gearing ratio (times) ⁽ⁱⁱ⁾		0.60

Notes:

(i) Calculated based on total debts of RM131.26 million over our shareholders' equity attributable to Perak Transit of RM129.50 million. The total debts consists of obligation under hire-purchase arrangements and bank borrowings.

(ii) Calculated based on:

- total debts of RM109.15 million (after our Public Issue and utilisation of proceeds as stated in Section 4.0, page 14 of the Independent Assurance Report on the compilation of pro forma financial information to the Board of Directors of Perak Transit. The total debts consist of obligation under hire-purchase arrangements and bank borrowings; and
- our pro forma shareholders' funds attributable to Perak Transit of RM182.09 million after our Public Issue and utilisation of proceeds.

10. FINANCIAL INFORMATION (Cont'd)

The details of our Group's total debts as at 30 April 2016 and LPD are as follows:

	As at 30 April 2016 RM'000	As at LPD RM'000
Obligations under hire-purchase arrangements:		
- Short term	1,176	1,192
- Long term	1,429	1,128
Borrowings		
- Short term borrowings		
BBA facilities ⁽¹⁾	3,127	4,040
Term loans ⁽²⁾	220	246
Bank overdrafts ⁽³⁾	20,936	21,883
Muamalat Term financing ⁽⁵⁾	460	3,627
- Long term borrowings:		
BBA facilities ⁽¹⁾	78,502	76,741
Musharakah financing ⁽⁴⁾	20,000	-
Term loans ⁽²⁾	3,171	3,092
Muamalat Term financing ⁽⁵⁾	2,242	8,214
Total	131,263	120,163

Notes:

(1) Perak Transit has three (3) BBA facilities which are as follow:

- (a) a twenty (20) year BBA facility for the working capital of RM20,000,000 (31.12.2015: RM20,000,000; 31.12.2014: RM20,000,000; 31.12.2013: Nil) which is repayable over 240 monthly instalments comprising RM138,710 for the period of April 2014 to August 2014 and RM141,561 commencing from September 2014. The facility carries profit margin at 5.85% per annum; and
- (b) a twenty (20) year BBA facility to finance the construction of Terminal AmanJaya of RM60,000,000 (31.12.2015: RM60,000,000; 31.12.2014: RM60,000,000; 31.12.2013: RM60,000,000) which is repayable over 240 monthly instalments of RM391,018 commencing November 2013 to October 2014, RM404,307 commencing from November 2014 to January 2015, RM409,351 commencing February 2015 to April 2015, RM412,732 commencing May 2015 to July 2015, RM407,666 commencing August 2015 to October 2015 and RM405,984 commencing November 2015 to January 2016 and RM414,429 commencing February 2016 to April 2016. Thereafter, the instalments payable every 3 months will vary according to the cost of funds at that point of time. The facility carries profit margin at 5.33% per annum; and
- (c) a ten (10) year BBA facility to finance the Commercial Vehicles of RM17,226,000 (31.12.2015: RM17,226,000; 31.12.2014: Nil; 31.12.2013: NIL) which is repayable over 120 monthly instalments which comprise of RM83,977 commencing January 2017 to December 2017 and monthly instalments of RM205,536 commencing January 2018. The facility carries profit margin at 5.85%. As of the end of the reporting period, RM7,656,000 (31.12.2015: RM1,531,200; 31.12.2014: NIL; 31.12.2013: NIL) of the facility has been drawdown by the subsidiary company.

The facility limit of the BBA facilities are RM97.23 million.

10. FINANCIAL INFORMATION (Cont'd)

(2) *Perak Transit has seven (7) term loans:*

- (a) *a twenty (20) year term loan to finance the construction of petrol station of RM525,000 (31.12.2015: RM525,000; 31.12.2014: RM525,000; 31.12.2013: RM525,000) which is repayable by 60 monthly instalments of RM3,321 and remaining 180 monthly instalments of RM3,582 commencing November 15, 2009;*
- (b) *a twenty (20) year term loan for working capital of RM150,000 (31.12.2015: RM150,000; 31.12.2014: RM150,000; 31.12.2013: RM150,000) which is repayable by 60 monthly instalments of RM949 and remaining 180 monthly instalments of RM1,023 commencing November 15, 2009;*
- (c) *a ten (10) year term loan to part finance of the acquisition of commercial land for the petrol station of RM830,000 (31.12.2015: RM830,000; 31.12.2014: RM830,000; 31.12.2013: RM830,000) which is repayable by 120 monthly instalments of RM9,681 commencing October 2012. Commencing October 2014, the monthly instalments were revised to RM9,767. The term loan was fully settled on 17 March 2016;*
- (d) *a ten (10) year term loan for working capital of RM815,000 (31.12.2015: RM815,000; 31.12.2014: RM815,000; 31.12.2013: Nil) which is repayable over 120 monthly instalments of RM9,717 commencing April 2014;*
- (e) *a fifteen (15) year term loan to refinance the acquisition of the commercial land for petrol station of RM570,000 (31.12.2015: RM570,000; 31.12.2014: RM570,000; 31.12.2013: RM570,000) which is repayable over 180 monthly instalments of RM4,981 commencing from November 2010;*
- (f) *a fifteen (15) year term loan to finance the construction of petrol station and working capital of RM1,000,000 (31.12.2015: RM1,000,000; 31.12.2014: RM1,000,000; 31.12.2013: RM1,000,000) which is repayable by 60 monthly instalments of RM7,650 commencing from November 2010 and 120 monthly instalments of RM7,757 commencing from November 2015; and*
- (g) *a fifteen (15) year term loan to finance of the acquisition of factory and office building of RM1,088,000 (31.12.2015: RM1,088,000; 31.12.2014: RM1,088,000; 31.12.2013: RM1,088,000) which is repayable by 180 monthly instalments of RM8,268 commencing June 2012.*

The facility limit of the term loans are RM4.15 million.

(3) *As at the LPD, the unutilised overdraft facilities were RM1.63 million*

(4) *Perak Transit has a nominal value Musharakah financing of RM20,000,000 (31.12.2015: RM20,000,000; 31.12.2014: RM20,000,000; 31.12.2013: Nil) under exchange investment basis granted by a local Islamic bank. The total capital contributed by the bank amounts to RM20,000,000 (31.12.2015: RM20,000,000; 31.12.2014: RM 15,000,000; 31.12.2013: Nil).*

The salient features of the Musharakah financing are as follows:

- (a) *The profit rate of the facility is at 3.00% per annum payable semi-annually in arrears basis.*
- (b) *The financing has been settled by Perak Transit as described in Section 4.1.3 (iii) of this Prospectus.*

The facility limit of the Musharakah Financing is RM20.0 million. As at FPE 2016, a total sum of RM20,000,000 (31.12.2015: RM20,000,000; 31.12.2014: RM15,000,000; 31.12.2013: Nil) has been released to Perak Transit. On 15 July 2016, the conversion of the Investment into Perak Transit Shares have been completed.

10. FINANCIAL INFORMATION *(Cont'd)*

- (5) Our Group has a five (5) year Muamalat Term financing of RM2,700,000 (FYE 2013 to FYE 2015: Nil) which is repayable by 60 monthly instalments. The first instalment of RM13,342 was paid in April 2016 and remaining 59 instalments of RM56,344 each commencing from May 2016. The facility carries profit margin at 8.65% (FYE 2013 to FYE 2015: Nil).

In addition to the financing facilities as stated in the above, on 20 April 2016, our Group received the letter of offer ("Bank Muamalat LO") from Bank Muamalat of up to RM10.0 million, for our Group's working capital. The source of funds which is used to disburse this loan is via the Investment Account Platform, which comprises contributions from depositor and Bank Muamalat. On 9 May 2016, our Group entered into a facility agreement for this term loan financing from Bank Muamalat. The Islamic term loan financing from Bank Muamalat is for a period of three (3) years and the effective profit rate is based on Bank Muamalat's Base Financing Rate ("BFR") + 0.10% per annum. Bank Muamalat's prevailing BFR is 6.90%. Our Group plans to use the Islamic term loan financing to part finance the overall construction cost of RM128.33 million for the construction of the Terminal Kampar. Kindly refer to Sections 2.7 (i) and 4.21 (i) for further details of the Terminal Kampar.

The total debts outstanding as at 30 April 2016 and LPD amounted to RM131.26 million and RM120.16 million, respectively. These debts were mainly utilised to finance our Group's working capital needs and acquisition of PPE.

Our Group has not defaulted on payments of either interest and/or principal sums in respect of any debts throughout the financial years and financial period under review and up to the LPD.

As at LPD, our Directors confirm that neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with any credit arrangements or bank loans, which could materially affect our financial results or position and the business operations or the investments by holders of securities in our Group.

10.4.5 Material commitments

As at the LPD, save as disclosed below, our Directors confirm that, after having made all reasonable enquiries and to the best of their knowledge, there are no material commitments for capital expenditures, which upon becoming enforceable may have a material effect on our Group's business and financial results or position:

	RM'000
Approved and contracted for:	
Purchase of buses [^]	9,570
Acquisition of land for the construction of Terminal Kampar	1,367

	RM'000
Approved but not contracted for:	
-	Nil

Note:

- [^] Being approximately 20% deposits paid for the acquisition of 25 units of express buses which, the expected delivery is within 1 year from LPD

The above capital expenditures will be financed via credit facilities from financial institutions.

10. FINANCIAL INFORMATION (Cont'd)

10.4.6 Material litigation

As at the LPD, our Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which has or might have material effects on our business and financial results or position, and our Directors do not know of any proceeding pending and threatened, and or any fact likely to give rise to any proceeding which may have a material effect on our Group's business and financial results or position.

10.4.7 Material contingent liabilities

As at the LPD, our Directors confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no material contingent liabilities incurred by us or our Group, which upon becoming enforceable may have a material effect our Group's business and financial results or position.

10.4.8 Material capital expenditures and divestitures

Save as disclosed in Section 9.2.1 of this Prospectus, our Group has not incurred any other material capital expenditures or divestment, during the past three (3) FYE 2013 to FYE 2015, the FPE 2016 and up to the LPD.

10.4.9 Key financial ratios

(i) Trade receivables

A summary of trade receivables of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 is set out below:

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Trade receivables	3,019	4,441	11,404	9,619
Revenue	64,394	77,578	74,123	25,443
Percentage of trade receivables to turnover (%)	4.69	5.72	15.38	12.60 [^]
Trade receivables turnover period (days) ⁽ⁱ⁾	17	21	56	46

Note:

[^] Based on the annualised revenue

(i) $\text{Trade receivables turnover period} = (\text{Trade Receivables}/\text{Revenue}) \times \text{no. of days for the financial years/period}$

The normal credit period generally granted by our Group to our customers ranges from 30 days to 120 days. Our credit terms to customers are assessed and approved on a case-by-case basis by the management. The normal credit period generally granted by our Group to our customers in our terminal operations ranges from 90 days to 120 days (for rental of shops and kiosks, rental of A&P space and Project Facilitation Fee), our bus operations of 120 days (from authorities namely SPAD), our bus charter services income of 90 days and our petrol station operations (for corporate customers which mainly consist of transportation companies) and the management of ADO incentive programme which ranges from 30 days to 120 days. Revenue from petrol stations (save for the corporate customers), bus operations (save for the collection from SPAD and bus charter services income) and certain terminal operations are on cash term. The trade receivables of our Group mainly consists of the receivables from the Project Facilitation Fee, rental of the A&P activities spaces and bus charter services income.

10. FINANCIAL INFORMATION (Cont'd)

The trade receivables turnover period increased from 21 days for FYE 2014 to 56 days for FYE 2015. The increase was mainly due to invoices issued towards the end of FYE 2015. These invoices were mainly related to the amount owing from Project Facilitation Fee for Terminal Kota Bahru, Kelantan (invoiced in December 2015 amounting to RM5.14 million). In addition, the increase in turnover period was also contributed by the amount owing from Angkasa Aman for the rental of advertising spaces (for the month of November 2015 and December 2015) and bus charter services fee of RM1.60 million from Rezeki Megajaya (for the month of October 2015 to December 2015).

In FPE 2016, the trade receivables turnover period decreased from 56 days to 46 days. It was mainly due to the prompt payment from our Group's debtors during the period under review.

Premised on the above, the trade receivables turnover period increased from 21 days for FYE 2014 to 46 days in FPE 2016. This was mainly due to the amount owing from Project Facilitation Fee, rental of A&P spaces and bus charter services fee which have longer credit term periods generally granted as mentioned above.

As at 30 April 2016, 64.92% of our trade receivables are within the normal credit period.

During the financial years and financial period under review and up to the LPD, we have not experienced any instances of bad debts. Our Group will assess the impairment of trade receivable on individual customer basis and which have been outstanding beyond our credit period. Impairment will be made, when necessary, after proper assessment.

As at 30 April 2016, the trade receivables of our Group amounted to RM9.62 million which can be analysed as follows:

	Within credit period				Exceeding credit period	
	30 days	31-60 days	61-90 days	91-120 days	>120 days	TOTAL
Trade receivables (RM'000)	2,583	3,040	419	203	3,375	9,620
% of total trade receivables	26.85	31.60	4.35	2.11	35.09	100.0
Subsequent receipts up to the LPD (RM'000)	2,583	2,840	219	3	3,375	9,020
Trade receivables (net of subsequent receipts) (RM'000)	-	200	200	200	-	600

As at the LPD, trade receivables amounting to RM0.60 million as at 30 April 2016 has not been collected.

10. FINANCIAL INFORMATION (Cont'd)

(ii) Trade payables

A summary of trade payables of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 is set out below:

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Trade payables	253	374	191	624
Cost of sales and services	48,564	50,918	41,195	14,535
Percentage of trade payables to cost of sales and services (%)	0.52	0.73	0.46	1.43 [^]
Trade payables turnover period (days) ⁽ⁱ⁾	2	3	2	5

Note:

[^] Based on the annualised cost of sales and services

(i) Trade payables turnover period = (Trade Payables/Cost of Sales) x no. of days for the financial years/period

The normal credit period generally granted by our suppliers to our Group for cash to credit period of 90 days. The trade payables mainly consists of the petrol stations' retail mart products purchases and the commercial vehicle spare parts. Throughout the financial years and financial period under review, there were no significant dispute with respect to trade payables and no legal action was initiated by any of our suppliers to demand for payment.

Our trade payables turnover period is at the range from 2 days to 5 days for the financial years and financial period under review. The major trade purchases by our Group consists of the purchase of petrol and diesel and it is in cash term. There is no significant change in the average trade payable turnover period as at FPE 2016 as compared to FYE 2013, FYE 2014 and FYE 2015, respectively.

As at 30 April 2016, the trade payables of our Group amounted to RM0.62 million which can be analysed as follows:

	Within credit period			Exceeding credit period	TOTAL
	30 days	31-60 days	61-90 days	91-120 days	
Trade payables (RM'000)	501	122	1	-	624
% of total trade payables	80.29	19.55	0.16	-	100.0
Subsequent payments up to the LPD (RM'000)	501	122	1	-	624
Trade payables (net of subsequent payments) (RM'000)	-	-	-	-	-

As shown in the table above, all of our trade payables are within the normal credit period as at 30 April 2016. As at the LPD, all trade payables as at 30 April 2016 has been settled.

10. FINANCIAL INFORMATION (*Cont'd*)

(iii) Inventories

A summary of inventories of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 is set out below:

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
	RM'000	RM'000	RM'000	RM'000
Petrol and diesoline	506	866	635	393
Spare parts	-	217	259	235
Retail mart products	42	60	170	184
	548	1,143	1,064	812
Cost of sales and services (RM'000)	48,564	50,918	41,195	14,535
Percentage of inventories to cost of sales (%)	1.13	2.24	2.58	1.86 [^]
Inventories turnover period (days) ⁽¹⁾	4	8	9	7

Notes:

[^] Based on the annualised cost of sales and services

(1) $\text{Inventories turnover period} = (\text{Inventories}/\text{Cost of Sales}) \times \text{no. of days for the financial years/period}$

Our inventories comprise petrol and diesel, spare parts for commercial vehicle, and retail mart products for the petrol stations' retail mart. Our inventories are carried at cost and there is no write down of the inventories for the financial years and financial period under review.

Our inventories turnover period increased from four (4) days in FYE 2013 to eight (8) days for FYE 2014, nine (9) days for FYE 2015 and seven (7) days for FPE 2016, respectively. For the commercial spare parts we only keep a low level of inventory of the common parts and will only purchase from our wide pool of suppliers as and when the repair part is needed.

(iv) Current Ratio

A summary of current ratio of our Group for the past three (3) 2013 and FYE 2015 and the FPE 2016 is set out below:

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
Current ratio (times) ⁽ⁱ⁾	0.48	0.84	1.04	1.10

Note:

(i) $\text{Current ratio} = \text{Current assets}/\text{Current liabilities}$

Our Group's current ratio continued to improve from 0.48 times in FYE 2013 to 0.84 times in FYE 2014, 1.04 times in FYE 2015 and 1.10 times in FPE 2016, mainly due to improvement in our Group's profitability that generates positive cash flows to enable our Group to pay off the current liabilities. Furthermore, the amount owing to our directors of RM21.82 million in FYE 2014 was fully settled in FYE 2015 via the issuance of new Perak Transit Shares and the remaining balance in cash.

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

A summary of gearing ratio of our Group for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016 is set out below:

	Audited			
	FYE 2013	FYE 2014	FYE 2015	FPE 2016
Gearing ratio (times) ⁽ⁱ⁾	1.33	1.29	0.95	1.01

Note:

(i) *Gearing ratio = Interest-bearing borrowings/ Shareholders' equity.*

Our Group relies on a combination of internally generated funds, credit from suppliers as well as bank borrowings to finance our business operations. Hence, our gearing ratio will change according to our level of operations in each particular year/period. Although our debts recorded an increase to RM131.26 million in FPE 2016 from RM97.46 million in FYE 2013, our gearing ratio decreased from 1.33 times in FYE 2013 to 0.95 times in FYE 2015. This was mainly due to increase in the retained earnings of our Group and conversion of RCPS into Perak Transit Shares by the RCPS holders in FYE 2015. Further, our gearing ratio increased from 0.95 times in FYE 2015 to 1.01 times in FPE 2016 mainly due to the drawdown of Muamalat Term financing as stated in Section 10.4.4 of this Prospectus.

(vi) Total current assets and total non-current assets

	Audited			
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000
Current assets	19,270	26,280	32,512	36,779
Non-current assets	185,799	217,868	234,847	242,483

Current assets

The current assets of our Group consist of inventories, trade receivables, other receivables, other assets, current tax assets, fixed deposits with licensed banks and cash and bank balances. The increase in current assets in FYE 2014 was mainly due to the increase in cash and bank balances to RM18.84 million (FYE 2013: RM12.96 million). Further, the increase in current assets in FYE 2015 is primarily due to the increase of other assets from RM0.55 million in FYE 2014 to RM7.18 million in FYE 2015. Following, the increase is mainly due to deposits of RM2.50 million paid for the preliminary works (land clearing and assessment of the land plot) and consultant fee for application of "Kebenaran Merancang" for Terminal Kampar, as well as deposits of RM3.92 million paid for the purchase of 41 new express buses. The current assets for the FPE 2016 increased to RM36.78 million from RM32.51 million in FYE 2015, which was mainly due to the additional deposits paid for capital expenditure of RM10.17 million and off-setted by the decrease in cash and bank balances amounting to RM3.04 million. The movement in trade receivables and inventories are detailed in Section 10.4.9 (i) and Section 10.4.9 (iii), respectively.

10. FINANCIAL INFORMATION (Cont'd)Non-current assets

The non-current assets consists of PPE, goodwill on consolidation, land held for property development and deferred tax assets. The increase in non-current assets was contributed mainly from the increase in PPE with the completion of construction of Terminal AmanJaya in FYE 2012 and with further renovation works capitalized in FYE 2013, FYE 2014, FYE 2015 and FPE 2016. The revaluation surplus arose from the revaluation of the Terminal AmanJaya has further increased the carrying amount of PPE. Further, the newly acquired buses also contributed to the increase of PPE.

For the past three (3) FYE 2013 to FYE 2015 and the FPE 2016, deferred tax assets stood at RM7.14 million, RM5.98 million, RM7.23 million and RM6.33 million for the financial years/ period, respectively. The movements of the deferred tax assets (i.e. utilisation or additions of the unabsorbed capital allowances and unutilised investment allowance) contributed to the changes to our Group's non-current assets for the financial years/ period under review.

For the FPE 2016, the non-current assets increased to RM242.48 million (FYE 2015: RM234.85 million) was mainly due to the increased in PPE, the additional upgrading work at the Terminal AmanJaya and purchases of 16 new buses.

(vii) Total current liabilities and total non-current liabilities

	Audited			
	FYE 2013 RM'000	FYE 2014 RM'000	FYE 2015 RM'000	FPE 2016 RM'000
Current liabilities	40,011	31,137	31,351	33,313
Non-current liabilities	91,721	122,083	108,971	115,823

Current liabilities

The current liabilities of the Group consists of trade payables, other payables, amount owing to directors, current portion of hire-purchase obligations, short term bank borrowings, short term deferred capital grant, other liabilities, current portion of other financial liabilities and current tax liabilities.

The increase in the current liabilities in FYE 2014 was mainly due to the increase in the amount owing to directors, from RM17.76 million in FYE 2013 to RM21.83 million in FYE 2014 as directors' advances were made to our Group for operational activities. In FYE 2015, the amount owing to directors were fully settled. Other payables and other liabilities also reduced from RM5.69 million in FYE 2013 to RM2.77 million in FYE 2014. However, this amount increased to RM8.58 million in FYE 2015 due to outstanding amount payable for the GST, advances of payment received on rental of promotional spaces and deposits received from customers as security deposits. The increase in the current liabilities in FPE 2016 was mainly due to the increase in our Group's bank borrowings from the drawdown of new Muamalat Term Financing and BBA facility, as well as increase in the utilisation of bank overdrafts facility. The movement of our trade payables are detailed in Section 10.4.9 (ii).

10. FINANCIAL INFORMATION (*Cont'd*)

Non-current liabilities

The non-current liabilities consists of non-current portion of obligation under hire-purchase arrangements, deferred tax liabilities, deferred capital grant, other financial liabilities and non-current portion bank borrowings. The major contributor of our non-current liabilities are bank borrowings which increased from RM61.70 million in FYE 2013 to RM93.77 million in FYE 2014 and further increased to RM96.60 million in FYE 2015. The increase in bank borrowings of our Group was mainly due to the acquisition of new buses where the term loan was fully drawn down. In FPE 2016, the bank borrowings further increased to RM103.91 million mainly due to the drawdown of new Muamalat Term Financing and BBA facility. For the details of bank borrowings, kindly refer to Section 10.4.4 of this Prospectus. Our deferred capital grant of RM9.58 million in FYE 2013, RM9.38 million in FYE 2014 and RM9.18 million in FYE 2015 and RM9.12 million in FPE 2016, were due to the recognition of the Government grant received by our Group over a period of 50 years.

10.4.10 Order book

Due to the nature of our business, we do not maintain an order book. We generate our revenues as and when services are rendered, when the petrol, diesel and retail mart product is sold and for the rental of shops and kiosks, bus charter services and A&P activities, it is recognised on a straight-line basis, by reference to the agreements entered.

As at the LPD, the contracted revenue for the rental of shops and kiosks, bus charter services and A&P activities that have not been apportioned for is RM21.08 million.

10.5 BUSINESS AND FINANCIAL PROSPECTS

There are no significant changes that may have a material effect on the financial position and results of Perak Transit Group. Going forward, we believe that we are in a position to sustain and grow our revenue in view of the following:

- **Economic growth drives demand for a holistic public transportation system, including public bus transportation systems**

There is a distinct correlation between GDP and mobility growth, whereby increased population, employment and economic activity translate into higher mobility requirements. In this context, a holistic land public transport system, and public bus transportation system, is especially important given Malaysia's goal to achieve 6% annual economic growth and 3.30 million new jobs by 2020. With urbanisation expected to reach 70% by 2020, there is a need to enable an efficient and smooth flow of people, which in turn also enables the growth of new urban areas through increased connectivity.

- **Economic growth corridors drive demand for comprehensive public transportation system and infrastructure development**

The scale and pattern of public transportation infrastructure development strategies formulated by the Government is driven by the recognition that infrastructure is vital for the nation's economic development. To this end, the Government's objective is to meet the nation's infrastructure needs arising from the growth and transformation of its economy. The Government views seriously its role of minimizing infrastructure shortages in the country. Further to meeting the needs of modernised sectors of the economy, including the external sector, the Government is also driven to develop infrastructure to serve socio-economic ends. In this regard, the Government strives to provide infrastructure to promote the development of less developed regions in the country. Improving the accessibility of these regions is intended to result in a more balanced development of the country and reduce economic disparity.

10. FINANCIAL INFORMATION *(Cont'd)*

- **Government initiatives to develop a holistic public transportation system in Malaysia**

The aspiration towards economic competitiveness and wellbeing has led to rapid urbanisation. The demand for constant mobility and accessibility to jobs, health and educational opportunities increase the need for an effective and efficient public transportation system. The Government of Malaysia introduced the ISBSF in 2012 with a fund size of RM400 million to improve the delivery and quality of bus services in Malaysia, thereby encouraging passengers to continue using buses as an effective mode of transportation.

(Source: IMR Report by Smith Zander)

We believe that with the positive market outlook and the initiative taken by the Government to continue to focus on the development of a holistic public transport system in the country, Perak Transit will benefit positively by providing its expertise and services towards the industry.

- (i) Our Group plan to build and operates the next integrated public transportation terminal at Kampar, Perak to replicate its business model to Kampar and foresee it will contribute another source of revenue to the Group.
- (ii) Our Group also secured the approval from SPAD to operate under the SBST Programme in the near future that will help the Bus Operation to generate constant revenue especially when operating on the non-profitable routes.
- (iii) Our main components of expenses include salary, diesel, depreciation and terminal related expense. Except for the softer outlook on the world diesel price, the rest are generally expected to move in line with the growth of our business, as we increase our expenditure on recruitment of staff and increase in depreciation due to the construction of new integrated public transportation terminal and acquisition of new commercial vehicles.

We expect to continue to enjoy the tax incentives pursuant to the Approved Service Project Status (Tax Incentive) for The Combined Bus obtained in 2012 until the fully utilization of the tax incentive.

Saved as disclosed above and in Section 3 (Risk Factors), Section 4.21 (Future Plans and Strategies), Section 5 (Industry Overview) and Section 10.3 (Management's Discussion and Analysis of Financial Conditions, Results of Operations and Prospects) of this Prospectus and barring any unforeseen circumstances, our Directors believe that there are no other circumstances which would result in significant adverse fluctuations of our financial performance.

10.6 TREND INFORMATION

As at the LPD, having made all reasonable enquiries and to the best of our Directors' knowledge and belief, save as disclosed in Sections 10.3 and 10.5 of this Prospectus, our conditions and operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that our Group reasonably expects to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations, liquidity and capital resources save as disclosed in Sections 3, 4.3 to 4.7, 4.9 to 4.21, 5 and 10.4 of this Prospectus;
- (ii) material commitment for capital expenditure, save as disclosed in Section 10.4.5 and 10.4.8 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have resulted in a material impact on our Group's financial performance, position and operations, save as disclosed in Sections 3.1 to 3.2, 4.3 to 4.7, 4.9 to 4.20, 5 and 10.4 of this Prospectus;

10. FINANCIAL INFORMATION (Cont'd)

- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position save as disclosed in Section 3.3 (vi) of this Prospectus.

However, our Board foresees certain risk factors as set out in Section 3 of this Prospectus that may affect our future financial condition and results of operations.

Our Board believes the prospects of our Group are favourable after taking into account the outlook of the public bus transportation services and retail markets in Malaysia, and public bus terminal services in Ipoh, Perak as set out in Section 5 of this Prospectus, our competitive strengths as set out in Section 4.4 and our future plans and strategies as set out in Section 4.21 of this Prospectus.

10.7 DIVIDEND POLICY

It is our Board's policy to recommend dividends to allow our Shareholders to participate in the profits of our Group. However, our ability to pay dividends or make other distributions to our Shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our Shareholders or when declaring any interim dividends:

- (i) the level of our cash and level of indebtedness;
- (ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;
- (iii) our expected results of operations and future level of operations; and
- (iv) our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends or distributions to our Shareholders will be at the discretion of our Board and will depend on factors stated above (which may not be exhaustive). There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Subject to the Act, our Company, in general meeting, may from time to time approve a dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) our Company is, or would after the payment be unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than its liabilities.

Subject to the factors outlined above, our Board intends to recommend and distribute dividends up to 25% out of our net profits attributable to our Shareholders for the FYE 2016 and FYE 2017.

Kindly refer to Section 3 of this Prospectus for risks relating to payment of dividends.

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

10. FINANCIAL INFORMATION (Cont'd)

10.8 INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

Deloitte.

Deloitte (AF 0080)
Chartered Accountants
Level 2, Weil Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak, Malaysia.

Prepared for inclusion in the Prospectus of
Perak Transit Berhad to be dated **15 SEP 2016**

Tel: +605 254 0288
Fax: +605 254 7288
www.deloitte.com/my

**INDEPENDENT ASSURANCE REPORT
ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION TO THE BOARD
OF DIRECTORS OF PERAK TRANSIT BERHAD (“PERAK TRANSIT” OR “THE
COMPANY”)**

Report on the Compilation of Pro Forma Financial Information

We have completed our assurance engagement to report on the compilation of pro forma financial information of Perak Transit and its subsidiary companies (“Perak Transit Group”) prepared by the Board of Directors of the Company (“Board”), for which the Board are solely responsible.

The pro forma financial information consists of:

- (i) pro forma statement of profit or loss and other comprehensive income for the period January 1, 2016 to April 30, 2016;
- (ii) pro forma statement of financial position as of April 30, 2016;
- (iii) pro forma statement of cash flows for the period January 1, 2016 to April 30, 2016; and
- (iv) the related notes as set out in accompanying attachment (all of which we have stamped for purpose of identification).

The applicable criteria on the basis of which the Board has compiled the pro forma financial information are specified in the notes thereon in accordance with the requirements of the Prospectus Guidelines - Equity and Debts issued by Securities Commission Malaysia (“Prospectus Guidelines”).

The pro forma financial information of Perak Transit Group has been compiled by the Board, for illustrative purposes only, for inclusion in the Prospectus of Perak Transit in connection with the listing of and quotation of the entire enlarged issued and paid-up share capital of Perak Transit on the ACE Market of Bursa Malaysia Securities Berhad (“Listing Exercise”).

The pro forma financial information has been compiled by the Board to illustrate:

- (a) the audited financial results of Perak Transit Group for the financial period January 1, 2016 to April 30, 2016, adjusted for the effects of the Listing Scheme (as defined in the accompanying notes) and utilisation of proceeds from the Public Issue of Perak Transit Shares;
- (b) the financial position of Perak Transit Group as of April 30, 2016, adjusted for the effects of the Listing Scheme and utilisation of proceeds from the Public Issue of Perak Transit Shares; and
- (c) the cash flows of Perak Transit Group for the financial period January 1, 2016 to April 30, 2016, adjusted for the effects of the Listing Scheme and utilisation of proceeds from the Public Issue of Perak Transit Shares.

As part of this process, statements about Perak Transit Group’s financial position, financial performance and cash flows have been extracted by the Board from the financial statements of the Group for the financial period January 1, 2016 to April 30, 2016, on which an audit report has been issued.

10. FINANCIAL INFORMATION (Cont'd)

Directors' Responsibilities for the Pro Forma Financial Information

The Board is responsible for compiling the pro forma financial information on the basis as set out in Note 1.3 in accompanying attachment to the pro forma financial information in accordance with the requirements of the Prospectus Guidelines.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma financial information has been compiled, in all material respects, by the Board on the basis as set out in Note 1.3 of the accompanying attachment.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("ISAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board has compiled, in all material respects, the pro forma financial information on the basis as set out in Note 1.3 of the accompanying attachment.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of significant event or transactions on the unadjusted financial information of the entity as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of Perak Transit Group, the events or transactions in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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


10. FINANCIAL INFORMATION (Cont'd)

Opinion

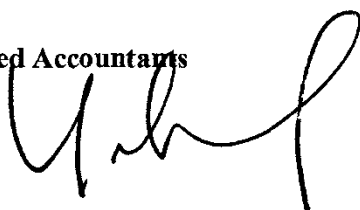
In our opinion, the pro forma financial information of Perak Transit Group has been properly compiled on the basis stated.

Other Matters

This report is issued for the sole purpose for inclusion in the Prospectus of the Company in connection with the Listing Exercise and should not be used or relied upon for any other purpose.



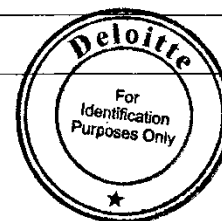
DELOITTE
AF 0080
Chartered Accountants



YEOH SIEW MING
Partner - 2421/05/17(J/PH)
Chartered Accountant

August 30, 2016

10. FINANCIAL INFORMATION (*Cont'd*)



**PERAK TRANSIT BERHAD (“PERAK TRANSIT”)
AND ITS SUBSIDIARY COMPANIES (“PERAK TRANSIT GROUP”)
NOTES TO THE PRO FORMA FINANCIAL INFORMATION**

1. **GENERAL**

1.1 **Pro forma financial information**

The pro forma financial information should be read in conjunction with the historical financial statements of Perak Transit Berhad (“the Company” or “Perak Transit”) and its subsidiary companies (“Perak Transit Group”) for the financial period January 1, 2016 to April 30, 2016.

The pro forma financial information has been prepared for inclusion in the Prospectus of Perak Transit in connection with the listing of and quotation of the entire enlarged issued and paid-up share capital of Perak Transit on the ACE Market of Bursa Malaysia Securities Berhad.

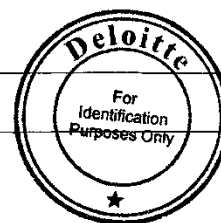
The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at D-3-7, Greentown Square, Jalan Dato’ Seri Ahmad Said, 30450 Ipoh, Perak Darul Ridzuan, Malaysia.

The principal place of business of the Company is located at 19, Lebuhraya Bercham Selatan, Taman Cahaya Tasek, 31400 Ipoh, Perak Darul Ridzuan, Malaysia.

The pro forma financial information of Perak Transit are prepared for illustrative purposes only. The pro forma financial information comprises the following:

- Section 3 - Pro forma statement of profit or loss and other comprehensive income for the financial period January 1, 2016 to April 30, 2016
- Section 4 - Pro forma statement of financial position as of April 30, 2016
- Section 5 - Pro forma statement of cash flows for the financial period January 1, 2016 to April 30, 2016



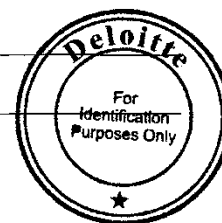
10. FINANCIAL INFORMATION (Cont'd)

1.2 Abbreviations and formulas

Unless the context otherwise requires, the following words, abbreviations and formulas shall apply throughout this report:

Abbreviations

Bursa Securities	:	Bursa Malaysia Securities Berhad
EPS	:	Earnings per Share
FYE	:	Financial year ended December 31
FPE	:	Financial period from January 1 to April 30
GP	:	Gross profit
IPO	:	Initial public offering of the Public Issue in Malaysia
Listing Exercise	:	Listing of and quotation of the entire enlarged issued and paid-up share capital of Perak Transit on the ACE Market of Bursa Securities
MFRS	:	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
NA	:	Net assets
NL	:	Net liabilities
PATNCI	:	Profit after taxation and non-controlling interests
PBT	:	Profit before taxation
Perak Transit	:	Perak Transit Berhad
Perak Transit Group	:	Perak Transit, Syarikat Sumber Manusia, IpohLink, The Combined Bus, CKS Bumi, Star Kensington, CKS Labur and Terminal Urus collectively
Perak Transit Shares or Shares	:	Ordinary shares of RM0.10 each in Perak Transit
New Shares Issuance	:	The issuance of new Perak Transit Shares resulting from the exercises undertaken as set out in Note 2.1
RM and sen	:	Ringgit Malaysia and sen, respectively



10. FINANCIAL INFORMATION (Cont'd)

Formulas

GP/ PBT/ PATNCI margin	= GP/ PBT/ PATNCI divided by revenue
Basic EPS	= PATNCI divided by the number of Perak Transit Shares
NA/(NL) per share	= NA/(NL) as of the date of the financial position divided by the number of Perak Transit Shares
Current ratio	= total current assets divided by total current liabilities
Gearing ratio	= total borrowings and hire-purchase payables divided by shareholders' equity

1.3 BASIS OF PREPARATION OF PRO FORMA FINANCIAL INFORMATION

The pro forma financial information has been compiled based on the audited consolidated financial statements of Perak Transit Group for the FPE 2016, which were prepared in accordance with MFRS.

The pro forma financial information is presented in RM.

The pro forma financial information which should be read in conjunction with the notes thereto has been prepared for illustrative purposes only to reflect what:

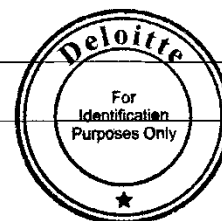
- (i) the financial results of Perak Transit Group for the FPE 2016 would have been, if the New Share Issuance and IPO exercise had been completed by April 30, 2016;
- (ii) the financial position of Perak Transit Group as of April 30, 2016 would have been, if the New Share Issuance and IPO exercise had been completed on that date; and
- (iii) the cash flows of Perak Transit Group for the FPE 2016 would have been, if the New Share Issuance and IPO exercise had been completed by April 30, 2016.

- 1.4 The pro forma financial information has been prepared based on the audited financial statements of Perak Transit Group for the FPE 2016.

The pro forma financial information is prepared using the bases and accounting principles consistent with those adopted in the preparation of the financial statements for the FPE 2016.

The financial statements of Perak Transit and its subsidiary companies for the FPE 2016 have been prepared in accordance with MFRS in Malaysia.

- 1.5 For illustrative purposes, in arriving at the pro forma statement of profit or loss and other comprehensive income for the FPE 2016, it is assumed that Listing Scheme as mentioned in **Section 2.0** is completed on April 30, 2016. Income and expenses arising from the Listing Scheme are recognised on April 30, 2016.
- 1.6 For illustrative purposes, in arriving at the pro forma statement of financial position as of April 30, 2016, it is assumed that Listing Scheme as mentioned in **Section 2.0** is completed on April 30, 2016. Funds arising from the Listing Scheme are received/utilised on April 30, 2016.
- 1.7 For illustrative purposes, in arriving at the pro forma statement of cash flows for the FPE 2016, it is assumed that Listing Scheme as mentioned in **Section 2.0** below is completed on April 30, 2016. Funds arising from the Listing Scheme are received/utilised on April 30, 2016.



10. FINANCIAL INFORMATION (*Cont'd*)

2.0 LISTING SCHEME

Perak Transit is undertaking the listing of and quotation of its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The listing scheme comprises the following:

2.1 New Share Issuance

In connection with the Listing Scheme, Perak Transit undertook the following transactions prior to the Public Issue as described in Note 2.2:

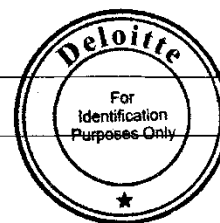
- (i) On July 31, 2015 and August 21, 2015, PKTB completed the conversion of 72,000,000 RCPS and 100,000,000 RCPS held by RCPS holders into PKTB Shares at the conversion rate of RM0.10 per RCPS via the issuance of 72,000,000 new PKTB Shares and 100,000,000 new PKTB Shares respectively;
- (ii) As of December 31, 2014, the directors of PKTB had extended interest free loans amounting to RM21,828,668 to PKTB Group ("Loan"), of which RM18,328,668 was fully settled via cash by June 23, 2015. For the remaining balance, on July 21, 2015, PKTB capitalised RM3,500,000 via the issuance of PKTB Shares to Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi of 20,000,000 PKTB Shares and 15,000,000 PKTB Shares respectively; and
- (iii) Pursuant to the Investment Agreement entered into between Perak Transit (the customer), Bank Muamalat Malaysia Berhad (the arranger, advisor, facility agent and sole shareholder of Muamalat Venture Sdn. Bhd. ("Muamalat Venture")) and Muamalat Venture (the investor) ("Investment Agreement"), Muamalat Venture had provided Musharakah Capital funding totalling RM20,000,000 being financing facilities to Perak Transit Group structured on a shariah compliant basis ("Investment").

In this regard, Muamalat Venture has decided to convert this Investment into 190,476,000 new Perak Transit Shares at the conversion rate of RM0.105 per Share pursuant to the Investment Agreement. Muamalat Venture has provided irrevocable letter of undertaking to Perak Transit dated September 23, 2015 to complete the conversion after Bursa Securities' approval for the proposed listing and prior to the registration of the Prospectus of Perak Transit with the Securities Commission Malaysia. The conversion of Muamalat Venture's Investment into 190,476,000 new Perak Transit Shares was completed on July 15, 2016.

Transaction (i) and (ii) were completed in FYE 2015 and the pro forma financial information was presented only after adjusting for transaction (iii).

Upon completion of the New Share Issuance, the issued and paid-up share capital of Perak Transit increased from RM70,747,200 comprising 707,472,000 ordinary shares of RM0.10 each in FPE 2016 to RM89,794,800 comprising 897,948,000 Perak Transit Shares.

The New Share Issuance is known as "Pro forma I" for the purpose of pro forma financial information.



10. FINANCIAL INFORMATION (Cont'd)

2.2 Public Issue

The Public Issue of 245,000,000 Shares, representing approximately 21.44% of the enlarged issued and paid-up share capital of Perak Transit at an IPO Price of RM0.15 per Share comprising:

(i) Malaysian Public via balloting

58,000,000 Public Issue Shares, representing approximately 5.07% of the enlarged issued and paid-up share capital of Perak Transit, to be allocated and allotted via balloting will be made available for application by the Malaysian public.

(ii) Selected investors via private placement

187,000,000 Public Issue Shares, representing approximately 16.36% of the enlarged issued and paid-up share capital, will be made available to selected investors by way of private placement.

The completion of the Public Issue will result in an enlarged issued and paid up share capital of Perak Transit of RM114,294,800 comprising 1,142,948,000 Perak Transit Shares.

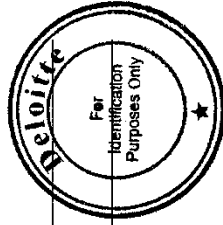
The Public Issue is known as "Pro Forma II" for the purpose of pro forma financial information.

2.3 Utilisation of proceeds

The gross proceeds of RM36,750,000 which would accrue to Perak Transit from the Public Issue, are utilised in the following manner:

	RM	RM
Business expansion		20,000,000
Repayment of hire-purchase obligation arrangements		
- current	1,105,201	
- non-current	1,003,677	2,108,878
Working capital		10,481,122
Estimated listing expenses		4,160,000
		<u>36,750,000</u>

The utilisation of proceeds is known as "Pro Forma III" for the purpose of pro forma financial information.

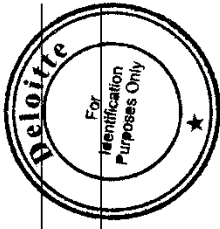


10. FINANCIAL INFORMATION (Cont'd)

3.0 PRO FORMA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FPE 2016

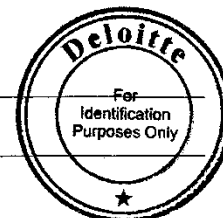
The pro forma statement of profit or loss and other comprehensive income set out below has been compiled solely for illustration purposes to show the effects on Perak Transit Group on the assumption that the Listing Scheme as set out in Note 2.0 had been completed by April 30, 2016 and should be read in conjunction with the notes in this Section.

	Audited for FPE 2016 RM	Adjustments for Pro Forma I RM		Adjustments for Pro Forma II RM		Adjustments for Pro Forma III RM		Adjustments for Pro Forma III RM	
		Pro Forma I RM	Pro Forma I RM	Pro Forma II RM	Pro Forma II RM	Pro Forma III RM	Pro Forma III RM	Pro Forma III RM	Pro Forma III RM
Revenue	25,443,075	-	25,443,075	-	25,443,075	-	25,443,075	-	25,443,075
Cost of sales and services	(14,535,483)	-	(14,535,483)	-	(14,535,483)	-	(14,535,483)	-	(14,535,483)
GP	10,907,592	-	10,907,592	-	10,907,592	-	10,907,592	-	10,907,592
Other operating income	519,448	-	519,448	-	519,448	-	519,448	-	519,448
General and administrative expenses	(2,321,229)	-	(2,321,229)	-	(2,321,229)	-	(2,321,229)	(4,160,000)	(6,481,229)
Finance costs	(2,394,286)	-	(2,394,286)	-	(2,394,286)	-	(2,394,286)	-	(2,394,286)
PBT	6,711,525	-	6,711,525	-	6,711,525	-	6,711,525	(4,160,000)	2,551,525
Tax expense	(1,319,832)	-	(1,319,832)	-	(1,319,832)	-	(1,319,832)	-	(1,319,832)
Profit and total comprehensive income for the period	5,391,693	-	5,391,693	-	5,391,693	-	5,391,693	(4,160,000)	1,231,693
Profit and total comprehensive income for the period attributable to:									
Owners of the Company	5,362,101	-	5,362,101	-	5,362,101	-	5,362,101	(4,160,000)	1,202,101
Non-controlling interests	29,592	-	29,592	-	29,592	-	29,592	-	29,592
	5,391,693	-	5,391,693	-	5,391,693	-	5,391,693	(4,160,000)	1,231,693



10. FINANCIAL INFORMATION (Cont'd)

	Audited for FPE 2016 RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM
Key Financial Ratios:				
Number of ordinary shares of RM0.10 each in issue (shares)	707,472,000	897,948,000	1,142,948,000	1,142,948,000
GP margin (%)	42.87	42.87	42.87	42.87
PBT margin (%)	26.38	26.38	26.38	10.03
PATNCI margin (%)	21.07	21.07	21.07	4.72
Basic EPS (sen)	0.76	0.60	0.47	0.11



10. FINANCIAL INFORMATION (Cont'd)

3.1 Basis of preparation

The pro forma statement of profit or loss and other comprehensive income for the FPE 2016 has been derived from the audited consolidated financial statements of the Perak Transit Group for the FPE 2016, which were prepared in accordance with MFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Perak Transit Group.

The pro forma statement of profit or loss and other comprehensive income for the FPE 2016, has been prepared for illustrative purposes only to show the effects on the audited consolidated statement of profit or loss and other comprehensive income for the FPE 2016 on the assumption that the Listing Scheme as set out in Note 2.0, had been effected on April 30, 2016, and should be read in conjunction with the Notes in this Section.

The audited consolidated statement of profit or loss and other comprehensive income for the FPE 2016 used in the preparation of the pro forma statement of profit or loss and other comprehensive income was not subject to any qualifications, modifications or disclaimers.

The pro forma statement of profit or loss and other comprehensive income is not necessarily indicative of the future financial results that would have been attained had the Listing Scheme as set out in Note 2.0 actually occurred at the respective date. The pro forma statement of profit or loss and other comprehensive income has been prepared for illustrative purposes only, and because of the nature, may not give a true picture of the actual results of Perak Transit Group.

3.2 Adjustments in arriving at the pro forma statement of profit or loss and other comprehensive income are as below:

3.2.1 Pro forma I

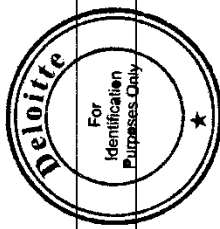
No profit or loss impact to statement of profit or loss and other comprehensive income derived from the pro forma adjustment Note 2.1.

3.2.2 Pro forma II

No profit or loss impact to statement of profit or loss and other comprehensive income derived from the pro forma adjustment Notes 2.2.

3.2.3 Pro forma III

Pro forma III incorporates adjustment relating to Listing Exercise expenses of RM4,160,000 charged to profit or loss account.



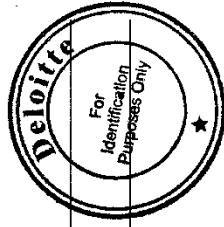
10. FINANCIAL INFORMATION (Cont'd)

4.0 PRO FORMA STATEMENT OF FINANCIAL POSITION AS OF APRIL 30, 2016

The pro forma statement of financial position as of April 30, 2016 set out below has been prepared for illustration purposes only to show the effects on the audited consolidated statement of financial position as of April 30, 2016 on the assumption that the Listing Scheme as set out in Note 2.0 had been effected on April 30, 2016 and should be read in conjunction with the notes in this Section.

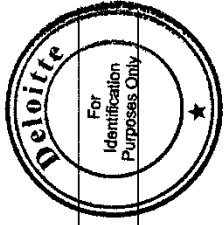
ASSETS	Audited as of April 30, 2016 RM	Adjustments for Pro Forma I		Adjustments for Pro Forma II		Adjustments for Pro Forma III		Pro Forma III RM
		RM	RM	RM	RM	RM	RM	
Non-Current Assets								
Property, plant and equipment	234,526,801	-	234,526,801	-	234,526,801	20,000,000	254,526,801	
Goodwill on consolidation	1,622,631	-	1,622,631	-	1,622,631	-	1,622,631	
Deferred tax assets	6,333,390	-	6,333,390	-	6,333,390	-	6,333,390	
Total Non-Current Assets	242,482,822	-	242,482,822	-	242,482,822	20,000,000	262,482,822	
Current Assets								
Inventories	811,643	-	811,643	-	811,643	-	811,643	
Trade and other receivables	9,950,449	-	9,950,449	-	9,950,449	-	9,950,449	
Current tax assets	87,936	-	87,936	-	87,936	-	87,936	
Other assets	17,176,813	-	17,176,813	-	17,176,813	-	17,176,813	
Fixed deposits, cash and bank balances	8,752,427	-	8,752,427	36,750,000	45,502,427	(26,268,878)	19,233,549	
Total Current Assets	36,779,268	-	36,779,268	36,750,000	73,529,268	(26,268,878)	47,260,390	
Total Assets	279,262,090	-	279,262,090	36,750,000	316,012,090	(6,268,878)	309,743,212	

(Forward)



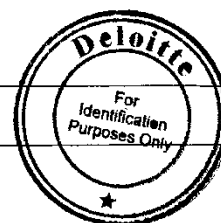
10. FINANCIAL INFORMATION (Cont'd)

	Audited as of April 30, 2016 RM	Adjustments for			Adjustments for		
		Pro Forma I RM	Pro Forma II RM	Pro Forma II RM	Pro Forma II RM	Pro Forma III RM	Pro Forma III RM
EQUITY AND LIABILITIES							
Capital and Reserves							
Share capital	70,747,200	19,047,600	24,500,000	114,294,800	-	114,294,800	
Revaluation reserve	12,927,582	-	-	12,927,582	-	12,927,582	
Share premium	-	952,400	12,250,000	13,202,400	-	13,202,400	
Retained earnings	45,828,986	-	-	45,828,986	(4,160,000)	41,668,986	
Equity attributable to owners of the Company	129,503,768	20,000,000	36,750,000	186,253,768	(4,160,000)	182,093,768	
Non-controlling interests	622,699	-	-	622,699	-	622,699	
Total Equity	130,126,467	20,000,000	36,750,000	186,876,467	(4,160,000)	182,716,467	
Non-Current Liabilities							
Obligations under hire-purchase arrangements	1,429,844	-	-	1,429,844	-	426,167	
Borrowings	103,914,565	(20,000,000)	-	83,914,565	-	83,914,565	
Deferred capital grant	9,115,066	-	-	9,115,066	-	9,115,066	
Deferred tax liabilities	1,363,640	-	-	1,363,640	-	1,363,640	
Total Non-Current Liabilities	115,823,115	(20,000,000)	-	95,823,115	(1,003,677)	94,819,438	
(Forward)							



10. FINANCIAL INFORMATION (Cont'd)

	Audited as of April 30, 2016 RM	Adjustments for			Adjustments for		
		Pro Forma I RM	Pro Forma II RM	Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	Pro Forma III RM
Current Liabilities							
Trade and other payables	1,265,745	-	1,265,745	-	1,265,745	-	1,265,745
Obligation under hire-purchase arrangements	1,175,711	-	1,175,711	-	1,175,711	(1,105,201)	70,510
Borrowings	24,742,955	-	24,742,955	-	24,742,955	-	24,742,955
Current tax liabilities	484,604	-	484,604	-	484,604	-	484,604
Deferred capital grant	199,600	-	199,600	-	199,600	-	199,600
Other liabilities	5,443,893	-	5,443,893	-	5,443,893	-	5,443,893
Total Current Liabilities	33,312,508	-	33,312,508	-	33,312,508	(1,105,201)	32,207,307
Total Liabilities	149,135,623	(20,000,000)	129,135,623	-	129,135,623	(2,108,878)	127,026,745
Total Equity And Liabilities	279,262,090	-	279,262,090	36,750,000	316,012,090	(6,268,878)	309,743,212
Key Financial Ratios:							
Number of ordinary shares of RM0.10 each in issue (shares)	707,472,000		897,948,000		1,142,948,000		1,142,948,000
NA per ordinary share (RM)	0.18		0.17		0.16		0.16
Current ratio (times)	1.10		1.10		2.21		1.47
Gearing ratio (times)	1.01		0.74		0.60		0.60



10. FINANCIAL INFORMATION (Cont'd)

4.1 Basis of preparation

The pro forma statement of financial position as of April 30, 2016 has been derived from the audited consolidated financial statements of the Perak Transit Group for the FPE 2016, which were prepared in accordance with MFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Perak Transit Group.

The pro forma statement of financial position as of April 30, 2016 has been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position as of April 30, 2016 on the assumption that the Listing Scheme as set out in Note 2.0 had been effected on April 30, 2016, and should be read in conjunction with the Notes in this Section.

The audited consolidated statement of financial position as of April 30, 2016 used in the preparation of the pro forma statement of financial position was not subject to any qualifications, modifications or disclaimers.

The pro forma statement of financial position is not necessarily indicative of the future financial results that would have been attained had the Listing Scheme as set out in Note 2.0 actually occurred at the respective date. The pro forma statement of financial position has been prepared for illustrative purposes only, and because of the nature, may not give a true picture of the actual results of Perak Transit Group.

4.2 Adjustments to the pro forma statement of financial position are as below:

4.2.1 Pro forma I

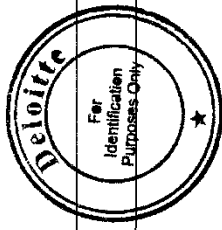
Pro forma I incorporates adjustments relating to capitalisation of RM20,000,000 of Investment by Muamalat Venture into Perak Transit Shares at the conversion rate of RM0.105 per Share as set out in Note 2.1.

4.2.2 Pro forma II

Pro forma II incorporates adjustments relating to the proceeds from Public Issue of RM36,750,000 inclusive of share premium of RM12,250,000 set out in Note 2.2.

4.2.3 Pro forma III

Pro forma III incorporates adjustments after taking into consideration the gross proceeds of RM36,750,000 which will accrue to Perak Transit from the Public Issue, RM26,268,878 will be defrayed for business expansion, repayment of hire-purchase obligations and listing expenses pursuant to the utilisation as set out in Note 2.3. The balance of RM10,481,122, shall continue to be retained in bank for defrayment of working capital as set out in Note 2.3.



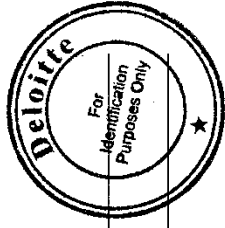
10. FINANCIAL INFORMATION (Cont'd)

5.0 PRO FORMA STATEMENT OF CASH FLOWS FOR THE FPE 2016

The pro forma statement of cash flows set out below has been compiled solely for illustration purposes to show the effects on Perak Transit Group on the assumption that the Listing Scheme as set out in Note 2.0 had been effected on April 30, 2016 and should be read in conjunction with the notes in this Section.

	Audited as of April 30, 2016 RM	Adjustments for			Adjustments for Pro Forma III RM
		Pro Forma I RM	Pro Forma II RM	Pro Forma III RM	
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit for the period	5,391,693	-	5,391,693	(4,160,000)	1,231,693
Adjustments for:					
Depreciation of property, plant and equipment	2,505,453	-	2,505,453	-	2,505,453
Finance costs	2,394,286	-	2,394,286	-	2,394,286
Tax expenses recognised in profit or loss	1,319,832	-	1,319,832	-	1,319,832
Property, plant and equipment written off	2	-	2	-	2
Amortisation of deferred capital grant	(66,534)	-	(66,534)	-	(66,534)
Interest income	(34,515)	-	(34,515)	-	(34,515)
	11,510,217	-	11,510,217	(4,160,000)	7,350,217
Movements in working capital:					
Decrease in:					
Inventories	252,821	-	252,821	-	252,821
Trade and other receivables	1,921,352	-	1,921,352	-	1,921,352
Other assets	170,783	-	170,783	-	170,783
Decrease in:					
Trade and other payables	(1,690,202)	-	(1,690,202)	-	(1,690,202)
Other liabilities	(281,662)	-	(281,662)	-	(281,662)
Cash Generated From Operations	11,883,309	-	11,883,309	(4,160,000)	7,723,309
Interest received on current accounts	5,093	-	5,093	-	5,093
Income tax paid	(394,330)	-	(394,330)	-	(394,330)
Net Cash From Operating Activities	11,494,072	-	11,494,072	(4,160,000)	7,334,072

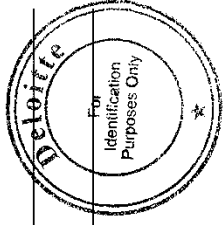
(Forward)



10. FINANCIAL INFORMATION (Cont'd)

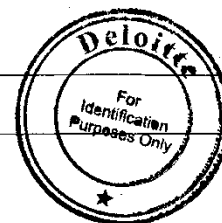
	Audited as of April 30, 2016 RM	Adjustments for		Adjustments for		Adjustments for	
		Pro Forma I RM	Pro Forma I RM	Pro Forma II RM	Pro Forma II RM	Pro Forma III RM	Pro Forma III RM
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES							
Interest received on fixed deposits	29,422	-	29,422	-	29,422	-	29,422
Purchase of property, plant and equipment	(11,024,044)	-	(11,024,044)	-	(11,024,044)	(20,000,000)	(31,024,044)
Deposits paid for purchase of property, plant and equipment	(10,172,520)	-	(10,172,520)	-	(10,172,520)	-	(10,172,520)
Placement of fixed deposits which no longer meet the definition of cash equivalents	(7,045)	-	(7,045)	-	(7,045)	-	(7,045)
Net Cash Used In Investing Activities	(21,174,187)	-	(21,174,187)	-	(21,174,187)	(20,000,000)	(41,174,187)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES							
Drawdown of term loans, Al Bai' Bithaman Ajil facilities ("BBA"), Musharakah financing and Muamalat Term financing	8,824,800	-	8,824,800	-	8,824,800	-	8,824,800
Proceeds from bank overdrafts	3,996,752	-	3,996,752	-	3,996,752	-	3,996,752
Finance costs paid	(2,494,971)	-	(2,494,971)	-	(2,494,971)	-	(2,494,971)
Dividends paid	(2,299,284)	-	(2,299,284)	-	(2,299,284)	-	(2,299,284)
Repayment of term loans and BBA facilities	(1,503,109)	-	(1,503,109)	-	(1,503,109)	-	(1,503,109)
Repayment of fixed deposits pledged to banks	(797,227)	-	(797,227)	-	(797,227)	-	(797,227)
Repayment of obligations under hire-purchase arrangements	(433,735)	-	(433,735)	-	(433,735)	(2,108,878)	(2,542,613)
Dividends paid to non-controlling interests	(2,814)	-	(2,814)	-	(2,814)	-	(2,814)
Proceeds from issuance of shares	-	-	-	36,750,000	36,750,000	-	36,750,000
Net Cash From Financing Activities	5,290,412	-	5,290,412	36,750,000	42,040,412	(2,108,878)	39,931,534

(Forward)



10. FINANCIAL INFORMATION (Cont'd)

	Audited as of April 30, 2016 RM	Adjustments For			Adjustments for		
		Pro Forma I RM	Pro Forma I RM	Pro Forma II RM	Pro Forma II RM	Pro Forma III RM	Pro Forma III RM
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,389,703)	-	(4,389,703)	36,750,000	32,360,297	(26,268,878)	6,091,419
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,185,728	-	11,185,728	-	11,185,728	-	11,185,728
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,796,025	-	6,796,025	36,750,000	43,546,025	(26,268,878)	17,277,147



10. FINANCIAL INFORMATION (Cont'd)

5.1 Basis of preparation

The pro forma statement of cash flows for the FPE 2016 has been derived from the audited consolidated financial statements of the Perak Transit Group for the FPE 2016, which were prepared in accordance with MFRSs and in a manner consistent with the format of the financial statements and accounting policies of the Perak Transit Group.

The pro forma statement of cash flows for the FPE 2016, has been prepared for illustrative purposes only to show the effects on the audited consolidated statement of cash flows for the FPE 2016 on the assumption that the Listing Scheme as set out in Note 2.0 had been effected on April 30, 2016 and should be read in conjunction with the Notes in this Section.

The audited consolidated statement of cash flows for the FPE 2016 used in the preparation of the pro forma statement of cash flows was not subject to any qualifications, modifications or disclaimers.

The pro forma statement of cash flows is not necessarily indicative of the future financial results that would have been attained had the Listing Scheme as set out in Note 2.0 actually occurred at the respective date. The pro forma statement of cash flows has been prepared for illustrative purposes only, and because of the nature may not give a true picture of the actual results of Perak Transit Group.

5.2 Adjustments in arriving at the pro forma statement of cash flows are as below:

5.2.1 Pro forma I

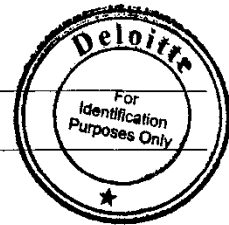
No financial impact to statement of cash flows from pro forma adjustment Note 2.1.

5.2.2 Pro forma II

Pro forma II incorporates adjustments relating to the proceeds from Public Issue of RM36,750,000 as set out in Note 2.2.

5.2.3 Pro forma III

Pro forma III incorporates adjustments after taking into consideration the gross proceeds of RM36,750,000 which will accrue to Perak Transit from the Public Issue, RM26,268,878 will be defrayed for business expansion, repayment of hire-purchase obligations and listing expenses pursuant to the utilisation as set out in Note 2.3. The balance of RM10,481,122, shall continue to be retained in bank for defrayment of working capital as set out in Note 2.3..



10. FINANCIAL INFORMATION (Cont'd)

6.0 APPROVAL

The above pro forma financial information are approved and adopted by the Board of Directors of Perak Transit in accordance with a resolution dated **30 AUG 2016**

Signed on behalf of the Board of Directors:

A handwritten signature in black ink, appearing to be "Sri Cheong Kong Fitt".

**DATO' SRI CHEONG KONG FITT
DIRECTOR
PERAK TRANSIT BERHAD**

A handwritten signature in black ink, appearing to be "Cheong Peak Sooi".

**DATO' CHEONG PEAK SOOI
DIRECTOR
PERAK TRANSIT BERHAD**

11. ACCOUNTANTS' REPORT

Deloitte.

Deloitte (AF 0080)
Chartered Accountants
Level 2, Weill Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak, Malaysia.

Tel: +605 254 0288
Fax: +605 254 7288
www.deloitte.com/my

ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus of
Perak Transit Berhad)

August 30, 2016

The Board of Directors
Perak Transit Berhad
19, Lebuhr Bercham Selatan,
Taman Cahaya Tasek,
31400 Ipoh,
Perak Darul Ridzuan

Dear Sirs

Independent Audit Opinion on the financial information contained in the Accountants' Report of Perak Transit Berhad

We have audited the financial information contained in the Accountants' Report of Perak Transit Berhad which comprises Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes In Equity and Consolidated Statement of Cash Flows for the financial period January 1, 2016 to April 30, 2016, financial years ended December 31, 2015, 2014 and 2013, Consolidated Statement of Financial Position as of April 30, 2016, financial years ended December 31, 2015, 2014 and 2013, and a summary of significant accounting policies and other explanatory information, as set out in Chapter 11 of the Prospectus. This historical financial information has been prepared for inclusion in the prospectus of Perak Transit Berhad ("Prospectus") in connection with the proposed listing of and quotation of the enlarged issued and paid-up share capital of Perak Transit Berhad on the ACE Market of Bursa Malaysia Securities Berhad. This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

Directors' Responsibility for the Financial Information

The directors of Perak Transit Berhad are responsible for the preparation of the financial information contained in the Accountants' Report in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards for the financial years ended December 31, 2015, 2014 and 2013 and financial period January 1, 2016 to April 30, 2016 was prepared in accordance with *Malaysian Financial Reporting Standards 134 - Interim Financial Reporting* and *International Financial Reporting Standards 34 - Interim Financial Reporting*. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

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

August 30, 2016
Perak Transit Berhad
Page No. 2

Reporting Accountants' Responsibility

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

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

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

Opinion on financial information

In our opinion, the financial information contained in the Accountants' Report gives, for the purposes of the Prospectus, a true and fair view of the financial position of Perak Transit Berhad Group as of December 31, 2015, 2014 and 2013 and of its financial performance and cash flows for financial years ended December 31, 2015, 2014 and 2013 in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and of the financial position as of April 30, 2016 and of its financial performance and cash flows for the financial period January 1, 2016 to April 30, 2016 in accordance with *Malaysian Financial Reporting Standards 134 - Interim Financial Reporting* and *International Financial Reporting Standards 34 - Interim Financial Reporting*.

Other matters

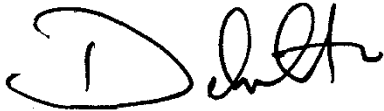
This report is made solely to the Board of Directors of Perak Transit Berhad, as a body, for the abovementioned purpose. We do not assume responsibility to any other person for the contents of this opinion.

The comparative financial information for Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes In Equity and Consolidated Statement of Cash Flows for the financial period January 1, 2015 to April 30, 2015 and other related explanatory information has not been audited.

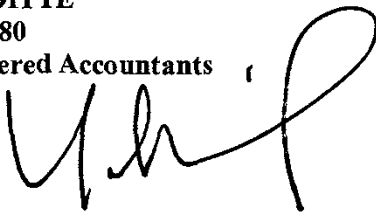
11. ACCOUNTANTS' REPORT (*Cont'd*)

August 30, 2016
Perak Transit Berhad
Page No. 3

We did not come across any significant events between the dates of the most recent audited financial statements used in the preparation of the Accountants' Report and the date of this report which will affect materially the contents of this report.



DELOITTE
AF 0080
Chartered Accountants



YEOH SIEW MING
Partner - 2421/05/17(J/PH)
Chartered Accountant

11. ACCOUNTANTS' REPORT (Cont'd)

1. ABBREVIATIONS

Unless the context otherwise requires, the following definitions shall apply throughout this report.

Act	Companies Act, 1965
Board	Board of Directors of Perak Transit as at the date of this Prospectus
Bursa Securities	Bursa Malaysia Securities Berhad
CKS Bumi	CKS Bumi Sdn. Bhd., a 69.99% owned subsidiary of Perak Transit
CKS Labur	CKS Labur Sdn. Bhd., a wholly-owned subsidiary of Perak Transit
CMSA	Capital Markets and Services Act 2007 of Malaysia
FPE	Financial period from January 1 to April 30
FYE	Financial year ended December 31
IPO	Initial public offering of the Public Issue in Malaysia
IpohLink	Ipoh Link Sdn. Bhd., a wholly-owned subsidiary of Perak Transit
LPD	August 16, 2016, being the latest practicable date prior to the registration of the Prospectus
MFRS	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
NCI	Non-controlling interests of Perak Transit Group
Perak Transit	Perak Transit Berhad
Perak Transit Group or Group	Perak Transit, Syarikat Sumber Manusia, IpohLink, The Combined Bus, CKS Bumi, Star Kensington, CKS Labur and Terminal Urus collectively
Perak Transit Shares or Shares	Ordinary shares of RM0.10 each in Perak Transit
Private Entities	The private entities whose shares are formerly held by Perak Transit in FYE 2013
Public Issue	The invitation by the Company to the public to subscribe for the Public Issue Shares at the IPO price, payable in full upon application, subject to the terms and conditions of this Prospectus
Public Issue Shares	245,000,000 Perak Transit Shares, which are the subject of the Public Issue

11. ACCOUNTANTS' REPORT (Cont'd)

RCPS	6.5% redeemable convertible preference shares of Perak Transit redeemable at the option of the Company at RM0.10 at any time during the tenure of the RCPS of five (5) years. The dividend rights are cumulative, calculated and accrued daily from the date of the issuance of May, 31, 2013
RM and sen	Ringgit Malaysia and sen, respectively
SC	Securities Commission Malaysia
SC Guidelines	The Equity Guidelines (including the content of application for equity offerings and listings) issued by the SC
Star Kensington	Star Kensington Sdn. Bhd., a 95.71% owned subsidiary of Perak Transit
SPAD	Land Public Transport Commission
Syarikat Sumher Manusia	Syarikat Sumher Manusia Sdn. Bhd., a wholly-owned subsidiary of Perak Transit
The Combined Bus	The Combined Bus Services Sdn. Bhd., a 99.89% owned subsidiary of Perak Transit
Terminal Urus	Terminal Urus Sdn. Bhd., a wholly-owned subsidiary of Perak Transit
Private Entities	
CBS Edar	CBS Edar Sdn. Bhd., a former wholly-owned subsidiary of Perak Transit disposed to CKS Maju Sdn. Bhd. on August 28, 2014
Faktor Azam	Faktor Azam Sdn. Bhd., a former wholly-owned subsidiary of Perak Transit disposed to Dato' Sri Cheong Kong Fitt and Datin Sri Lim Sow Keng on August 18, 2014

2. PURPOSE OF REPORT

We set out below our report on the financial information (the "Financial Information") relating to Perak Transit and its subsidiary companies (hereinafter collectively referred to as the "Perak Transit Group") for financial period January 1, 2016 to April 30, 2016, FYE 2015, FYE 2014 and FYE 2013 for inclusion in the Prospectus of Perak Transit (the "Prospectus") in connection with the listing of and quotation of the entire enlarged issued and paid-up share capital of Perak Transit on the ACE Market of Bursa Securities.

The financial information of Perak Transit Berhad for the financial period January 1, 2015 to April 30, 2015 shown in the historical financial statements is unaudited and is presented purely for comparative purposes.

No audited financial statements of Perak Transit Berhad have been prepared in respect of any period subsequent to April 30, 2016.

This report has been prepared by Messrs. Deloitte, an approved company auditors, for inclusion in the Prospectus of Perak Transit in relation to the listing of and quotation of IPO.

The Company and its subsidiary companies have adopted December 31 as their financial year end date.

11. ACCOUNTANTS' REPORT (Cont'd)

The subsidiary companies of Perak Transit Group for FPE 2016 and 3 relevant FYE 2015, FYE 2014 and FYE 2013 are as follows:

Name of company	Country of incorporation	Date of incorporation	Authorised share capital No. of shares RM	Issued and paid-up share capital No. of shares RM	FPE 2016 %	Proportionate of ownership interest and voting power held by the Group			Principal activities
						FYE 2015 %	FYE 2014 %	FYE 2013 %	
CKS Bumi	Malaysia	July 2, 2008	5,000,000	500,000	69.99	69.99	69.99	69.99	Agents and contractors of transportation and bus operator. Ceased the business as agents and contractors of transportation in FYE 2015. Commenced business as an operator of petrol station and providing management services in FYE 2015.
CKS Labur	Malaysia	March 5, 2008	500,000	250,000	100.00	100.00	100.00	100.00	Operator of petrol station.
IpohLink	Malaysia	July 23, 2008	500,000	300,000	100.00	100.00	100.00	100.00	Providing management services for bus operations.
Star Kensington	Malaysia	September 7, 2006	500,000	350,000	95.71	95.71	95.71	89.99	Operator of petrol station.
Syarikat Sumber Manusia	Malaysia	September 11, 2009	500,000	100,000	100.00	100.00	100.00	100.00	Providing services of human resource management.
The Combined Bus	Malaysia	August 2, 2006	100,000,000	55,600,003	99.90	99.90	99.90	99.89	Operators of bus terminal, petrol station and public transportation and a service provider for distributing petroleum products.
Terminal Urus	Malaysia	April 25, 2012	100,000	100,000	100.00	100.00	100.00	-	Bus terminal management.
CBS Edar*	Malaysia	April 25, 2012	500,000	200,000	-	-	-	100.00	Has not commenced business operation.
Faktor Azam*	Malaysia	December 18, 2011	5,000,000	1,750,000	-	-	-	100.00	Has not commenced business operation.

* Both CBS Edar and Faktor Azam were disposed of by Perak Transit in FYE 2014 as disclosed in Section 5.19.

11. ACCOUNTANTS' REPORT (Cont'd)

The consolidated audited financial statements of Perak Transit Group and the audited financial statements of the subsidiary companies of Perak Transit for FPE 2016, FYE 2015, FYE 2014 and FYE 2013 have been prepared in accordance with MFRS in Malaysia.

The audited financial statements of Perak Transit Group for FPE 2016, FYE 2015 and FYE 2014 were audited by Messrs. Deloitte. The auditors of Perak Transit Group and its subsidiary companies for the relevant FPE and FYE are as follows:

Entity	FPE/FYE	Auditors
Perak Transit	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
CKS Bumi	2013	CWC & Company
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
CKS Labur	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
IpohLink	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
Star Kensington	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
Syarikat Sumber Manusia	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
The Combined Bus	2013	T.H. Yew & Co.
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
Terminal Urus	2013	CWC & Company
	2014	Deloitte
	2015	Deloitte
	2016	Deloitte
CBS Edar	2013	CWC & Company
	2014	Deloitte
Faktor Azam	2013	CWC & Company
	2014	CWC & Company

The Financial Information of the Perak Transit Group for FPE 2016, FYE 2015, FYE 2014 and FYE 2013 set out in this report has been prepared from the audited financial statements of Perak Transit.

11. ACCOUNTANTS' REPORT (Cont'd)

3. GENERAL INFORMATION

3.1 Corporate Information

(a) Perak Transit

Perak Transit was incorporated in Malaysia under the Act on September 5, 2008 as a private limited company and was subsequently converted to a public company on March 26, 2010. The principal activity of Perak Transit is that of investment holding.

(b) Subsidiary companies of Perak Transit

The details of the subsidiary companies of Perak Transit are disclosed in Section 2.0.

3.2 Share Capital

(a) Perak Transit

(i) Authorised Share Capital

Details of the changes in the authorised share capital of Perak Transit since incorporation to LPD are as follows:

	No. of ordinary shares	Par value RM	Cumulative RM
September 5, 2008 (date of incorporation)	100,000	1.00	100,000
March 29, 2010	24,900,000 ¹	1.00	25,000,000
Subdivision of shares on April 16, 2012	250,000,000 ²	0.10	25,000,000
April 16, 2012	250,000,000 ³	0.10	50,000,000
April 23, 2013	500,000,000 ⁴	0.10	100,000,000
May 31, 2013	1,000,000,000 ⁵	0.10	200,000,000
April 30, 2014	1,500,000,000 ⁶	0.10	350,000,000
July 31, 2015	1,500,000,000 ⁷	0.10	500,000,000

¹ 24,900,000 ordinary shares of RM1.00 each were created.

² 25,000,000 ordinary shares of RM1.00 each were subdivided into 250,000,000 ordinary shares of RM0.10 each.

³ 250,000,000 ordinary shares of RM0.10 each were created.

⁴ 500,000,000 ordinary shares of RM0.10 each were created.

⁵ 1,000,000,000 ordinary shares of RM0.10 each were created.

⁶ 1,500,000,000 ordinary shares of RM0.10 each were created.

⁷ 1,500,000,000 ordinary shares of RM0.10 each were reclassified from RCPS.

11. ACCOUNTANTS' REPORT (Cont'd)

(ii) Issued and Paid-up Ordinary Share Capital

Details of the changes in the issued and paid-up ordinary share capital of Perak Transit since incorporation to LPD are as follows:

Date of allotment	No. of ordinary shares	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
05.09.2008	2	1.00	Cash	2
18.06.2010	229,998	1.00	Cash	230,000
22.12.2010	18,770,000	1.00	Shares issued for acquisition of The Combined Bus	19,000,000
16.04.2012	171,000,000	0.10	Subdivision of shares	19,000,000
16.04.2012	20,000,000	0.10	Cash	21,000,000
27.09.2012	55,472,000	0.10	Shares issued for acquisition of Star Kensington, CKS Labur, and CKS Bumi	26,547,200
08.05.2013	200,000,000	0.10	Cash	46,547,200
13.11.2013	35,000,000	0.10	Shares issued for acquisition of Faktor Azam	50,047,200
21.07.2015	35,000,000	0.10	Capitalisation of amount owing to directors	53,547,200
31.07.2015	72,000,000	0.10	Conversion of RCPS ¹	60,747,200
21.08.2015	100,000,000	0.10	Conversion of RCPS ¹	70,747,200
15.07.2016	190,476,000	0.10	Capitalisation of Muamalat Venture's Investment ²	89,794,800

¹ Perak Transit has on May 31, 2013 allotted and issued 172,000,000 RCPS which were subsequently fully converted into Shares.

² Being the capitalisation of Muamalat Venture's Investment into 190,476,000 Shares pursuant to the Investment Agreement which was completed on July 15, 2016.

11. ACCOUNTANTS' REPORT (Cont'd)

(iii) Authorised RCPS

Details of the changes in the authorised RCPS of Perak Transit since incorporation to LPD are as follows:

	No. of ordinary shares	Par value RM	Cumulative RM
September 5, 2008 (date of incorporation)	-	-	-
May 31, 2013	500,000,000 ¹	0.10	50,000,000
April 30, 2014	1,000,000,000 ²	0.10	150,000,000
July 31, 2015	(1,500,000,000) ³	0.10	-

¹ 500,000,000 RCPS of RM0.10 each were created.

² 1,000,000,000 RCPS of RM0.10 each were created.

³ 1,500,000,000 RCPS of RM0.10 each were fully reclassified to Authorised Ordinary Share Capital on July 31, 2015.

(iv) Issued and paid-up RCPS

Details of the changes in the issued and paid-up RCPS of Perak Transit since incorporation to LPD are as follows:

	No. of ordinary shares	Par value RM	Cumulative RM
September 5, 2008 (date of incorporation)	-	-	-
May 31, 2013	172,000,000 ¹	0.10	17,200,000
July 31, 2015	(72,000,000) ²	0.10	10,000,000
August 21, 2015	(100,000,000) ²	0.10	-

¹ 172,000,000 RCPS of RM0.10 each were allotted.

² 72,000,000 RCPS of RM0.10 each and 100,000,000 RCPS of RM0.10 each were converted into Ordinary Share Capital on July 31, 2015 and August 21, 2015 respectively.

(b) Subsidiary companies of Perak Transit

The details of authorised and issued and paid-up share capital of the subsidiary companies of Perak Transit are as disclosed in Section 2.0.

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

3.3 Listing Scheme

Perak Transit is undertaking the listing of and quotation of its entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities. The listing scheme comprises the following:

3.3.1 New Share Issuance

In connection with the Listing Scheme, Perak Transit undertook the following transactions prior to the IPO as described in Note 3.3.2.

- (i) On July 31, 2015 and August 21, 2015, Perak Transit completed the conversion of 72,000,000 RCPS and 100,000,000 RCPS held by RCPS holders into Perak Transit Shares at the conversion rate of RM0.10 per RCPS via the issuance of 72,000,000 new Perak Transit Shares and 100,000,000 new Perak Transit Shares respectively;
- (ii) As of December 31, 2014, the directors of Perak Transit had extended interest free loans amounting to RM21,828,668 to Perak Transit Group ("Loan"), of which RM18,328,668 was fully settled via cash by June 23, 2015. For the remaining balance, on July 21, 2015, Perak Transit capitalised RM3,500,000 via the issuance of Perak Transit Shares to Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi of 20,000,000 Perak Transit Shares and 15,000,000 Perak Transit Shares respectively; and
- (iii) Pursuant to the Investment Agreement entered into between Perak Transit (the customer), Bank Muamalat Malaysia Berhad (the arranger, advisor, facility agent and sole shareholder of Muamalat Venture Sdn. Bhd. ("Muamalat Venture")) and Muamalat Venture (the investor) ("Investment Agreement"), Muamalat Venture had provided Musharakah Capital funding totalling RM20,000,000 being financing facilities to Perak Transit Group structured on a shariah compliant basis ("Investment").

In this regard, Muamalat Venture has decided to convert this Investment into 190,476,000 new Perak Transit Shares at the conversion rate of RM0.105 per Share pursuant to the Investment Agreement. Muamalat Venture has provided irrevocable letter of undertaking to Perak Transit dated September 23, 2015 to complete the conversion after Bursa Securities' approval for the proposed listing and prior to the registration of the Prospectus of Perak Transit with the SC. The conversion of Muamalat Venture's Investment into 190,476,000 new Perak Transit Shares was completed on July 15, 2016.

Transaction (i) and (ii) were completed in FYE 2015.

Upon completion of the New Share Issuance, the issued and paid-up share capital of Perak Transit increased from RM70,747,200 comprising 707,472,000 ordinary shares of RM0.10 each in FPE 2016 to RM89,794,800 comprising 897,948,000 Perak Transit Shares.

11. ACCOUNTANTS' REPORT (Cont'd)

3.3.2 Public Issue

The Public Issue of 245,000,000 Shares, representing approximately 21.44% of the enlarged issued and paid-up share capital of Perak Transit at an IPO Price per Share comprising:

(i) Malaysian Public via balloting

58,000,000 Public Issue Shares, representing approximately 5.07% of the enlarged issued and paid-up share capital of Perak Transit, to be allocated and allotted via balloting will be made available for application by the Malaysian public.

(ii) Selected investors via private placement

187,000,000 Public Issue Shares, representing approximately 16.36% of the enlarged issued and paid-up share capital, will be made available to selected investors by way of private placement.

The completion of the Public Issue will result in an enlarged issued and paid up share capital of Perak Transit of RM114,294,800 comprising 1,142,948,000 of Perak Transit Shares.

4. DIVIDENDS**(a) Perak Transit**

The dividends paid by Perak Transit were as follows:

	RM
Ordinary Shares	
<u>In respect of FYE 2014</u>	
First interim single tier dividend of 4.00%, per share, paid on May 19, 2014	2,001,888
Second interim single tier dividend of 2.50%, per share, paid on October 21, 2014	<u>1,251,180</u>
	<u><u>3,253,068</u></u>
<u>In respect of FYE 2015</u>	
First interim single tier dividend of 2.50%, per share, paid on May 22, 2015	1,251,180
Second interim single tier dividend of 2.50%, per share, paid on August 14, 2015	<u>1,338,680</u>
	<u><u>2,589,860</u></u>
<u>In respect of FPE 2016</u>	
First interim single tier dividend of 3.25%, per share, paid on March 15, 2016	<u><u>2,299,284</u></u>

11. ACCOUNTANTS' REPORT (Cont'd)

Preference SharesIn respect of FYE 2013

Half-yearly preferential dividend of 6.50%, per annum, paid on December 30, 2013	559,000
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In respect of FYE 2014

First half-yearly preferential dividend of 6.50%, per annum, paid on June 2, 2014	559,000
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Second half-yearly preferential dividend of 6.50%, per annum, paid on December 30, 2014	559,000
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	<u>1,118,000</u>
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In respect of FYE 2015

First half-yearly preferential dividend of 6.50%, per annum, paid on July 2, 2015	559,000
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Second half-yearly preferential dividend of 6.50%, per annum, paid on October 2, 2015	221,852
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	<u>780,852</u>
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(b) Subsidiary companies of Perak Transit**(i) The Combined Bus**

The dividends paid by The Combined Bus were as follows:

RMIn respect of FYE 2013

Interim single tier dividend of 2.00%, per share, paid on December 26, 2013	1,030,000
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Final single tier dividend of 6.50%, per share, paid on May 8, 2014	3,347,500
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	<u>4,377,500</u>
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In respect of FYE 2014

Interim single tier dividend of 5.00%, per share, paid on October 13, 2014	2,780,000
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	<u>2,780,000</u>
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In respect of FYE 2015

First interim single tier dividend of 1.50%, per share, paid on March 31, 2015	834,000
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Second interim single tier dividend of 4.50%, per share, paid on May 14, 2015	2,502,000
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Third interim single tier dividend of 2.50%, per share, paid on August 5, 2015	1,390,000
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Fourth interim single tier dividend of 3.50%, per share, paid on October 5, 2015	1,946,000
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	<u>6,672,000</u>
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In respect of FPE 2016

First interim single tier dividend of 5.00%, per share, paid on March 9, 2016	2,780,000
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	<u>2,780,000</u>
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Other than as disclosed above, no dividend has been paid or declared by Perak Transit or its subsidiary companies in respect of FPE 2016, FYE 2015, FYE 2014 and FYE 2013.

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

5. HISTORICAL FINANCIAL INFORMATION

5.1 Consolidated Financial Statements

The consolidated financial statements of Perak Transit Group comprise the consolidated statement of financial position of Perak Transit Group as of April 30, 2016, December 31, 2015, 2014 and 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of Perak Transit Group for the FPE 2016, FYE 2015, FYE 2014 and FYE 2013, and a summary of significant accounting policies and other explanatory information.

The consolidated financial statements of Perak Transit Group for the FPE 2016, FYE 2015, FYE 2014 and FYE 2013 have been prepared based on the following:

Operating as a single economic entity

The consolidated financial statements of Perak Transit Group have been prepared as if it had operated as a single economic entity throughout the FPE 2016, FYE 2015, FYE 2014 and FYE 2013.

11. ACCOUNTANTS' REPORT (Cont'd)

5.2 Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Audited	Unaudited	Audited		
		FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Revenue	5.9	25,443,075	22,699,093	74,123,311	77,578,163	64,394,430
Cost of sales and services	5.10	(14,535,483)	(12,903,467)	(41,194,924)	(50,918,366)	(48,563,575)
Gross profit		10,907,592	9,795,626	32,928,387	26,659,797	15,830,855
Other operating income		519,448	594,314	1,609,118	812,264	856,439
Other gains and losses	5.11	-	15,665	155,383	72,897	-
General and administrative expenses	5.10	(2,321,229)	(2,383,564)	(7,977,162)	(7,725,432)	(7,599,761)
Finance costs	5.13	(2,394,286)	(2,620,356)	(7,464,383)	(6,511,770)	(4,810,638)
Profit before tax	5.14	6,711,525	5,401,685	19,251,343	13,307,756	4,276,895
Tax (expenses)/income	5.15	(1,319,832)	1,369,931	(62,447)	175,000	2,936,164
Profit for the period/year		5,391,693	6,771,616	19,188,896	13,482,756	7,213,059
Other comprehensive income: Item that will not be reclassified subsequently to profit or loss: Gain arising from revaluation of properties - net of tax	5.28	-	-	-	7,367,101	-
Total comprehensive income for the period/year		5,391,693	6,771,616	19,188,896	20,849,857	7,213,059
Profit for the period/year attributable to:						
Owners of the Company		5,362,101	6,718,830	19,082,399	13,437,139	7,173,558
NCI		29,592	52,786	106,497	45,617	39,501
		5,391,693	6,771,616	19,188,896	13,482,756	7,213,059
Total comprehensive income attributable to:						
Owners of the Company		5,362,101	6,718,830	19,082,399	20,659,257	7,173,558
NCI		29,592	52,786	106,497	190,600	39,501
		5,391,693	6,771,616	19,188,896	20,849,857	7,213,059
Basic earnings per share (sen)*		0.76	1.34	2.70	2.68	1.43

*Basic earnings per share = profit after tax and NCI divided by the number of Perak Transit Shares

11. ACCOUNTANTS' REPORT (Cont'd)

5.3 Consolidated Statement of Financial Position

	Note	Audited			
		FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	5.16	234,526,801	225,992,762	210,265,420	173,639,519
Land held for property development	5.20	-	-	-	1,655,000
Goodwill on consolidation	5.18	1,622,631	1,622,631	1,622,631	3,363,715
Deferred tax assets	5.33	6,333,390	7,231,230	5,979,500	7,139,897
Total Non-Current Assets		242,482,822	234,846,623	217,867,551	185,798,131
Current Assets					
Inventories	5.21	811,643	1,064,464	1,143,019	547,517
Trade and other receivables	5.22	9,950,449	11,871,801	4,582,106	3,288,442
Current tax assets	5.15	87,936	63,424	195,495	155,332
Other assets	5.24	17,176,813	7,175,076	547,931	1,822,965
Fixed deposits, cash and bank balances	5.25	8,752,427	12,337,858	19,811,604	13,456,927
Total Current Assets		36,779,268	32,512,623	26,280,155	19,271,183
Total Assets		279,262,090	267,359,246	244,147,706	205,069,314
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	5.26	70,747,200	70,747,200	50,047,200	50,047,200
Redeemable convertible preference shares	5.27	-	-	1,701,234	1,701,234
Revaluation reserve	5.28	12,927,582	12,927,582	12,927,582	5,705,464
Retained earnings		45,828,986	42,766,169	25,755,533	15,525,298
Equity attributable to owners of the Company		129,503,768	126,440,951	90,431,549	72,979,196
NCI	5.29	622,699	595,921	496,181	358,218
Total Equity		130,126,467	127,036,872	90,927,730	73,337,414

11. ACCOUNTANTS' REPORT (Cont'd)

	Note	Audited			
		FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Non-Current Liabilities					
Obligations under					
hire-purchase arrangements	5.30	1,429,844	1,842,531	3,038,701	5,438,654
Borrowings	5.31	103,914,565	96,595,665	93,765,462	61,700,523
Deferred capital grant	5.32	9,115,066	9,181,600	9,381,200	9,580,800
Deferred tax liabilities	5.33	1,363,640	1,351,030	1,381,768	755,181
Other financial liability	5.27	-	-	14,515,892	14,245,244
Total Non-Current Liabilities		115,823,115	108,970,826	122,083,023	91,720,402
Current Liabilities					
Trade and other payables	5.34	1,265,745	2,940,497	1,917,114	4,312,454
Amount owing to directors	5.35	-	-	21,828,668	17,764,231
Obligations under					
hire-purchase arrangements	5.30	1,175,711	1,196,759	1,762,666	2,607,281
Borrowings	5.31	24,742,955	20,743,412	2,755,570	12,050,765
Current tax liabilities	5.15	484,604	445,040	-	26,164
Deferred capital grant	5.32	199,600	199,600	199,600	199,600
Other liabilities	5.36	5,443,893	5,826,240	1,229,826	1,634,925
Other financial liability	5.27	-	-	1,443,509	1,416,078
Total Current Liabilities		33,312,508	31,351,548	31,136,953	40,011,498
Total Liabilities		149,135,623	140,322,374	153,219,976	131,731,900
Total Equity and Liabilities		279,262,090	267,359,246	244,147,706	205,069,314
Net Assets*		129,503,768	126,440,951	90,431,549	72,979,196

* Net Assets = Equity attributable to owners of Perak Transit

11. ACCOUNTANTS' REPORT (Cont'd)

5.4 Consolidated Statement of Changes In Equity

Note	Share Capital RM	Redeemable Convertible Preference Shares ("RCPS") RM	Non- distributable Reserve - Property Revaluation Reserve RM	Distributable Reserve - Retained Earnings RM	Subtotal RM	NCI RM	Total Equity RM
Balance as of January 1, 2013	26,547,200	-	5,705,464	8,255,351	40,508,015	416,232	40,924,247
Profit and total comprehensive income for the year	-	-	-	7,173,558	7,173,558	39,501	7,213,059
Dilution of NCI	-	-	-	96,389	96,389	(96,389)	-
Issue of ordinary shares	23,500,000	-	-	-	23,500,000	-	23,500,000
Issue of RCPS	-	1,701,234	-	-	1,701,234	-	1,701,234
Dividends	-	-	-	-	-	(1,126)	(1,126)
Balance as of December 31, 2013	50,047,200	1,701,234	5,705,464	15,525,298	72,979,196	358,218	73,337,414
Balance as of January 1, 2014	50,047,200	1,701,234	5,705,464	15,525,298	72,979,196	358,218	73,337,414
Profit for the year	-	-	-	13,437,139	13,437,139	45,617	13,482,756
Other comprehensive income for the year	-	-	7,222,118	-	7,222,118	144,983	7,367,101
Total comprehensive income for the year	-	-	7,222,118	13,437,139	20,659,257	190,600	20,849,857
Dilution of NCI	-	-	-	46,164	46,164	(46,164)	-
Dividends	-	-	-	(3,253,068)	(3,253,068)	(6,473)	(3,259,541)
Balance as of December 31, 2014	50,047,200	1,701,234	12,927,582	25,755,533	90,431,549	496,181	90,927,730
Balance as of January 1, 2015	50,047,200	1,701,234	12,927,582	25,755,533	90,431,549	496,181	90,927,730
Profit and total comprehensive income for the year	-	-	-	19,082,399	19,082,399	106,497	19,188,896
Issue of ordinary shares	3,500,000	-	-	-	3,500,000	-	3,500,000
Conversion of RCPS	17,200,000	(1,701,234)	-	518,097	16,016,863	-	16,016,863
Acquisition of shares from NCI	-	-	-	-	-	(2)	(2)
Dividends	-	-	-	(2,589,860)	(2,589,860)	(6,755)	(2,596,615)
Balance as of December 31, 2015	70,747,200	-	12,927,582	42,766,169	126,440,951	595,921	127,036,872

II. ACCOUNTANTS' REPORT (Cont'd)

Note	Share Capital RM	Redeemable Convertible Preference Shares ("RCPS") RM	Non- distributable Reserve - Property Revaluation Reserve RM	Distributable Reserve - Retained Earnings RM	Subtotal RM	NCI RM	Total Equity RM
Balance as of January 1, 2015	50,047,200	1,701,234	12,927,582	25,755,533	90,431,549	496,181	90,927,730
Profit and total comprehensive income for the period	-	-	-	6,718,830	6,718,830	52,786	6,771,616
Acquisition of shares from NCI	-	-	-	-	-	(2)	(2)
Dividends	-	-	-	-	-	(844)	(844)
Balance as of April 30, 2015	50,047,200	1,701,234	12,927,582	32,474,363	97,150,379	548,121	97,698,500
Balance as of January 1, 2016	70,747,200	-	12,927,582	42,766,169	126,440,951	595,921	127,036,872
Profit and total comprehensive income for the period	-	-	-	5,362,101	5,362,101	29,592	5,391,693
Dividends	-	-	-	(2,299,284)	(2,299,284)	(2,814)	(2,302,098)
Balance as of April 30, 2016	70,747,200	-	12,927,582	45,828,986	129,503,768	622,699	130,126,467

11. ACCOUNTANTS' REPORT (Cont'd)

5.5 Consolidated Statement of Cash Flows

	Audited	Unaudited		Audited	
	FPE	FPE	FYE	FYE	FYE
	2016	2015	2015	2014	2013
	RM	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN)					
OPERATING ACTIVITIES					
Profit for the period/year	5,391,693	6,771,616	19,188,896	13,482,756	7,213,059
Adjustments for:					
Depreciation of property, plant and equipment	2,505,453	2,226,565	6,745,030	5,766,398	5,193,662
Finance costs	2,394,286	2,620,356	7,464,383	6,511,770	4,810,638
Tax expenses/(income) recognised in profit or loss	1,319,832	(1,369,931)	62,447	(175,000)	(2,936,164)
Property, plant and equipment written off	2	10	10	166,486	39,646
Amortisation of deferred capital grant	(66,534)	(66,534)	(199,600)	(199,600)	(199,600)
Interest income	(34,515)	(9,690)	(60,892)	(37,592)	(106,095)
Gain on conversion of RCPS into ordinary shares	-	-	(139,718)	-	-
Gain on disposal of property, plant and equipment	-	(15,665)	(15,665)	(53,051)	-
Gain on disposal of investment in subsidiary companies	-	-	-	(19,846)	-
	11,510,217	10,156,727	33,044,891	25,442,321	14,015,146
Movements in working capital:					
Decrease/(Increase) in:					
Inventories	252,821	232,038	78,555	(595,502)	325,047
Trade and other receivables	1,921,352	(6,847,676)	(7,289,695)	(1,163,664)	(333,195)
Other assets	170,783	64,466	(203,445)	1,185,703	(1,279,799)
(Decrease)/Increase in:					
Trade and other payables	(1,690,202)	(1,415,864)	1,023,383	(2,395,340)	(2,151,277)
Other liabilities	(281,662)	87,225	4,146,414	(573,573)	(437,949)
Cash From Operations	11,883,309	2,276,916	30,800,103	21,899,945	10,137,973
Income tax refunded	-	-	92,504	86,657	382,155
Interest received on current accounts	5,093	6,616	22,268	22,986	21,808
Income tax paid	(394,330)	(155,663)	(860,308)	(523,971)	(471,625)
Net Cash From Operating Activities	11,494,072	2,127,869	30,054,567	21,485,617	10,070,311

11. ACCOUNTANTS' REPORT (Cont'd)

	Audited	Unaudited	Audited		
	FPE	FPE	FYE	FYE	FYE
	2016	2015	2015	2014	2013
	RM	RM	RM	RM	RM
CASH FLOWS FROM/(USED IN)					
INVESTING ACTIVITIES					
Interest received on fixed deposits	29,422	3,074	38,624	14,606	84,287
Purchase of property, plant and equipment	(11,024,044)	(4,438,048)	(22,235,717)	(13,805,975)	(41,852,203)
Deposits paid for purchase of property, plant and equipment	(10,172,520)	-	(6,423,700)	-	-
Placement of fixed deposits which no longer meet the definition of cash equivalents	(7,045)	(624,470)	(647,109)	-	-
Proceeds from disposal of property, plant and equipment	-	79,000	79,000	1,143,263	-
Acquisition of shares from NCI	-	(2)	(2)	-	-
Proceeds from disposal of subsidiary companies	-	-	-	3,559,265	-
Acquisition of subsidiary companies, net of cash acquired	-	-	-	73,847	-
Addition to land held for property development	-	-	-	(34,827)	-
Additional investment in subsidiary	-	-	-	-	(3,415,375)
Net Cash Used In Investing Activities	(21,174,187)	(4,980,446)	(29,188,904)	(9,049,821)	(45,183,291)
CASH FLOWS FROM/(USED IN)					
FINANCING ACTIVITIES					
Drawdown of term loans, Al Bai' Bithaman Ajil facilities ("BBA"), Musharakah financing and Muamalat Term financing	8,824,800	-	6,531,200	15,815,000	60,000,000
Proceeds from bank overdrafts	3,996,752	17,657,456	16,939,322	-	-
Finance costs paid	(2,494,971)	(2,477,531)	(7,117,203)	(6,101,191)	(4,554,914)
Dividends paid	(2,299,284)	-	(2,589,860)	(3,253,068)	(1,700,000)
Repayment of term loans and BBA facilities	(1,503,109)	(883,820)	(2,652,477)	(2,921,307)	(59,253,309)
(Placement)/Withdrawal of fixed deposits pledged to banks	(797,227)	(3,074)	(152,589)	(59,104)	3,199,515
Repayment of obligations under hire-purchase arrangements	(433,735)	(695,756)	(1,762,077)	(3,244,568)	(2,975,683)
Dividends paid to NCI	(2,814)	(844)	(6,755)	(6,473)	(226,127)
(Repayment to)/Advances received from directors	-	(20,478,666)	(18,328,668)	3,754,437	8,431,529
Proceeds from issuance of ordinary shares	-	-	-	-	23,500,000
Proceeds from issuance of redeemable convertible preference shares	-	-	-	-	17,200,000
Advances received from former holding company	-	-	-	-	106,557
Repayment to other related companies	-	-	-	-	(231,018)
Net Cash From/(Used In) Financing Activities	5,290,412	6,882,235	(9,139,107)	3,983,726	43,496,550

11. ACCOUNTANTS' REPORT (Cont'd)

	<u>Audited</u>	<u>Unaudited</u>		<u>Audited</u>	
	<u>FPE</u>	<u>FPE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,389,703)	(9,734,812)	(8,273,444)	16,419,522	8,383,570
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD/ YEAR	<u>11,185,728</u>	<u>19,459,172</u>	<u>19,459,172</u>	<u>3,039,650</u>	<u>(5,343,920)</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR	<u>6,796,025</u>	<u>9,724,360</u>	<u>11,185,728</u>	<u>19,459,172</u>	<u>3,039,650</u>

Note: During the respective financial periods/years, Perak Transit Group acquired property, plant and equipment by the following means:

	<u>Audited</u>	<u>Unaudited</u>		<u>Audited</u>	
	<u>FPE</u>	<u>FPE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Cash purchases	11,024,044	4,438,048	22,235,717	13,805,975	41,852,203
Other payable	15,450	-	-	-	-
Accrued expenses	-	-	300,000	-	-
Term loans and BBA facilities	-	-	-	20,000,000	-
Hire-purchase arrangements	-	-	-	-	3,270,000
	<u>11,039,494</u>	<u>4,438,048</u>	<u>22,535,717</u>	<u>33,805,975</u>	<u>45,122,203</u>

11. ACCOUNTANTS' REPORT (Cont'd)

5.6 Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements of Perak Transit Group have been prepared in accordance with MFRSs, International Financial Reporting Standards ("IFRSs") and the provisions of the Act in Malaysia.

(a) Adoption of amendments to MFRSs**Amendments to MFRSs affecting amounts reported and/or disclosures in the financial statements**

In the current period, Perak Transit Group have applied a number of amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2016.

The adoption of amendments to MFRSs has had no material impact on the disclosures or on the amounts recognised in the financial statements.

(b) Standards in issue but not yet effective

Perak Transit Group have not elected for early adoption the relevant new and amendments to MFRSs which have been issued but not yet effective until future periods at the date of authorisation for issue of these financial statements. The directors anticipate that these Standards will be adopted in the annual financial statements of Perak Transit Group when they become mandatorily effective for adoption. The adoption of these Standards and amendments is not expected to have a material impact on the financial statements of Perak Transit Group, except as further discussed below:

MFRS 9	Financial Instruments ²
MFRS 15	Revenue from Contracts with Customers ²
MFRS 16	Leases ⁴
Amendments to MFRS 107	Disclosure Initiative ¹
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses ¹
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

² Effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

³ Effective date deferred to a date to be determined and announced, with earlier application permitted.

⁴ Effective for annual periods beginning on or after January 1, 2019. Early application is permitted provided MFRS 15 is also applied.

11. ACCOUNTANTS' REPORT (Cont'd)

MFRS 9 *Financial Instruments*

In November 2014, the MASB issued the final version of MFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces MFRS 139 *Financial Instruments: Recognition and Measurement* and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. MFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of MFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The adoption of MFRS 9 will have an effect on the classification and measurement of Perak Transit Group's financial assets, but no impact on the classification and measurement of Perak Transit Group's financial liabilities. Perak Transit Group are currently assessing the impact of MFRS 9 and plans to adopt the new standard when applicable from the required effective date.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligations is transferred to the customer. Far more prescriptive guidance has been added in MFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by MFRS 15.

The directors of Perak Transit Group anticipate that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in these financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 15 until Perak Transit Group complete a detailed review.

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

5.7 Summary of Significant Accounting Policies

5.7.1 Basis of Accounting

The historical consolidated financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or at amortised costs, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, Perak Transit Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The principal accounting policies are set out below:

5.7.2 Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Perak Transit and entities controlled by Perak Transit Group. Control is achieved where Perak Transit:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Perak Transit reassessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary company begins when Perak Transit obtains control over the subsidiary company and ceases when Perak Transit loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated profit or loss from the date Perak Transit gains control until the date when Perak Transit ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of Perak Transit and to the NCI. Total comprehensive income of subsidiary companies is attributed to the owners of Perak Transit and to the NCI even if this results in the NCI having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with Perak Transit Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Perak Transit Group are eliminated in full on consolidation.

Changes in Perak Transit Group's ownership interest in existing subsidiary companies

Changes in the Perak Transit Group's ownership interests in subsidiary companies that do not result in Perak Transit Group losing control are accounted for as equity transactions. The carrying amounts of Perak Transit Group's interests and the NCI are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of Perak Transit.

When Perak Transit Group loses control of a subsidiary company, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any NCI. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if Perak Transit Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

11. ACCOUNTANTS' REPORT (Cont'd)

5.7.3 Business Combinations

Acquisitions of subsidiary companies and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by Perak Transit Group, liabilities incurred by Perak Transit Group to the former owners of the acquiree and equity instruments issued by Perak Transit Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of Perak Transit Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any NCI in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any NCI in the acquiree and the fair value of the acquirer's previously held equity interests in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NCI that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of NCI are measured at fair value or, when applicable, on the basis specified in another MFRSs.

Where the consideration transferred by Perak Transit Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

11. ACCOUNTANTS' REPORT (Cont'd)

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, Perak Transit Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Perak Transit Group report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

5.7.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of Perak Transit Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

5.7.5 Revenue Recognition

Revenue from sale of goods and performance of services are measured at the fair value of the consideration received or receivable upon delivery of goods or performance of services, net of sales tax/Goods and Services Tax, trade discounts and returns.

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

Income from bus operations

Revenue from bus operations is recognised when the related service is rendered to the passengers or as and when services are completed while the government support fund for bus operations is recognised based on services provided.

Revenue from bus operations on rental of space for advertisement is recognised on a straight-line basis, by reference to the contracts entered.

Income from petrol station operations and the management of Automotive Diesel Oil ("ADO") incentive programme

Revenue from petrol station operations is recognised when the petrol, diesoline and groceries are sold.

Revenue from the management of ADO incentive programme consists of commission income which is recognised upon rendering of relevant services.

Income from integrated public transportation terminal operations

Revenue from integrated public transportation terminal operations comprise rental of advertisement and promotional spaces, lavatory fee, bus and taxi entrance fee, car park fee and project facilitation fee.

Rental of advertisement and promotional spaces, lavatory fee and taxi entrance fee are recognised on a straight-line basis over the period of services.

Bus entrance fee is recognised when the buses enter the bus terminal or bus entrance tickets are sold.

Car park fee is recognised when the cars leave the terminal.

Project facilitation fee is recognised when the service is provided for based on the terms of agreement entered.

Subsidies income from the State Government

Subsidies income is recognised when services stipulated in the contracts entered are provided. Subsidies receivable is accrued on a time basis, by reference to the contracts entered.

Dividend income

Dividend income represents gross dividends from unquoted investments and is recognised when the shareholder's right to receive payment is established, provided that it is probable that the economic benefits will flow to Perak Transit Group, and the amount of revenue can be measured reliably.

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

Rental income

Rental income is recognised on a straight-line basis over the term of the relevant lease.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to Perak Transit Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

5.7.6 Borrowing Costs

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

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

5.7.7 Government Grants

Government grants are not recognised until there is reasonable assurance that Perak Transit Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that Perak Transit Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to Perak Transit Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

5.7.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

(a) *Finance lease*

Assets held under finance leases, including hire-purchase arrangements, are initially recognised as assets of Perak Transit Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with Perak Transit Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(b) *Operating lease*

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

5.7.9 Employee Benefits

(a) *Short-term employee benefits*

Wages, salaries, paid annual leave, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of Perak Transit Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) *Defined contribution plan*

Perak Transit Group are required by law to make monthly contributions to the Employees Provident Fund ("EPF"), a statutory defined contribution plan, for all its eligible employees based on certain prescribed rates of the employees' salaries. Perak Transit Group's contributions to EPF are recognised as an expense when employees have rendered service entitling them to the contributions and are disclosed separately. The employees' contributions to EPF are included in salaries and wages. Once the contributions have been paid, Perak Transit Group have no further payment obligations.

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

5.7.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

(a) Current tax

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of Perak Transit Group for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of reporting period.

(b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Perak Transit Group expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Perak Transit Group intend to settle its current tax assets and liabilities on a net basis.

(c) Current and deferred tax for the period/year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss.

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

5.7.11 RCPS

The RCPS is regarded as a compound instruments, consisting of a liability component and an equity component. The component of RCPS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. The dividends on those shares are recognised as finance costs in profit or loss using the effective interest rate method. On issuance of the RCPS, the fair value of the liability component is determined using a market rate for non-collateralised loan with similar maturity profile.

The residual amount, after deducting the fair value of the liability component, is included in shareholders' equity, net of transaction costs, when the instrument was first recognised.

5.7.12 Property, Plant and Equipment

Leasehold land, building and integrated public transportation terminal are stated in the statements of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising from the revaluation of such leasehold land, building and integrated public transportation terminal are credited to the property revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising from the revaluation of such leasehold land, building and integrated public transportation terminal are charged to profit or loss to the extent that it exceeds the balance, if any, held in the property revaluation reserve relating to a previous revaluation of that asset.

Leasehold land are amortised evenly over the remaining lease periods ranging from 39 to 94 years. Buildings and integrated public transportation terminal are amortised evenly over their remaining useful lives ranging from 14.47 to 50 years.

Capital work-in-progress is not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

All other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets, other than capital work-in-progress, over their estimated useful lives, after taking into account their estimated residual values using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

11. ACCOUNTANTS' REPORT (Cont'd)

Annual depreciation rates used to depreciate property, plant and equipment over their estimated remaining useful lives are as follows:

Plant and machinery and skid tanks	10% to 20%
Commercial vehicles	5 to 15 years
Motor vehicles	20%
Computer and software	10% to 20%
Office equipment, signboard and CCTV	10% to 20%
Renovation	10%

Assets held under hire-purchase arrangements are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the hire-purchase term, assets are depreciated over the shorter of the hire-purchase term and their useful lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

5.7.13 Property, Plant and Equipment under Hire-purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum lease payment of the assets under hire-purchase at the inception of the respective arrangements.

Finance costs, which represent the difference between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

5.7.14 Intangible Assets

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the assets will flow to Perak Transit Group and the cost of the assets can be measured reliably.

Intangible assets acquired separately with definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of these intangible assets are reviewed at the end of each annual reporting period to determine whether events and circumstances continue to support definite useful lives assessment for these assets.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising from the derecognition of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss.

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

5.7.15 Impairment of Assets

At the end of each reporting period, Perak Transit Group review the carrying amounts of its assets (other than inventories and financial assets, which are dealt with in their respective policies) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, Perak Transit Group estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.7.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the "First-in First-out" method. The cost of petrol and diesoline comprise the original purchase price. The cost of spare parts and groceries comprise the original purchase price plus cost incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale.

5.7.17 Provisions

Provisions are recognised when Perak Transit Group have a present obligation (legal or constructive) as a result of past event and it is probable that Perak Transit Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

5.7.18 Financial Instruments

Financial instruments are recognised in the statements of financial position when, and only when Perak Transit Group become a party to the contractual provisions of the financial instruments.

Financial instruments are initially measured at fair value, plus transaction costs, except for those financial assets and financial liabilities classified as at fair value through profit or loss ("FVTPL"), which are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income and expense is recognised on an effective interest basis for debt instruments other than those financial assets or financial liabilities classified as at FVTPL.

(a) Financial assets

Financial assets of Perak Transit Group are classified into "loans and receivables" category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(i) Loans and receivables

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

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

(ii) *Impairment of financial assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include Perak Transit Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

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

(iii) Derecognition of financial assets

Perak Transit Group derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If Perak Transit Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, Perak Transit Group recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If Perak Transit Group retain substantially all the risks and rewards of ownership of a transferred financial asset, Perak Transit Group continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(b) Financial liabilities and equity instruments

(i) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definition of financial liabilities and equity instruments.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Perak Transit Group are recognised at the proceeds received, net of direct issue costs.

(iii) Financial liabilities

Financial liabilities of Perak Transit Group are classified into "other financial liabilities" categories.

(iv) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

(v) *Derecognition of financial liabilities*

Perak Transit Group derecognise financial liabilities when, and only when, Perak Transit Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

5.7.19 Statement of Cash Flows

Perak Transit Group adopt the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents comprise cash and bank balances and fixed deposits which are not pledged and highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.8 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

(a) *Critical judgement made in applying accounting policies*

In the process of applying accounting policies of Perak Transit Group, the directors are of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) *Key sources of estimation uncertainty*

In the application of the accounting policies of Perak Transit Group, the directors are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Impairment of property, plant and equipment

Perak Transit Group assess impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, i.e. the carrying amount of the asset is more than the recoverable amount. Perak Transit Group perform an impairment indicator test annually for signs of impairment of its property, plant and equipment. If there are signs of impairment, then a review of recoverable amounts is performed.

11. ACCOUNTANTS' REPORT (Cont'd)

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on Perak Transit Group's estimate calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Management of Perak Transit Group has carried out a review on its property, plant and equipment and concluded that no indication of impairment existed.

(ii) Estimated useful lives of property, plant and equipment

Perak Transit Group review the estimated useful lives of property, plant and equipment at the end of each annual reporting period based on factors such as business plan and strategies, expected level of usage. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(iii) Recoverability of receivables

An allowance is established when there is objective evidence that Perak Transit Group will not be able to collect all amounts due according to the original terms of transactions. This is determined based on the ageing profile and collection patterns. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(iv) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

5.9 Revenue

	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>		
	<u>FPE</u>	<u>FPE</u>	<u>FYE</u>	<u>FYE</u>	<u>FYE</u>
	<u>2016</u>	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Income from:					
Integrated public transportation terminal operations	9,691,356	9,908,906	29,547,883	24,995,235	13,539,241
Petrol station operations and the management of Automotive Diesel Oil incentive programme	8,492,399	6,744,236	22,959,885	35,923,145	35,652,625
Bus operations	7,259,320	6,045,951	21,615,543	16,659,783	15,202,564
	<u>25,443,075</u>	<u>22,699,093</u>	<u>74,123,311</u>	<u>77,578,163</u>	<u>64,394,430</u>

11. ACCOUNTANTS' REPORT (Cont'd)

Included in income from bus operations is government support fund received/receivable from SPAD to support the Group's bus operations amounting to RM799,640 (FPE 2015: RM827,901; FYE 2015: RM2,245,398; FYE 2014: RM2,328,900; FYE 2013: RM2,314,435).

5.10 Operating Costs Applicable to Revenue

The operating costs classified by nature, applicable to revenue, are as follows:

	Note	Audited		Unaudited		
		FPE	FPE	FYE	FYE	
		2016	2015	2015	2014	
		RM	RM	RM	RM	RM
Purchase of trading goods		7,752,934	6,133,071	21,354,568	32,015,361	30,182,039
Changes in inventories of trading goods		228,094	113,990	120,853	(378,239)	325,046
Directors' remuneration	5.12	229,410	295,609	669,127	897,933	812,605
Employee benefits expenses	5.14	2,127,733	2,265,954	6,280,785	5,968,306	5,213,968
Depreciation of property, plant and equipment	5.16	2,505,453	2,226,565	6,745,030	5,766,398	5,193,662
Other operating expenses		4,013,088	4,251,842	14,001,723	14,374,039	14,436,016
		<u>16,856,712</u>	<u>15,287,031</u>	<u>49,172,086</u>	<u>58,643,798</u>	<u>56,163,336</u>

5.11 Other Gains and Losses

	Audited		Unaudited		
	FPE	FPE	FYE	FYE	
	2016	2015	2015	2014	
	RM	RM	RM	RM	
Gain on disposal of property, plant and equipment	-	15,665	15,665	53,051	-
Gain on conversion of RCPS into ordinary shares	-	-	139,718	-	-
Gain on disposal of investment in subsidiary companies	-	-	-	19,846	-
	-	<u>15,665</u>	<u>155,383</u>	<u>72,897</u>	-

5.12 Directors' Remuneration

	Audited		Unaudited		
	FPE	FPE	FYE	FYE	
	2016	2015	2015	2014	
	RM	RM	RM	RM	
Salaries, allowance and bonuses	202,275	261,501	589,331	799,216	728,356
EPF contributions	27,135	34,108	79,796	98,717	84,249
	<u>229,410</u>	<u>295,609</u>	<u>669,127</u>	<u>897,933</u>	<u>812,605</u>

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from Perak Transit Group amounted to RM20,152 (FPE 2015: RM22,791; FYE 2015: RM66,050; FYE 2014: RM151,198; FYE 2013: RM210,168).

11. ACCOUNTANTS' REPORT (Cont'd)

5.13 Finance Costs

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Interest on:					
BBA facilities	1,488,456	1,407,376	4,207,205	3,292,835	2,714,074
Bank overdrafts	523,634	400,181	1,278,368	961,237	417,616
Musharakah financing	200,137	150,000	537,226	112,500	-
Term loans	109,759	89,806	266,814	249,233	215,377
Obligations under hire-purchase arrangements	53,296	90,953	267,521	455,495	625,536
Muamalat Term financing	15,366	-	-	-	-
Other financial liabilities	-	477,992	884,865	1,416,078	814,724
Bank charges, commitment fees and commission charges	3,638	4,048	16,269	15,467	13,824
Bank guarantee fee	-	-	6,115	8,925	9,487
	<u>2,394,286</u>	<u>2,620,356</u>	<u>7,464,383</u>	<u>6,511,770</u>	<u>4,810,638</u>

5.14 Profit Before Tax and Employee Benefits Expenses

Profit before tax has been arrived at after crediting/(charging):

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Rental income	288,000	333,600	870,100	44,400	32,750
Subsidies received from the State Government	80,000	80,000	240,000	240,000	220,000
Amortisation of deferred capital grant	66,534	66,534	199,600	199,600	199,600
Interest received on:					
- Fixed deposits	29,422	3,074	38,624	14,606	84,287
- Current accounts	5,093	6,616	22,268	22,986	21,808
Rental of:					
Bus terminal	(60,000)	(60,000)	(180,000)	(180,000)	(180,000)
Premises	(23,651)	(19,130)	(86,262)	(55,385)	(52,010)
Crane and equipment	(16,540)	(14,694)	(50,692)	(61,224)	(112,788)
Security system	-	-	-	(33)	(960)
Audit fees:					
Statutory audit:					
- Auditors of the Company	(23,666)	(23,666)	(71,000)	(89,500)	(54,350)
- Other auditors	-	-	-	(536)	-
Non-statutory audit:					
Current period/year	(90,000)	-	(599,000)	-	-
Prior year	14,000	-	-	-	-
Property, plant and equipment written off	(2)	(10)	(10)	(166,486)	(39,646)
Performance-linked operating allowance	-	-	40	12,705	10,693
	<u>-</u>	<u>-</u>	<u>40</u>	<u>12,705</u>	<u>10,693</u>

Included in employee benefits expenses of Perak Transit Group are contributions made to EPF of RM66,289 (FPE 2015: RM58,733; FYE 2015: RM165,270; FYE 2014: RM111,658; FYE 2013: RM98,707).

11. ACCOUNTANTS' REPORT (Cont'd)

5.15 Tax (Expenses)/Income

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
<i>Recognised in profit or loss</i>					
Income tax expenses comprise:					
Current period/year	(409,382)	(96,651)	(1,236,387)	(286,843)	(332,111)
Prior years	-	-	(108,528)	(90,773)	(26,928)
	(409,382)	(96,651)	(1,344,915)	(377,616)	(359,039)
Deferred tax (Section 5.33):					
Relating to origination and reversal of temporary differences:					
Current period/year	(977,071)	1,447,521	1,269,907	1,267,327	3,277,314
Prior years	39,315	-	(61,207)	(779,283)	(7,264)
	(937,756)	1,447,521	1,208,700	488,044	3,270,050
Relating to crystallisation of deferred tax liability on revaluation surplus of properties	27,306	19,061	73,768	64,572	25,153
	<u>(1,319,832)</u>	<u>1,369,931</u>	<u>(62,447)</u>	<u>175,000</u>	<u>2,936,164</u>

The Group's income tax rate is at 24% for the year of assessment 2016 (FPE 2015: 25%; FYE 2015: 25%; FYE 2014: 25%; FYE 2013: 25%).

11. ACCOUNTANTS' REPORT (Cont'd)

The tax (expenses)/income for the period/year can be reconciled to the profit before tax as follows:

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Profit before tax	6,711,525	5,401,685	19,251,343	13,307,756	4,276,895
Tax expenses calculated at 24% (FPE 2015: 25%; FYE 2015: 25%; FYE 2014: 25%, FYE 2013: 25%)	(1,611,000)	(1,350,000)	(4,813,000)	(3,326,939)	(1,069,224)
Tax effects of:					
Utilisation of current and brought forward investment allowance	596,953	2,808,969	6,388,062	5,449,160	4,871,246
Expenses that are not deductible in determining taxable profit	(345,100)	(89,038)	(1,502,774)	(1,080,215)	(904,458)
Income that is not taxable in determining taxable profit	-	-	35,000	3,050	72,792
Prior years:					
Income tax	-	-	(108,528)	(90,773)	(26,928)
Deferred tax	39,315	-	(61,207)	(779,283)	(7,264)
Tax (expenses)/income recognised in profit or loss	(1,319,832)	1,369,931	(62,447)	175,000	2,936,164

Recognised in other comprehensive income

	Audited	Unaudited	Audited		
	FPE 2016 RM	FYE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Deferred tax liability on revaluation surplus of properties (Notes 5.28 and 5.33)	-	-	-	2,326,505	-
Current tax assets					
Tax refund receivables	87,936	254,507	63,424	195,495	155,332
Current tax liabilities					
Income tax payables	484,604	-	445,040	-	26,164

As of April 30, 2016, a subsidiary company has unabsorbed tax capital allowances and unutilised investment allowance of approximately Nil (FPE 2015: RM460,822; FYE 2015: Nil; FYE 2014: RM5,075,000; FYE 2013: RM11,293,000) and RM88,368,000 (FPE 2015: RM91,280,649; FYE 2015: RM88,332,000; FYE 2014: RM96,034,000; FYE 2013: RM77,046,000) respectively.

11. ACCOUNTANTS' REPORT (Cont'd)

5.16 Property, Plant and Equipment

	Leasehold land - At cost RM	Leasehold land - At valuation RM	Building - At cost RM	Building - At valuation RM	Integrated public transportation terminal - At cost RM	Integrated public transportation terminal - At valuation RM	Plant and machinery tanks RM	Commercial vehicles RM	Motor vehicles RM	Computer and software, renovation, office equipment, signboard and CCTV RM	Capital work-in-progress RM	Total RM
Cost/Valuation												
As of January 1, 2013	-	27,100,000	3,664,080	-	87,684,822	-	886,694	16,673,313	3,449,309	392,336	-	139,850,554
Additions	1,682,672	-	-	-	38,733,291	-	43,520	3,825,000	717,928	119,792	-	45,122,203
Write offs	-	-	-	-	-	-	-	(99,114)	-	-	-	(99,114)
As of December 31, 2013/ January 1, 2014	1,682,672	27,100,000	3,664,080	-	126,418,113	-	930,214	20,399,199	4,167,237	512,128	-	184,873,643
Additions	-	-	-	-	11,486,110	-	254,750	20,160,000	-	27,056	1,878,059	33,805,975
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	-	-	188,900	-	188,900
Write off	-	-	-	-	(168)	-	(25,440)	(507,942)	-	(98,264)	-	(631,814)
Disposals	-	-	-	-	-	-	-	-	(2,243,778)	(3,900)	-	(2,247,678)
Reclassifications	(1,682,672)	560,705	(3,664,080)	3,364,744	(137,904,055)	132,280,945	-	-	-	-	-	(7,044,413)
Revaluation (Note 5.28)	-	6,199,295	-	775,256	-	2,719,055	-	-	-	-	-	9,693,606
As of December 31, 2014/ January 1, 2015	-	33,860,000	-	4,140,000	-	135,000,000	1,159,524	40,051,257	1,923,459	625,920	1,878,059	218,638,219
Additions	-	-	2,306,684	-	5,302,089	-	339,459	2,354,000	-	789,985	11,443,500	22,535,717
Write offs	-	-	-	-	-	-	-	(548,822)	-	-	-	(548,822)
Disposals	-	-	-	-	-	-	-	-	(119,935)	-	-	(119,935)
Reclassifications	-	-	883,059	-	995,000	-	-	-	-	-	(1,878,059)	-
As of December 31, 2015	-	33,860,000	3,189,743	4,140,000	6,297,089	135,000,000	1,498,983	41,856,435	1,803,524	1,415,905	11,443,500	240,505,179

II. ACCOUNTANTS' REPORT (Cont'd)

	Leasehold land - At cost RM	Leasehold land - At valuation RM	Building - At cost RM	Building - At valuation RM	Integrated public transportation - At cost RM	Integrated public transportation terminal - At valuation RM	Plant and machinery and skid tanks RM	Commercial vehicles RM	Motor vehicles RM	Computer and software, renovation, office equipment, signboard and CCTV RM	Capital work-in-progress RM	Total RM
Cost/Valuation												
As of January 1, 2016	-	33,860,000	3,189,743	4,140,000	6,297,089	135,000,000	1,498,983	41,856,435	1,803,524	1,415,905	11,443,500	240,505,179
Additions	-	-	-	-	2,850,000	-	39,960	7,656,000	19,991	322,893	150,650	11,039,494
Write offs	-	-	-	-	-	-	-	(105,804)	-	-	-	(105,804)
Reclassifications	-	-	-	-	1,800,000	-	-	-	-	-	(1,800,000)	-
As of April 30, 2016	-	33,860,000	3,189,743	4,140,000	10,947,089	135,000,000	1,538,943	49,406,631	1,823,515	1,738,798	9,794,150	251,438,869

II. ACCOUNTANTS' REPORT (Cont'd)

	Leasehold land - At cost RM	Leasehold land - At valuation RM	Building - At cost RM	Building - At valuation RM	Integrated public transportation terminal - At cost RM	Integrated public transportation terminal - At valuation RM	Plant and machinery and skid tank RM	Commercial vehicles RM	Motor vehicles RM	Computer and software, renovation, office equipment, signboard and CCTV RM	Capital work-in-progress RM	Total RM
Accumulated depreciation												
As of January 1, 2013	-	472,661	123,718	-	674,649	-	192,310	3,058,311	1,464,357	113,924	-	6,099,930
Charge for the year	7,011	301,046	89,723	-	2,296,279	-	123,482	1,500,408	816,532	59,181	-	5,193,662
Write offs	-	-	-	-	-	-	-	(59,468)	-	-	-	(59,468)
As of December 31, 2013/												
January 1, 2014	7,011	773,707	213,441	-	2,970,928	-	315,792	4,499,251	2,280,889	173,105	-	11,234,124
Charge for the year	42,174	306,798	92,361	-	2,652,185	-	139,009	2,110,271	368,582	55,018	-	5,766,398
Arising from acquisition of subsidiary companies	-	-	-	-	-	-	-	-	-	39,484	-	39,484
Write offs	-	-	-	-	(3)	-	(13,061)	(406,354)	-	(45,910)	-	(465,328)
Disposals	-	-	-	-	-	-	-	-	(1,153,566)	(3,900)	-	(1,157,466)
Reclassifications	(49,185)	(1,072,782)	(305,802)	6,466	(5,623,110)	-	-	-	-	-	-	(7,044,413)
As of December 31, 2014/												
January 1, 2015	-	7,723	-	6,466	-	-	441,740	6,203,168	1,495,905	217,797	-	8,372,799
Charge for the year	-	422,165	33,733	153,759	81,913	2,833,158	174,224	2,734,162	197,274	114,642	-	6,745,030
Write offs	-	-	-	-	-	-	-	(548,812)	-	-	-	(548,812)
Disposals	-	-	-	-	-	-	-	-	(56,600)	-	-	(56,600)
As of December 31, 2015/												
January 1, 2016	-	429,888	33,733	160,225	81,913	2,833,158	615,964	8,388,518	1,636,579	332,439	-	14,512,417
Charge for the period	-	140,722	21,265	51,253	60,897	944,386	62,261	1,122,265	48,894	53,510	-	2,505,453
Write offs	-	-	-	-	-	-	-	(105,802)	-	-	-	(105,802)
As of April 30, 2016	-	570,610	54,998	211,478	142,810	3,777,544	678,225	9,404,981	1,685,473	385,949	-	16,912,068
Carrying amount												
As of December 31, 2013	1,675,661	26,326,293	3,450,639	-	123,447,185	-	614,422	15,899,948	1,886,348	339,023	-	173,639,519
As of December 31, 2014	-	33,852,277	-	4,133,534	-	135,000,000	717,784	33,848,089	427,554	408,123	1,878,059	210,265,420
As of December 31, 2015	-	33,430,112	3,156,010	3,979,775	6,215,176	132,166,842	883,019	33,467,917	166,945	1,083,466	11,443,500	225,992,762
As of April 30, 2016	-	33,289,390	3,134,745	3,928,522	10,804,279	131,222,456	860,718	40,001,650	138,042	1,352,849	9,794,150	234,526,801

11. ACCOUNTANTS' REPORT (Cont'd)

The leasehold land, building and integrated public transportation terminal of Perak Transit Group were revalued by the directors on December 31, 2014 and December 16, 2014 respectively based on valuation by independent qualified valuers using the "Open Market Value On Existing Use" and "Depreciated Replacement Cost" basis. The resulting revaluation surplus amounting to RM7,367,101 (net of deferred tax of RM2,326,505) has been credited to property revaluation reserve account.

The fair value of leasehold land were arrived based on analysis of recent transactions and the asking prices of similar properties at the same vicinity with adjustments made for differences in location, size and shape of the leasehold land, tenure, title restrictions, if any and other relevant characteristics in arriving at the market values. The fair values of building and integrated public transportation terminal were determined based on estimation made of the current new replacement cost and then allowing for depreciation. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

Details of Perak Transit Group's leasehold land, building and integrated public transportation terminal and information about the fair value hierarchy are as follows:

The Group	Fair Value		
	Level 1 RM	Level 2 RM	Level 3 RM
FPE 2016 - Audited			
Leasehold land	-	33,860,000	-
Building	-	-	4,140,000
Integrated public transportation terminal	-	-	135,000,000
FYE 2015 - Audited			
Leasehold land	-	33,860,000	-
Building	-	-	4,140,000
Integrated public transportation terminal	-	-	135,000,000
FYE 2014 - Audited			
Leasehold land	-	33,860,000	-
Building	-	-	4,140,000
Integrated public transportation terminal	-	-	135,000,000
FYE 2013 - Audited			
Leasehold land	-	27,100,000	-
Building	-	-	-
Integrated public transportation terminal	-	-	-

There were no transfers between Levels 1 and 2 during the FPE 2016, FYE 2015, FYE 2014 and FYE 2013.

11. ACCOUNTANTS' REPORT (Cont'd)

The historical cost, accumulated depreciation and the carrying amount of the revalued leasehold land, building and integrated public transportation terminal are as follows:

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
Leasehold land:				
At cost	8,892,842	8,892,842	8,892,842	8,892,842
Less: Accumulated depreciation	(590,677)	(546,179)	(412,686)	(279,193)
Carrying amount	<u>8,302,165</u>	<u>8,346,663</u>	<u>8,480,156</u>	<u>8,613,649</u>

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
Building:				
At cost	2,904,836	2,904,836	2,904,836	-
Less: Accumulated depreciation	(421,155)	(391,248)	(307,991)	-
Carrying amount	<u>2,483,681</u>	<u>2,513,588</u>	<u>2,596,845</u>	<u>-</u>

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
Integrated public transportation terminal:				
At cost	137,904,055	137,904,055	137,904,055	-
Less: Accumulated depreciation	(9,300,547)	(8,381,190)	(5,623,110)	-
Carrying amount	<u>128,603,508</u>	<u>129,522,865</u>	<u>132,280,945</u>	<u>-</u>

The carrying amounts of certain commercial vehicles and motor vehicles of Perak Transit Group acquired under hire-purchase arrangements are RM5,472,771 (FYE 2015: RM6,929,587; FYE 2014: RM10,765,922; FYE 2013: RM13,206,950).

The leasehold land, building, integrated public transportation terminal and certain capital work-in-progress of Perak Transit Group with total carrying amount of RM182,379,392 (FYE 2015: RM180,747,915; FYE 2014: RM173,980,811; FYE 2013: RM154,385,237) are charged to a local licensed bank for banking facilities granted to Perak Transit Group as mentioned in Section 5.31.

Commercial vehicles with carrying amount of RM14,348,496 (FYE 2015: RM14,808,278; FYE 2014: RM16,187,629; FYE 2013: RM10,564,000) of Perak Transit Group are registered under the name of respective permit holders who hold the commercial vehicles in trust on behalf of Perak Transit Group. Perak Transit Group had been granted the right to use the Operators' Licences held by the permit holders to operate certain bus routes.

Motor vehicle with carrying amount of RM1 (FYE 2015: RM3,961; FYE 2014: RM21,329; FYE 2013: RM59,227) is held in trust by a former director of a subsidiary company.

11. ACCOUNTANTS' REPORT (Cont'd)

5.17 Intangible Assets

Intangible assets comprise the rights to operate certain bus routes through the Operators' Licenses granted by SPAD. These Operators' Licenses are valid for periods which ranged from 2 to 5 years and are renewable upon expiry with minimal costs.

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Intangible asset - at cost	-	-	-	721,396
Less: Accumulated amortisation	-	-	-	(375,126)
Accumulated impairment losses	-	-	-	(346,270)
Carrying amount	-	-	-	-

The intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

5.18 Goodwill on Consolidation

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
At cost				
At beginning of period/year	1,622,631	1,622,631	3,363,715	1,603,340
Arising from acquisition of new subsidiary company (Note 5.19)	-	-	19,771	1,760,375
Disposal of subsidiary companies (Note 5.19)	-	-	(1,760,855)	-
At end of period/year	1,622,631	1,622,631	1,622,631	3,363,715

Goodwill acquired in business combination is allocated, at acquisition, to the cash-generated units ("CGUs") that are expected to benefit from the business combinations. Perak Transit Group consider each subsidiary company acquired as a single CGU and the carrying amounts of goodwill were allocated to the respective subsidiary companies.

Goodwill on consolidation arose from the acquisition of four (4) direct subsidiary companies, namely IpohLink, CKS Bumi, CKS Labur and Terminal Urus because the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the subsidiary companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

(Forward)

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

None of the goodwill arising on these acquisitions is deductible for tax purposes.

The recoverable amounts of the CGUs were based on value-in-use calculations. The calculations were determined using projected cash flows for a five-year period by extrapolation using the growth rate based on historical experience, management's assessment of future trends and expectation of market development in the respective industries.

The key assumptions used in preparation of the projected cash flows are as follows:

- Pre-tax discount rate of 7.85% (FYE 2015: 7.85%; FYE 2014: 7.60%; FYE 2013: 7.60%);
- There will be no material changes in the structure and principal activities of the subsidiary companies;
- Subsidiary companies currently operating petrol stations will continue to operate under respective agreements entered with fuel producers for the duration of the forecast;
- Projected growth rate of 5.0% (FYE 2015: 5.0%; FYE 2014: 5.0%; FYE 2013: 5.0%) per annum;
- There will not be any significant changes in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of Perak Transit Group; and
- Receivables and payables turnover period is estimated to be consistent with the respective current financial period/year.

During the respective financial period/years, the Group conducted the annual goodwill impairment testing and no impairment loss is required to be recognised.

11. ACCOUNTANTS' REPORT (Cont'd)

5.19 Business Combinations

Details of the subsidiary companies of Perak Transit for FPE 2016, FYE 2015, FYE 2014 and FYE 2013 are as follows:

Name of company	Country of Incorporation	Proportionate of ownership interest and voting power held by the Group						Principal Activities
		Audited			Audited			
		FPE 2016 %	FYE 2015 %	FYE 2014 %	FYE 2013 %			
CKS Bumi	Malaysia	69.99	69.99	69.99	69.99	69.99	Agents and contractors of transportation and bus operator. Ceased the business as agents and contractors of transportation in FYE 2015. Commenced business as an operator of petrol station and providing management services in FYE 2015.	
CKS Labur	Malaysia	100.00	100.00	100.00	100.00	100.00	Operator of petrol station.	
IpohLink	Malaysia	100.00	100.00	100.00	100.00	100.00	Providing management services for bus operations.	
Star Kensington	Malaysia	95.71	95.71	95.71	89.99	89.99	Operator of petrol station.	
Syarikat Sumber Manusia	Malaysia	100.00	100.00	100.00	100.00	100.00	Providing services of human resource management.	
The Combined Bus	Malaysia	99.90	99.90	99.90	99.89	99.89	Operators of bus terminal, petrol station and public transportation and a service provider for distributing petroleum products.	
Terminal Urus	Malaysia	100.00	100.00	100.00	-	-	Bus terminal management.	
CBS Edar*	Malaysia	-	-	-	100.00	100.00	Has not commenced business operation.	
Faktor Azam*	Malaysia	-	-	-	100.00	100.00	Has not commenced business operation.	

* The financial statements of this company were examined by auditors other than the auditors of the Company.

11. ACCOUNTANTS' REPORT (Cont'd)

Composition of Perak Transit Group

Information about the composition of Perak Transit Group at the end of the reporting period is as follows:

Industry	Place of incorporation and operation	Number of wholly owned subsidiaries Audited			
		FPE 2016	FYE 2015	FYE 2014	FYE 2013
		Operations of integrated public transportation terminal, public transport and petrol stations	Malaysia	4	4
Others - dormant	Malaysia	-	-	-	2
		<u>4</u>	<u>4</u>	<u>4</u>	<u>5</u>

Industry	Place of incorporation and operation	Number of non-wholly owned subsidiaries Audited			
		FPE 2016	FYE 2015	FYE 2014	FYE 2013
		Operations of integrated public transportation terminal, public transport and petrol stations	Malaysia	<u>3</u>	<u>3</u>

The accumulated non-controlling interests as of April 30, 2016 of RM622,699 (FYE 2015: RM595,921; FYE 2014: RM496,181; FYE 2013: RM358,218) is attributable to The Combined Bus Services Sdn. Bhd., Star Kensington Sdn. Bhd. and CKS Bumi Sdn. Bhd. and is considered not material to the Group.

(a) Acquisition of subsidiary companies

Perak Transit acquired the subsidiary companies as follows:

Name of company	Date of acquisition	Proportionate of ownership interest and voting power acquired %	Consideration RM
CKS Bumi	September 27, 2012	69.99	2,172,020
CKS Labur	September 27, 2012	100.00	2,924,000
Star Kensington	September 27, 2012	89.99	606,325
Terminal Urus	August 18, 2014	100.00	100,000
CBS Edar	June 15, 2012	100.00	100,000
Faktor Azam	November 13, 2013	100.00	3,500,000

11. ACCOUNTANTS' REPORT (Cont'd)

The fair values of the assets acquired and the liabilities assumed upon acquisition of subsidiary companies are as follows:

	Unaudited FYE 2014 RM	Unaudited FYE 2013 RM
Property, plant and equipment	149,416	-
Land held for property development	-	1,655,000
Trade and other receivables	130,000	-
Tax recoverable	6,532	-
Other assets	479	-
Cash and bank balances	173,847	84,625
Amount owing to directors	(310,000)	-
Other liabilities	(56,950)	-
Deferred tax liabilities	(13,095)	-
	<hr/>	<hr/>
Fair value of net assets acquired	80,229	1,739,625
Goodwill on consolidation	19,771	1,760,375
	<hr/>	<hr/>
Consideration paid in cash	100,000	3,500,000
Less: Cash and bank balances	(173,847)	(84,625)
	<hr/>	<hr/>
Net cash inflow/(outflow) on acquisition of subsidiary companies	<u>73,847</u>	<u>(3,415,375)</u>

No new subsidiary company was acquired by Perak Transit in FPE 2016 and FYE 2015.

(b) Disposal of subsidiary companies

Perak Transit disposed the following subsidiary companies in FYE 2014:

Name of company	Date of disposal	Proportionate of ownership interest and voting power disposed %	Consideration received RM
CBS Edar	August 28, 2014	100.00	200,000
Faktor Azam	August 18, 2014	100.00	3,500,000

11. ACCOUNTANTS' REPORT (Cont'd)

The net cashflow position at the date of disposal is as follows:

	Audited
	FYE
	2014
	RM
Land held for property development	1,689,827
Deposits paid	89,750
Prepaid expenses	60
Cash and bank balances	140,735
Tax liabilities	(97)
Amount owing to related company	(200)
Other liabilities	(776)
	<hr/>
Net assets disposed	1,919,299
Goodwill on consolidation	1,760,855
	<hr/>
	3,680,154
Less: Proceeds from disposal	(3,700,000)
	<hr/>
Gain on disposal of subsidiary companies	19,846
	<hr/>
Net consideration received	3,700,000
Less: Cash and bank balances	(140,735)
	<hr/>
Net cash inflow from disposal of subsidiary companies	3,559,265
	<hr/>

No disposal of subsidiary company in FPE 2016, FYE 2015 and FYE 2013.

5.20 Land Held for Property Development

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
At beginning of period/year:				
Leasehold land	-	-	1,650,000	-
Development costs	-	-	5,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	1,655,000	-
Acquisition of subsidiary company:				
Leasehold land	-	-	-	1,650,000
Development costs	-	-	-	5,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	1,655,000
Additions:				
Leasehold land	-	-	-	-
Development costs	-	-	34,827	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	34,827	-
Disposal of subsidiary company:				
Leasehold land	-	-	(1,650,000)	-
Development costs	-	-	(39,827)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of the period/year	-	-	-	1,655,000
	<hr/>	<hr/>	<hr/>	<hr/>

11. ACCOUNTANTS' REPORT (Cont'd)

5.21 Inventories

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Trading goods:				
Petrol and diesoline	392,720	634,863	865,379	505,473
Groceries	184,089	170,040	60,377	42,044
Spare parts	234,834	259,561	217,263	-
	<u>811,643</u>	<u>1,064,464</u>	<u>1,143,019</u>	<u>547,517</u>

5.22 Trade and Other Receivables

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Trade receivables	9,619,138	11,403,708	4,441,091	3,019,362
Other receivables	331,311	468,093	141,015	269,080
	<u>9,950,449</u>	<u>11,871,801</u>	<u>4,582,106</u>	<u>3,288,442</u>

Trade receivables of Perak Transit Group comprised amounts receivable for the sale of goods and services rendered. Other receivables comprised mainly retention sum owing by a third party, Goods and Services Tax receivable, rental income receivable and staff loan.

The transactions of Perak Transit Group were on cash terms or credit period which ranged from 30 to 120 days (FYE 2015: cash terms, or credit period of 30 to 120 days; FYE 2014: cash terms, or credit period of 30 to 120 days; 2013: cash terms or credit period of 30 to 120 days).

Included in trade receivables of Perak Transit Group are receivables with total carrying amount of RM3,375,000 (FYE 2015: Nil; FYE 2014: RM141,024; FYE 2013: RM1,156,672) which were past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group did not hold any collateral over these balances nor did it have a legal right to offset against any amounts owed by the Group to the counterparties.

(Forward)

11. ACCOUNTANTS' REPORT (Cont'd)

Ageing of trade receivables which were past due but not impaired at the end of the reporting period /year were as follows:

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Number of days past due:				
1 - 30 days	3,375,000	-	3,000	9,920
31 - 60 days	-	-	49,144	28,650
61 - 90 days	-	-	8,025	24,000
91 - 120 days	-	-	6,140	76,000
121 - 150 days	-	-	3,500	-
More than 150 days	-	-	71,215	1,018,102
	<u>3,375,000</u>	<u>-</u>	<u>141,024</u>	<u>1,156,672</u>

Perak Transit Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management. The Group has not provided for impairment loss on trade receivable accounts that are past due as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Transactions with related parties are disclosed in Section 5.39.

5.23 Compensation of Key Management Personnel

The remuneration of directors is disclosed in Note 5.12. The remuneration of other members of key management personnel of Perak Transit Group during the financial period/year are as follows:

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Salaries, allowances and bonuses	88,034	61,691	215,817	296,148	99,437
EPF contributions	9,946	6,963	24,242	33,156	11,103
	<u>97,980</u>	<u>68,654</u>	<u>240,059</u>	<u>329,304</u>	<u>110,540</u>

5.24 Other Assets

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Deposits paid for:				
Construction of integrated public transportation terminal	13,950,000	2,500,000	-	-
Purchase of commercial vehicles	2,392,500	3,923,700	-	-
Acquisition of land	253,720	-	-	-
Refundable deposits	160,893	166,637	230,976	1,491,270
Prepaid expenses	419,700	584,739	316,955	331,695
	<u>17,176,813</u>	<u>7,175,076</u>	<u>547,931</u>	<u>1,822,965</u>

11. ACCOUNTANTS' REPORT (Cont'd)

5.25 Fixed Deposits, Cash and Bank Balances

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Fixed deposits with licensed banks	2,114,526	2,655,525	976,901	500,445
Cash and bank balances	6,637,901	9,682,333	18,834,703	12,956,482
	<u>8,752,427</u>	<u>12,337,858</u>	<u>19,811,604</u>	<u>13,456,927</u>

The fixed deposits of Perak Transit Group have maturity periods ranging from 30 days to 450 days (FYE 2015: 30 days to 450 days; FYE 2014: 30 days to 365 days; FYE 2013: 30 days to 365 days). The effective interest rates of fixed deposits ranged from 3.15% to 3.70% (FYE 2015: 3.15% to 3.80%; FYE 2014: 3.00% to 3.73%; FYE 2013: 3.00% to 3.30%) per annum.

Fixed deposits with carrying amount of RM1,302,248 (FYE 2015: RM505,021; FYE 2014: RM352,432; FYE 2013: RM293,328) have been pledged to local licensed banks as security for banking facilities granted to Perak Transit Group as mentioned in Section 5.31.

Bank balances of RM906,544 (FYE 2015: RM1,206,457; FYE 2014: RM1,352,923; FYE 2013: Nil) of Perak Transit Group have been pledged to a local licensed bank as security for Musharakah financing granted to the Group as mentioned in Section 5.31. Bank balance of RM49,315 (FYE 2015: RM150,000; FYE 2014: Nil; FYE 2013: Nil) was also restricted for the repayment of interest expense of Musharakah financing.

5.26 Share Capital

	Number of Shares Audited			
	FPE 2016	FYE 2015	FYE 2014	FYE 2013
Authorised: Ordinary shares of RM0.10 each:				
At beginning of period/year	5,000,000,000	3,500,000,000	2,000,000,000	500,000,000
Reclassified from 6.5% RCPS (Note 5.27)				
Subdivision during the period/year	-	1,500,000,000	-	-
Created during the period/year	-	-	1,500,000,000	1,500,000,000
At end of period/year	<u>5,000,000,000</u>	<u>5,000,000,000</u>	<u>3,500,000,000</u>	<u>2,000,000,000</u>

11. ACCOUNTANTS' REPORT (Cont'd)

	Number of Shares Audited			
	FPE 2016	FYE 2015	FYE 2014	FYE 2013
Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At beginning of period/year	707,472,000	500,472,000	500,472,000	265,472,000
Converted from 6.5% RCPS (Note 5.27)	-	172,000,000	-	-
Issued during the period/year	-	35,000,000	-	235,000,000
At end of period/year	<u>707,472,000</u>	<u>707,472,000</u>	<u>500,472,000</u>	<u>500,472,000</u>

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Authorised:				
Ordinary shares of RM0.10 each:				
At beginning of period/year	500,000,000	350,000,000	200,000,000	50,000,000
Reclassified from 6.5% RCPS (Note 5.27)	-	150,000,000	-	-
Created during the period/year	-	-	150,000,000	150,000,000
At end of period/year	<u>500,000,000</u>	<u>500,000,000</u>	<u>350,000,000</u>	<u>200,000,000</u>

Issued and fully paid:				
Ordinary shares of RM0.10 each:				
At beginning of period/year	70,747,200	50,047,200	50,047,200	26,547,200
Converted from 6.5% RCPS (Note 5.27)	-	17,200,000	-	-
Issued during the period/year	-	3,500,000	-	23,500,000
At end of period/year	<u>70,747,200</u>	<u>70,747,200</u>	<u>50,047,200</u>	<u>50,047,200</u>

The increase in authorised and issued and fully paid-up ordinary share capital during FPE 2016 and the 3 relevant FYE 2015, FYE 2014 and FYE 2013 were disclosed in Sections 3.2(a)(i) and 3.2(a)(ii) respectively.

The new shares rank pari passu with the existing ordinary shares.

11. ACCOUNTANTS' REPORT (Cont'd)

5.27 Redeemable Convertible Preference Shares

	Number of Shares			
	Audited			
	FPE 2016	FYE 2015	FYE 2014	FYE 2013
Authorised:				
6.5% RCPS:				
At beginning of period/year	-	1,500,000,000	500,000,000	-
Converted during the period/year (Note 5.26)	-	(1,500,000,000)	-	-
Created during the period/year	-	-	1,000,000,000	500,000,000
At end of period/year	-	-	1,500,000,000	500,000,000
Issued and fully paid:				
6.5% RCPS				
At beginning of period/year	-	172,000,000	172,000,000	-
Converted during the period/year (Note 5.26)	-	(172,000,000)	-	-
Allotted during the period/year	-	-	-	172,000,000
At end of period/year	-	-	172,000,000	172,000,000

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Authorised:				
6.5% RCPS:				
At beginning of period/year	-	150,000,000	50,000,000	-
Converted during the period/year (Note 5.26)	-	(150,000,000)	-	-
Created during the period/year	-	-	100,000,000	50,000,000
At end of period/year	-	-	150,000,000	50,000,000
Issued and fully paid:				
6.5% RCPS				
At beginning of period/year	-	17,200,000	17,200,000	-
Converted during the period/year (Note 5.26)	-	(17,200,000)	-	-
Allotted during the period/year	-	-	-	17,200,000
At end of period/year	-	-	17,200,000	17,200,000

(Forward)

11. ACCOUNTANTS' REPORT (Cont'd)

The RCPS were fully converted into ordinary shares of RM0.10 each in FYE 2015. An effective interest rate of 9.35% per annum was used in determining the gain or loss of conversion at the respective conversion dates in FYE 2015.

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
Other financial liability				
Liability components of RCPS:				
Current portion	-	-	1,443,509	1,416,078
Non-current portion	-	-	14,515,892	14,245,244
Total carrying amount	-	-	15,959,401	15,661,322

Current portion of liability component of RCPS represent the finance cost payable within the next financial year. Finance cost on RCPS was calculated on the effective yield basis by applying the effective interest rate of 9.00% per annum to the liability component of RCPS.

The salient features of the RCPS were as follows:

- (a) The RCPS were redeemable at the option of Perak Transit at the redemption price of RM0.10 per shares at any time during the tenure of the RCPS of five (5) years.
- (b) The RCPS are convertible, in full or in part, at any time from the date of issue of the RCPS up to the maturity date upon election by the RCPS holders and the Board of Directors were entitled to effect any conversion as they deem fit into ordinary shares of Perak Transit on the basis of one (1) ordinary share for every RCPS held.
- (c) The RCPS carries a dividend of 6.5% per annum per RCPS, payable semi-annually. The dividend rights are cumulative, calculated and accrued daily from the date of the issuance.
- (d) The RCPS holders were not entitled to any voting rights at any general meeting of Perak Transit by virtue of their holdings thereof except on a resolution for the winding-up or a resolution for reduction of capital or a resolution for any amendment of the Memorandum and Articles of Association of Perak Transit which affect the rights and privileges of the RCPS holders or as otherwise stipulated in the provisions of the Companies Act, 1965.
- (e) Perak Transit should redeem all outstanding RCPS at the redemption price on the maturity date.
- (f) The RCPS should rank in priority to the ordinary shareholders, both in regard to dividend and return of capital.
- (g) In the event of a sale or other disposal, merger of business and/or assets or an Initial Public Offering undertaken by Perak Transit and/or any other subsidiary companies of Perak Transit, which involving substantially all of the business and assets of Perak Transit and its subsidiary companies (taken as a whole)(each a "Potential Disposal"), Perak Transit should notify the RCPS holders in writing of the Potential Disposal completing or becoming effective (a "Disposal Notice"), no earlier than one month before date of its becoming so completed or effective which notice shall contain reasonable details of the Potential Disposal, including the entitlements thereunder of the Shareholders, and that the RCPS should convert to ordinary shares automatically immediately prior to the Potential Disposal becoming effective or completing.

11. ACCOUNTANTS' REPORT (Cont'd)

5.28 Revaluation Reserve

Property revaluation reserve

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
At beginning of period/year	12,927,582	12,927,582	5,705,464	5,705,464
Increase arising on revaluation of properties (Section 5.16)	-	-	9,693,606	-
Deferred tax liability arising on revaluation (Section 5.33)	-	-	(2,326,505)	-
Reserve shared by NCI (Section 5.29)	-	-	7,367,101	-
	-	-	(144,983)	-
At end of period/year	<u>12,927,582</u>	<u>12,927,582</u>	<u>12,927,582</u>	<u>5,705,464</u>

The property revaluation reserve represents surplus arising from revaluation of Perak Transit Group's leasehold land, integrated public transportation terminal and buildings. When the revalued leasehold land, integrated public transportation terminal and buildings are sold, the portion of the property revaluation reserves that relate to the disposed assets are effectively realised, and are transferred directly to retained earnings.

5.29 NCI

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
At beginning of period/year	595,921	496,181	358,218	416,232
Share of profit for the period/year	29,592	106,497	45,617	39,501
Dividend received by NCI	(2,814)	(6,755)	(6,473)	(1,126)
Disposal of shares to Perak Transit Group	-	(2)	-	-
Share of property revaluation reserve (Section 5.28)	-	-	144,983	-
Dilution of NCI	-	-	(46,164)	(96,389)
At end of period/year	<u>622,699</u>	<u>595,921</u>	<u>496,181</u>	<u>358,218</u>

11. ACCOUNTANTS' REPORT (Cont'd)

5.30 Obligations Under Hire-Purchase Arrangements

	Minimum hire-purchase payments Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
	Amounts payable under hire-purchase arrangements:			
Within one year	1,302,250	1,355,254	2,030,225	3,078,626
In the second to fifth year inclusive	1,503,722	1,938,162	3,292,765	6,001,782
	2,805,972	3,293,416	5,322,990	9,080,408
Less: Future finance charges	(200,417)	(254,126)	(521,623)	(1,034,473)
Present value of hire-purchase obligations	2,605,555	3,039,290	4,801,367	8,045,935

	Present value of minimum hire-purchase payments Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
	Amounts payable under hire-purchase arrangements:			
Within one year	1,175,711	1,196,759	1,762,666	2,607,281
In the second to fifth year inclusive	1,429,844	1,842,531	3,038,701	5,438,654
Present value of hire-purchase obligations	2,605,555	3,039,290	4,801,367	8,045,935
Less: Amount due within 12 months (shown under current liabilities)	(1,175,711)	(1,196,759)	(1,762,666)	(2,607,281)
Non-current portion	1,429,844	1,842,531	3,038,701	5,438,654

(Forward)

11. ACCOUNTANTS' REPORT (Cont'd)

The non-current portion is repayable as follows:

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Financial years ending April 30/December 31:				
2015	-	-	-	1,999,843
2016	-	-	1,196,760	1,414,669
2017	-	1,204,696	1,204,665	1,368,901
2018	1,016,453	447,054	446,495	464,460
2019	293,397	190,781	190,781	190,781
2020	119,994	-	-	-
	<u>1,429,844</u>	<u>1,842,531</u>	<u>3,038,701</u>	<u>5,438,654</u>

It is Perak Transit Group's policy to acquire certain of its property, plant and equipment under hire-purchase arrangements. The hire-purchase terms ranged from 5 to 9 years (FYE 2015: 4 to 9 years; FYE 2014: 4 to 9 years; FYE 2013: 4 to 9 years). The average effective borrowing rates ranged from 4.47% to 8.29% (FYE 2015: 4.47% to 8.29%; FYE 2014: 4.47% to 8.29%; FYE 2013: 4.33% to 8.29%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

Perak Transit Group's obligations under hire-purchase are secured by the assets under hire-purchase.

5.31 Borrowings

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Secured:				
BBA facilities	81,628,859	76,314,679	77,180,527	59,866,282
Musharakah financing	20,000,000	20,000,000	15,000,000	-
Bank overdrafts	20,936,074	16,939,322	-	10,123,949
Term loans	3,390,562	4,085,076	4,340,505	3,761,057
Muamalat Term financing	2,702,025	-	-	-
	128,657,520	117,339,077	96,521,032	73,751,288
Less: Amount due within 12 months (shown under current liabilities)	<u>(24,742,955)</u>	<u>(20,743,412)</u>	<u>(2,755,570)</u>	<u>(12,050,765)</u>
Non-current portion	<u>103,914,565</u>	<u>96,595,665</u>	<u>93,765,462</u>	<u>61,700,523</u>

(Forward)

11. ACCOUNTANTS' REPORT (Cont'd)

The non-current portion is repayable as follows:

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
More than 1 year but not later than 5 years	41,434,789	33,590,450	27,568,538	11,561,680
Over 5 years	62,479,776	63,005,215	66,196,924	50,138,843
	<u>103,914,565</u>	<u>96,595,665</u>	<u>93,765,462</u>	<u>61,700,523</u>

Perak Transit Group's term loans and other banking facilities with licensed banks amounting to RM148,324,000 (FYE 2015: RM144,654,000; FYE 2014: RM118,098,000; FYE 2013: RM77,283,000) are secured by:

- i) First legal charge over the leasehold land, buildings, integrated public transportation terminal and certain work-in-progress of Perak Transit Group as mentioned in Note 5.16;
- ii) Pledge of fixed deposits of Perak Transit Group as mentioned in Note 5.25, on lien against fixed deposits of RM12.5 million inclusive capitalised interest of a director of Perak Transit and fixed deposits of RM280,000 of certain directors of Perak Transit;
- iii) Debenture covering fixed and floating assets of Perak Transit Group;
- iv) Open assignment over rental proceeds to be derived from the integrated public transportation terminal;
- v) Corporate guarantee by Perak Transit and a related party;
- vi) Guaranteed jointly and severally by certain directors of Perak Transit;
- vii) Pledge of bank balances of Perak Transit as mentioned in Note 5.25; and
- viii) Charge over 51,443,711 number of ordinary shares of Perak Transit Group.

Perak Transit Group has three (3) BBA facilities:

- (a) a twenty (20) year BBA facility of RM20,000,000 (FYE 2015: RM20,000,000; FYE 2014: RM20,000,000; FYE 2013: Nil) which is repayable by 240 monthly instalments which comprise of RM138,710 commencing from April 2014 to August 2014 and RM141,561 commencing from September 2014. The facility carries profit margin at 5.85% (FYE 2015: 5.85%; FYE 2014: 5.85%; FYE 2013: Nil);
- (b) a twenty (20) year BBA facility of RM60,000,000 (FYE 2015: RM60,000,000; FYE 2014: RM60,000,000; FYE 2013: RM60,000,000) which is repayable by 240 monthly instalments which comprise of RM391,018 commencing November 2013 to October 2014, RM404,307 commencing November 2014 to January 2015, RM409,351 commencing February 2015 to April 2015, RM412,732 commencing May 2015 to July 2015, RM407,666 commencing August 2015 to October 2015, RM405,984 commencing November 2015 to January 2016 and RM414,429 commencing February 2016 to April 2016. Thereafter, the instalments payable every 3 months will vary according to the cost of funds at that point of time. The facility carries average profit margin at 5.72% (FYE 2015: 5.33%; FYE 2014: 5.25%; FYE 2013: 4.85%); and
- (c) a ten (10) year BBA facility of RM17,226,000 (FYE 2015: RM17,226,000; FYE 2014: Nil; FYE 2013: Nil) which is repayable by 120 monthly instalments which comprise of RM83,977 commencing January 2017 to December 2017 and monthly instalments of RM205,536 commencing January 2018. The facility carries profit margin at 5.85% (FYE 2015: 5.85%; FYE 2014: Nil; FYE 2013: Nil). As of the end of the reporting period, RM7,656,000 (FYE 2015: RM1,531,200; FYE 2014: Nil; FYE 2013: Nil) of the facility has been drawdown by Perak Transit Group.

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

Perak Transit Group has seven (7) term loans:

- (a) a twenty (20) year term loan of RM525,000 (FYE 2015: RM525,000; FYE 2014: RM525,000; FYE 2013: RM525,000) which is repayable by 60 monthly instalments of RM3,321 and remaining 180 monthly instalments of RM3,582 commencing November 15, 2009;
- (b) a twenty (20) year term loan of RM150,000 (FYE 2015: RM150,000; FYE 2014: RM150,000; FYE 2013: RM150,000) which is repayable by 60 monthly instalments of RM949 and remaining 180 monthly instalments of RM1,023 commencing November 15, 2009;
- (c) a ten (10) year term loan of RM830,000 (FYE 2015: RM830,000; FYE 2014: RM830,000; FYE 2013: RM830,000) which is repayable by 120 monthly instalments of RM9,681 commencing October 2012. Commencing October 2014, the monthly instalments were revised to RM9,767. The term loan was fully settled on March 17, 2016;
- (d) a ten (10) year term loan of RM815,000 (FYE 2015: RM815,000; FYE 2014: RM815,000; FYE 2013: Nil) which is repayable by 120 monthly instalments of RM9,717 commencing April 2014;
- (e) a fifteen (15) year term loan of RM570,000 (FYE 2015: RM570,000; FYE 2014: RM570,000; FYE 2013: RM570,000) which is repayable by 180 monthly instalments of RM4,981 commencing November 2010;
- (f) a fifteen (15) year term loan of RM1,000,000 (FYE 2015: RM1,000,000; FYE 2014: RM1,000,000; FYE 2013: RM1,000,000) which is repayable by 60 monthly instalments of RM7,650 commencing from November 2010 and 120 monthly instalments of RM7,757 commencing November 2015; and
- (g) a fifteen (15) year term loan of RM1,088,000 (FYE 2015: RM1,088,000; FYE 2014: RM1,088,000; FYE 2013: RM1,088,000) which is repayable by 180 monthly instalments of RM8,268 commencing June 2012.

Perak Transit Group has a five (5) year Muamalat Term financing of RM2,700,000 (FYE 2015: Nil; FYE 2014: Nil; FYE 2013: Nil) which is repayable by 60 monthly instalments. The first instalment of RM13,342 was paid in April 2016 and remaining 59 instalments of RM56,344 each are payable commencing from May 2016. The facility carries profit margin at 8.65% (FYE 2015: Nil; FYE 2014: Nil; FYE 2013: Nil).

Perak Transit Group has a nominal value Musharakah financing of RM20,000,000 (FYE 2015: RM20,000,000; FYE 2014: RM20,000,000; FYE 2013: Nil) under exchange investment basis granted by a local Islamic bank.

(Forward)

11. ACCOUNTANTS' REPORT (Cont'd)

The salient features of the Musharakah financing are as follows:

- (a) The profit rate of the facility is at 3.00% per annum payable semi-annually in arrears basis.
- (b) The financing shall be settled by Perak Transit Group as described below:
 - (i) Upon Exchangeable Event - IPO Event: Upon the occurrence of the Exchangeable Event, the relevant Exercise Price is to be settled by Perak Transit to the bank either via cash payment on a lump sum basis, following the exercise of the Purchase Undertaking, or if the bank opts to exchange the relevant Exercise Price into the Exchange Shares at the Exchange Price by the Exchange Shares.
 - (ii) Scheduled Dissolution Date: On the Scheduled Dissolution Date, the relevant Exercise Price is to be settled by Perak Transit to the bank via cash payment on a lump sum basis, following the exercise of the Sale Undertaking.
 - (iii) On the Dissolution Declaration Date: On the Dissolution Declaration Date, the relevant Exercise Price is to be settled by Perak Transit to the bank via cash payment on a lump sum basis, following the exercise of the Purchase Undertaking.

As of the end of reporting period, a total sum of RM20,000,000 (FYE 2015: RM20,000,000; FYE 2014: RM15,000,000; FYE 2013: Nil) has been released to Perak Transit Group.

The effective interest rates per annum are as follows:

	Audited			
	FPE 2016 %	FYE 2015 %	FYE 2014 %	FYE 2013 %
Term loans	3.10 - 7.99	2.62 - 7.85	3.93 - 7.85	4.28 - 7.60
Bank overdrafts	4.50 - 8.90	4.50 - 8.10	4.50 - 7.60	4.50 - 7.35

5.32 Deferred Capital Grant

Deferred capital grant is in respect of a government grant provided to Perak Transit Group for the construction of the integrated public transportation terminal. The grant is recognised in profit or loss on a systematic basis over the useful life of the integrated public transportation terminal. The estimated useful life of integrated public transportation terminal is 50 years.

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Deferred capital grant	9,314,666	9,381,200	9,580,800	9,780,400
Less: Amount amortised within 12 months (shown under current liabilities)	(199,600)	(199,600)	(199,600)	(199,600)
Non-current portion	9,115,066	9,181,600	9,381,200	9,580,800

11. ACCOUNTANTS' REPORT (Cont'd)

5.33 Deferred Tax Assets/(Liabilities)

Deferred tax balances are presented in the statements of financial position as follows:

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Deferred tax assets	6,333,390	7,231,230	5,979,500	7,139,897
Deferred tax liabilities	(1,363,640)	(1,351,030)	(1,381,768)	(755,181)
	<u>4,969,750</u>	<u>5,880,200</u>	<u>4,597,732</u>	<u>6,384,716</u>
		Recognised at beginning of period RM	Recognised in profit or loss (Section 5.15) RM	At end of period RM
FPE 2016 - Audited				
Deferred tax assets				
Unutilised investment allowance		<u>21,199,658</u>	<u>6,870</u>	<u>21,206,528</u>
Deferred tax liabilities				
Property, plant and equipment		(10,775,479)	(944,626)	(11,720,105)
Revaluation surplus on properties		(4,543,979)	27,306	(4,516,673)
		<u>(15,319,458)</u>	<u>(917,320)</u>	<u>(16,236,778)</u>
Net deferred tax assets		<u>5,880,200</u>		<u>4,969,750</u>
		Recognised at beginning of year RM	Recognised in profit or loss (Note 5.15) RM	At end of year RM
FYE 2015 - Audited				
Deferred tax assets				
Unutilised tax losses and unabsorbed tax capital allowances		1,268,825	(1,268,825)	-
Unutilised investment allowance		16,970,815	4,228,843	21,199,658
		<u>18,239,640</u>	<u>2,960,018</u>	<u>21,199,658</u>
Deferred tax liabilities				
Property, plant and equipment		(9,024,161)	(1,751,318)	(10,775,479)
Revaluation surplus on properties		(4,617,747)	73,768	(4,543,979)
		<u>(13,641,908)</u>	<u>(1,677,550)</u>	<u>(15,319,458)</u>
Net deferred tax assets		<u>4,597,732</u>		<u>5,880,200</u>

11. ACCOUNTANTS' REPORT (Cont'd)

	At beginning of year RM	Recognised in profit or loss (Note 5.15) RM	Recognised in other comprehensive income (Note 5.15) RM	Arising from acquisition of a subsidiary company RM	At end of year RM
FYE 2014 - Audited					
Deferred tax assets					
Unutilised tax losses and unabsorbed tax capital allowances	2,823,236	(1,554,411)	-	-	1,268,825
Unutilised investment allowance	11,521,655	5,449,160	-	-	16,970,815
	<u>14,344,891</u>	<u>3,894,749</u>	<u>-</u>	<u>-</u>	<u>18,239,640</u>
Deferred tax liabilities					
Property, plant and equipment	(5,604,361)	(3,406,705)	-	(13,095)	(9,024,161)
Revaluation surplus on properties	(2,355,814)	64,572	(2,326,505)	-	(4,617,747)
	<u>(7,960,175)</u>	<u>(3,342,133)</u>	<u>(2,326,505)</u>	<u>(13,095)</u>	<u>(13,641,908)</u>
Net deferred tax assets	<u>6,384,716</u>				<u>4,597,732</u>
FYE 2013 - Audited					
Deferred tax assets					
Unutilised tax losses and unabsorbed tax capital allowances	-	2,823,236	-	-	2,823,236
Unutilised investment allowance	6,650,409	4,871,246	-	-	11,521,655
	<u>6,650,409</u>	<u>7,694,482</u>	<u>-</u>	<u>-</u>	<u>14,344,891</u>
Deferred tax liabilities					
Property, plant and equipment	(1,179,929)	(4,424,432)	-	-	(5,604,361)
Revaluation surplus on properties	(2,380,967)	25,153	-	-	(2,355,814)
	<u>(3,560,896)</u>	<u>(4,399,279)</u>	<u>-</u>	<u>-</u>	<u>(7,960,175)</u>
Net deferred tax assets	<u>3,089,513</u>				<u>6,384,716</u>

Deferred tax assets have not been recognised in respect of the gross amount of temporary differences arising from unutilised investment allowance of Nil (FYE 2015: Nil; FYE 2014: RM25,322,234; FYE 2013: RM30,959,676).

11. ACCOUNTANTS' REPORT (Cont'd)

5.34 Trade and Other Payables

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Trade payables	623,425	190,707	373,907	252,822
Other payables	642,320	2,749,790	1,543,207	4,059,632
	<u>1,265,745</u>	<u>2,940,497</u>	<u>1,917,114</u>	<u>4,312,454</u>

Trade and other payables of Perak Transit Group comprised amounts outstanding for trade purchases and ongoing costs. The terms granted to Perak Transit Group for trade purchases were on cash basis or credit period of 30 to 90 days (FYE 2015: cash basis or credit period of 30 to 90 days; FYE 2014: cash basis or credit period of 30 to 90 days; FYE 2013: cash basis or credit period of 90 days). These amounts are non-interest bearing. Perak Transit Group have financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms.

The amounts owing to other payables of Perak Transit Group mainly consist of Goods and Services Tax payable, construction cost of the integrated public transportation terminal, advance payments received on rental of promotional spaces and incentive payable.

Included in trade and other payables of Perak Transit Group are related parties' balances of Nil (FYE 2015: Nil; FYE 2014: RM218,882; FYE 2013: RM2,247,133).

Transactions with related parties are disclosed in Section 5.39.

5.35 Amount Owing to Directors

The amount owing to directors of Perak Transit Group represent unsecured and interest-free advances which were repayable upon demand.

5.36 Other Liabilities

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Refundable deposits	4,527,588	4,467,342	742,882	785,248
Accrued expenses	916,305	1,358,898	486,944	849,677
	<u>5,443,893</u>	<u>5,826,240</u>	<u>1,229,826</u>	<u>1,634,925</u>

Deposits of the Group comprised mainly refundable deposits received from certain trade receivables as security deposits for trade transactions. Accrued expenses of the Group comprised mainly professional fee for construction of integrated public transportation terminal.

11. ACCOUNTANTS' REPORT (Cont'd)

5.37 Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include fixed deposits which are not pledged with maturities of three months or less from the date of acquisition, cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Fixed deposits with licensed banks	2,114,526	979,976	2,655,525	976,901	500,445
Cash and bank balances	6,637,901	9,724,360	9,682,333	18,834,703	12,956,482
Bank overdrafts	-	-	-	-	(10,123,949)
	<u>8,752,427</u>	<u>10,704,336</u>	<u>12,337,858</u>	<u>19,811,604</u>	<u>3,332,978</u>
Less: Fixed deposits pledged to licensed banks	(1,302,248)	(355,506)	(505,021)	(352,432)	(293,328)
Fixed deposits with licensed banks not pledged but with maturities more than three (3) months	(654,154)	(624,470)	(647,109)	-	-
	<u>6,796,025</u>	<u>9,724,360</u>	<u>11,185,728</u>	<u>19,459,172</u>	<u>3,039,650</u>

5.38 Financial Risk Management Objectives and Policies

The operations of Perak Transit Group are subject to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow risk. The principal objective of Perak Transit Group is to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of Perak Transit Group. Management continually monitors Perak Transit Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Perak Transit Group's activities.

(a) Market risk

Perak Transit Group are exposed primarily to the risks of changes in interest rates.

There has been no change to Perak Transit Group's exposure to market risks or the manner in which these risks are managed and measured.

Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of Perak Transit Group's financial instruments will fluctuate because of changes in market interest rates.

Perak Transit Group finance their operations by a mixture of internal funds, bank and other borrowings. Perak Transit Group regularly reviews the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration of the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

11. ACCOUNTANTS' REPORT (Cont'd)

The policy of Perak Transit Group is to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

The details of Perak Transit Group's borrowings are as disclosed in Section 5.31.

Interest rate sensitivity analysis

For illustration purposes, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. If the annual effective interest rates and profit margins increase/decrease by 50 basis points (2015: 50 basis points; 2014: 50 basis points; 2013: 50 basis points) for the respective borrowings with all other variable including tax rate being held constant, the profit net of tax of Perak Transit Group will be lower/higher by RM412,772 (FYE 2015: RM365,085; FYE 2014: RM311,864; FYE 2013: RM278,847).

The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to Perak Transit Group. Perak Transit Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The exposure of Perak Transit Group to credit risk arises principally from its receivables and other financial assets.

At the end of the reporting period, the maximum exposure to credit risks is represented by their respective carrying amounts in the statements of financial position.

Receivables

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

As Perak Transit Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

The ageing of trade receivables that are past due and/or impaired is disclosed in Section 5.22.

At the end of the reporting period, credit risk of Perak Transit Group is concentrated on two (FYE 2015: three; FYE 2014: two; FYE 2013: Nil) receivables who accounted for approximately 72% (FYE 2015: 71%, FYE 2014: 77%; FYE 2013: Nil) of the total receivable balances. These trade receivables are regular customers that have been transacting with the Group. Perak Transit Group use ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 210 days (FYE 2015: 210 days; FYE 2014: 210 days; FYE 2013: 210 days), which are deemed to have higher credit risk, are monitored individually.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly retention sum owing by a third party, Goods and Services Tax receivable, rental income receivable and government support fund receivable from SPAD and staff loan.

Other Financial Assets

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

11. ACCOUNTANTS' REPORT (Cont'd)

(c) Liquidity and cash flow risks management

Ultimate responsibility for liquidity and cash flow risks management rests with the Board of Directors, which has built an appropriate liquidity and cash flow risks management framework for the management of the short, medium and long-term funding and liquidity management requirements of Perak Transit Group. Perak Transit Group manage liquidity and cash flow risks by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and financial liabilities.

Perak Transit Group expect that the cash generated from its operations, its existing credit facilities and the trade terms provided by its suppliers will be sufficient to meet Perak Transit Group's currently anticipated capital expenditure and working capital needs for at least the next 12 months. Perak Transit Group may consider opportunities to obtain additional funds to support its working capital requirements and capital expenditures, or may seek to raise additional funds through equity financing.

Perak Transit Group has credit facilities of approximately RM12,444,000 (FYE 2015: RM20,566,000; FYE 2014: RM12,615,000; FYE 2013: RM2,426,000) of which are unused at the end of the reporting period. Perak Transit Group expects to meet their financial obligations from their operating cash flows and proceeds from maturing financial assets.

The maturity profile of Perak Transit Group's non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted cash flows of the respective financial assets/liabilities representing the earliest date on which Perak Transit Group is entitled to receive/required to pay, is as follows:

FPE 2016 - Audited	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	9,794,054	-	-	9,794,054
Refundable deposits	160,893	-	-	160,893
Fixed deposits, cash and bank balances	8,822,000	-	-	8,222,000
Total undiscounted non-derivative financial assets	18,776,947	-	-	18,776,947
Non-derivative financial liabilities:				
Trade and other payables	1,116,475	-	-	1,116,475
Obligations under hire-purchase arrangements	1,302,250	1,503,722	-	2,805,972
Borrowings	32,067,976	59,170,357	83,897,510	175,135,843
Other liabilities	5,443,893	-	-	5,443,893
Total undiscounted non-derivative financial liabilities	39,930,594	60,674,079	83,897,510	184,502,183
Net undiscounted non-derivative financial liabilities	(21,153,647)	(60,674,079)	(83,897,510)	(165,725,236)

11. ACCOUNTANTS' REPORT (Cont'd)

FYE 2015 - Audited	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	11,713,123	-	-	11,713,123
Refundable deposits	2,666,637	-	-	2,666,637
Fixed deposits, cash and bank balances	12,399,700	-	-	12,399,700
Total undiscounted non-derivative financial assets	26,779,460	-	-	26,779,460
Non-derivative financial liabilities:				
Trade and other payables	2,326,711	-	-	2,326,711
Obligations under hire-purchase arrangements	1,355,254	1,938,162	-	3,293,416
Borrowings	25,516,293	58,640,877	101,947,508	186,104,678
Other liabilities	5,826,240	-	-	5,826,240
Total undiscounted non-derivative financial liabilities	35,024,498	60,579,039	101,947,508	197,551,045
Net undiscounted non-derivative financial liabilities	(8,245,038)	(60,579,039)	(101,947,508)	(170,771,585)

FYE 2014 - Audited	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	4,582,106	-	-	4,582,106
Refundable deposits	230,976	-	-	230,976
Fixed deposits, cash and bank balances	19,841,649	-	-	19,841,649
Total undiscounted non-derivative financial assets	24,654,731	-	-	24,654,731
Non-derivative financial liabilities:				
Trade and other payables	1,917,114	-	-	1,917,114
Amount owing to directors	21,828,668	-	-	21,828,668
Obligations under hire-purchase arrangements	2,030,225	3,292,765	-	5,322,990
Borrowings	7,091,335	43,816,195	94,816,052	145,723,582
Other liabilities	1,229,826	-	-	1,229,826
Total undiscounted non-derivative financial liabilities	34,097,168	47,108,960	94,816,052	176,022,180
Net undiscounted non-derivative financial liabilities	(9,442,437)	(47,108,960)	(94,816,052)	(151,367,449)

11. ACCOUNTANTS' REPORT (Cont'd)

FYE 2013 - Audited	On demand or within one year RM	One year to five years RM	Over five years RM	Total RM
Non-derivative financial assets:				
Trade and other receivables	3,288,442	-	-	3,288,442
Refundable deposits	1,491,270	-	-	1,491,270
Fixed deposits, cash and bank balances	13,468,930	-	-	13,468,930
Total undiscounted non-derivative financial assets	18,248,642	-	-	18,248,642
Non-derivative financial liabilities:				
Trade and other payables	4,312,454	-	-	4,312,454
Amount owing to directors	17,764,231	-	-	17,764,231
Obligations under hire-purchase arrangements	3,078,626	6,001,783	-	9,080,409
Borrowings	14,876,279	21,100,514	75,250,259	111,227,052
Other liabilities	1,634,925	-	-	1,634,925
Total undiscounted non-derivative financial liabilities	41,666,515	27,102,297	75,250,259	144,019,071
Net undiscounted non-derivative financial liabilities	(23,417,873)	(27,102,297)	(75,250,259)	(125,770,429)

Perak Transit Group has not committed to any derivative financial instruments during the financial period/year.

(d) Capital risk management

Perak Transit Group manages their capital to ensure the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged since previous financial years.

The capital structure of the Group consists of net debt and equity.

11. ACCOUNTANTS' REPORT (Cont'd)

Gearing Ratio

The gearing ratio at end of the reporting period was as follows:

	Audited			
	FPE 2016 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Total debts	131,263,075	120,378,367	117,281,800	97,458,545
Less: Fixed deposits and cash and bank balances (excluding fixed deposits pledged with licensed banks) (Section 5.37) and fixed deposits with licensed banks not pledged but with maturities more than three (3) months	(6,796,025)	(11,185,728)	(19,459,172)	(3,039,650)
Net debts	124,467,050	109,192,639	97,822,628	94,418,895
Equity	129,503,768	126,440,951	90,431,549	72,979,196
Debt to equity ratio	96%	86%	108%	129%

Debts are defined as liability portion of RCPS, hire purchase payables and borrowings as disclosed in Sections 5.27, 5.30 and 5.31 respectively.

Equity includes share capital, equity portion of RCPS, revaluation reserve and retained earnings.

11. ACCOUNTANTS' REPORT (Cont'd)

Fair Values of Financial Instruments

The carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of obligations under hire-purchase arrangements of Perak Transit Group are included in Level 2 category of the fair value hierarchy in accordance with MFRS 7 *Financial Instruments: Disclosure* and have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements and approximate their carrying amounts.

The fair values of Al Bai' Bithaman Ajil facilities, Musharakah financing, Muamalat Term Financing and term loans are included in Level 2 category of fair value hierarchy in accordance with MFRS 7 *Financial Instruments: Disclosure* and have been determined using the present value of future cash flows estimated and discounted using the current interest rates for similar instruments at the end of the reporting period. There is no material difference between the fair values and carrying values of these liabilities as of the end of the reporting period.

5.39 Significant Related Party Transactions

During the respective financial period/years, significant related party transactions entered by Perak Transit Group, which were determined based on negotiations between the parties, were as follows:

	Audited	Unaudited	Audited		
	FPE 2016 RM	FPE 2015 RM	FYE 2015 RM	FYE 2014 RM	FYE 2013 RM
Rental expenses paid/payable	16,000	-	32,000	-	-
Contract works paid/payable	-	600,000	1,076,064	11,055,000	9,298,000
Project facilitation fee paid	-	-	-	3,800,000	-
Disposal of motor vehicles to:					
Related parties	-	-	-	809,836	-
Directors	-	-	-	59,941	-
Management fees paid/payable	-	-	-	747,000	900,000
Incentive paid/payable	-	-	-	467,068	675,631
Rental of premises received/receivable	-	-	-	1,200	200
Expenses paid on behalf by a related party	-	-	-	-	68,113

Related parties refer to companies in which certain Perak Transit directors are directors and/or have substantial financial interests, persons connected to Perak Transit directors, entities in which person connected to Perak Transit directors is the sole proprietor/director and has substantial financial interest.

11. ACCOUNTANTS' REPORT (Cont'd)

5.40 Commitments

Perak Transit Group has commitment in respect of property, plant and equipment as follows:

	Audited			
	FPE	FYE	FYE	FYE
	2016	2015	2014	2013
	RM	RM	RM	RM
Approved and contracted for	10,936,710	15,694,800	1,165,524	-
Approved but not contracted for	4,942,400	-	-	-
	<u>15,879,310</u>	<u>15,694,800</u>	<u>1,165,524</u>	<u>-</u>

5.41 Segment Reporting

Segment information is presented in respect of Perak Transit Group's business segments, which reflect Perak Transit Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. For management purposes, Perak Transit Group is organised into the following operating divisions:

- (i) Operations of integrated public transportation terminal, public transport and petrol stations - Operators of integrated public transportation terminal, petrol stations and public transportation provider.
- (ii) Others - Investment holding, dormant or having principal activities unrelated to operators of integrated public transportation terminal and petrol station.

Composition of the Group

Information about the composition of Perak Transit Group at the end of the reporting period is as follows:

Industry	Place of incorporation and operation	Number of companies			
		Audited			
		FPE	FYE	FYE	FYE
		2016	2015	2014	2013
		RM	RM	RM	RM
Operations of integrated public transportation terminal and petrol stations	Malaysia	7	7	7	6
Others	Malaysia	1	1	1	3
		<u>8</u>	<u>8</u>	<u>8</u>	<u>9</u>

No information on geographical area is presented as Perak Transit Group operates mainly in Perak, Malaysia.

11. ACCOUNTANTS' REPORT (Cont'd)

Information regarding Perak Transit Group's reportable segments is presented below:

	Operations of integrated public transportation terminal, public transport and petrol stations	Others	Total	Elimination	Consolidated Perak Transit Group
	RM	RM	RM	RM	RM
FPE 2016 - Audited					
Revenue					
External revenue	25,443,075	-	25,443,075	-	25,443,075
Inter-segment revenue	425,390	2,777,186	3,202,576	(3,202,576)	-
Total Revenue	25,868,465	2,777,186	28,645,651	(3,202,576)	25,443,075
Results					
Operating profit	9,536,139	2,312,343	11,848,482	(2,777,186)	9,071,296
Interest income					34,515
Finance costs					(2,394,286)
Profit before tax					6,711,525
Tax expenses					(1,319,832)
Profit after tax					5,391,613
Assets and liabilities					
Segment assets	270,330,520	100,413,006	370,743,526	(97,902,762)	272,840,764
Current tax assets and deferred tax assets	6,419,661	1,665	6,421,326	-	6,421,326
Total assets	276,750,181	100,414,671	377,164,852	(97,902,762)	279,262,090
Segment liabilities	150,819,098	30,221,327	181,040,425	(33,753,046)	147,287,379
Current tax liabilities and deferred tax liabilities	1,842,744	5,500	1,848,244	-	1,848,244
Total liabilities	152,661,842	30,226,827	182,888,669	(33,753,046)	149,135,623

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II. ACCOUNTANTS' REPORT (Cont'd)

	Operations of integrated public transportation terminal, public transport and petrol stations RM	Others RM	Total RM	Elimination RM	Consolidated Perak Transit Group RM
FPE 2015 - Unaudited					
Revenue					
External revenue	22,699,093	-	22,699,093	-	22,699,093
Inter-segment revenue	380,356	833,156	1,213,512	(1,213,512)	-
Total Revenue	23,079,449	833,156	23,912,605	(1,213,512)	22,699,093
Results					
Operating profit	8,579,596	265,911	8,845,507	(833,156)	8,012,351
Interest income					9,690
Finance costs					(2,620,356)
Profit before tax					5,401,685
Tax income					1,369,931
Profit after tax					6,771,616
Assets and liabilities					
Segment assets	231,816,357	91,877,624	323,693,981	(86,129,228)	237,564,753
Current tax assets and deferred tax assets	7,712,266	1,793	7,714,059	-	7,714,059
Total assets	239,528,623	91,879,417	331,408,040	(86,129,228)	245,278,812
Segment liabilities	126,998,115	41,166,471	168,164,586	(21,979,512)	146,185,074
Current tax liabilities and deferred tax liabilities	1,380,738	5,500	1,395,238	-	1,395,238
Total liabilities	128,387,853	41,171,971	169,559,824	(21,979,512)	147,580,312

11. ACCOUNTANTS' REPORT (Cont'd)

	Operations of integrated public transportation terminal, public transport and petrol stations RM	Others RM	Total RM	Elimination RM	Consolidated Perak Transit Group RM
FYE 2015 - Audited					
Revenue					
External revenue	74,123,311	-	74,123,311	-	74,123,311
Inter-segment revenue	1,172,152	6,665,245	7,837,397	(7,837,397)	-
Total Revenue	75,295,463	6,665,245	81,960,708	(7,837,397)	74,123,311
Results					
Operating profit	28,838,251	4,481,828	33,320,079	(6,665,245)	26,654,834
Interest income					60,892
Finance costs					(7,464,383)
Profit before tax					19,251,343
Tax expenses					(62,447)
Profit after tax					19,188,896
Assets and liabilities					
Segment assets	257,278,019	97,968,503	355,246,522	(95,181,930)	260,064,592
Current tax assets and deferred tax assets	7,293,737	917	7,294,654	-	7,294,654
Total assets	264,571,756	97,969,420	362,541,176	(95,181,930)	267,359,246
Segment liabilities	142,230,389	27,328,129	169,558,518	(31,032,214)	138,526,304
Current tax liabilities and deferred tax liabilities	1,790,570	5,500	1,796,070	-	1,796,070
Total liabilities	144,020,959	27,333,629	171,354,588	(31,032,214)	140,322,374

II. ACCOUNTANTS' REPORT (Cont'd)

FYE 2014 - Audited	Operations of integrated public transportation terminal, public transport and petrol stations RM	Others RM	Total RM	Elimination RM	Consolidated Perak Transit Group RM
Revenue					
External revenue	77,578,163	-	77,578,163	-	77,578,163
Inter-segment revenue	1,423,511	6,121,027	7,544,538	(7,544,538)	-
Total Revenue	<u>79,001,674</u>	<u>6,121,027</u>	<u>85,122,701</u>	<u>(7,544,538)</u>	<u>77,578,163</u>
Results					
Operating profit	21,173,155	4,709,960	25,883,115	(6,101,181)	19,781,934
Interest income					37,592
Finance costs					(6,511,770)
Profit before tax					<u>13,307,756</u>
Tax income					<u>175,000</u>
Profit after tax					<u>13,482,756</u>
Assets and liabilities					
Segment assets	235,459,246	90,644,967	326,104,213	(88,131,502)	237,972,711
Current tax assets and deferred tax assets	6,173,542	1,453	6,174,995	-	6,174,995
Total assets	<u>241,632,788</u>	<u>90,646,420</u>	<u>332,279,208</u>	<u>(88,131,502)</u>	<u>244,147,706</u>
Segment liabilities	136,435,628	39,384,368	175,819,996	(23,981,788)	151,838,208
Current tax liabilities and deferred tax liabilities	1,376,268	5,500	1,381,768	-	1,381,768
Total liabilities	<u>137,811,896</u>	<u>39,389,868</u>	<u>177,201,764</u>	<u>(23,981,788)</u>	<u>153,219,976</u>

11. ACCOUNTANTS' REPORT (Cont'd)

FYE 2013 - Audited	Operations of integrated public transportation terminal, public transport and petrol stations RM	Others RM	Total RM	Elimination RM	Consolidated Perak Transit Group RM
Revenue					
External revenue	64,394,430	-	64,394,430	-	64,394,430
Inter-segment revenue	1,515,539	1,028,874	2,544,413	(2,544,413)	-
Total Revenue	65,909,969	1,028,874	66,938,843	(2,544,413)	64,394,430
Results					
Operating profit	9,337,034	665,635	10,002,669	(1,021,231)	8,981,438
Interest income					106,095
Finance costs					(4,810,638)
Profit before tax					4,276,895
Tax income					2,936,164
Profit after tax					7,213,059
Assets and liabilities					
Segment assets	190,465,728	69,915,512	260,381,240	(62,607,155)	197,774,085
Current tax assets and deferred tax assets	7,295,229	-	7,295,229	-	7,295,229
Total assets	197,760,957	69,915,512	267,676,469	(62,607,155)	205,069,314
Segment liabilities	116,261,643	16,301,978	132,563,621	(1,613,066)	130,950,555
Current tax liabilities and deferred tax liabilities	651,134	6,721	657,855	123,490	781,345
Total liabilities	116,912,777	16,308,699	133,221,476	(1,489,576)	131,731,900

12. DIRECTORS' REPORT

PeraKTransit

PERAK TRANSIT BERHAD

(831878-V)

No. 19, Lebuhr Bercham Selatan, Taman Cahaya Tasek, 31400 Ipoh, Perak.

Tel : 05-545 5318 Fax : 05-545 5310

Email : ptransit@hotmail.com

Registered Office:
D-3-7 Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh
Perak Darul Ridzuan

Date : 5 September 2016

The Shareholders of Perak Transit Berhad

Dear Sir/Madam,

On behalf of the Board of Directors ("**Directors**") of Perak Transit Berhad ("**the Company**"), I report after due enquiry that during the period from 30 April 2016 (being the date to which the last audited accounts of the Company and its group of companies ("**Group**") have been made) up to the date of this letter (being a date not earlier than fourteen (14) days before the date of issue of the Prospectus), that:

- (a) the business of the Group has, in the opinion of the Directors of the Company ("**Directors**"), been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Company or the Group;
- (c) the current assets of the Group appear in the books at the values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, no contingent liabilities have arisen by reason of any guarantees or indemnities given by the Company or the Group;
- (e) since the last audited financial statements of the Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group in which the Directors are aware of; and
- (f) save as disclosed in this Prospectus, there have been, since the last audited financial statements of the Group, no material changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully,
For and on behalf of the Board of Directors of
Perak Transit Berhad


Dato' Sri Cheong Kong Fitt
Managing Director

13. ADDITIONAL INFORMATION

13.1 Share capital

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of the issue of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Company. As at the date of this Prospectus, we have only one (1) class of shares in our Company, namely ordinary shares of RM0.10 each, all of which rank equally with one another as set out in Section 2.1.1 of this Prospectus.
- (iii) As at the date of this Prospectus, none of the capital of our Company or our subsidiary companies is under any options, or agreed conditionally or unconditionally to be put under any options.
- (iv) Save as disclosed in Sections 2.3 and 4.2 of this Prospectus, no shares or debentures of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (v) As at the date of this Prospectus:
 - no person or Director or employee of our Company has been or is entitled to be given an option to purchase or subscribe for any Shares, stocks or debentures of our Company or our subsidiaries; and
 - there is currently no scheme for or involving our Directors or employees in the capital of our Company or any of our subsidiaries.
- (vi) As the date of this Prospectus, neither our Company nor our subsidiary companies have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.2 Articles of Association

For so long as our Company is listed on the Official List of Bursa Securities and our Shares are deposited with Bursa Depository and our Company is registered with the CCM, we are required to keep at our registered office in Malaysia copies of our Memorandum and Articles of Association, which shall be available for inspection by our members thereat without charge. Further, we shall, upon written request by a member, send him a copy of our Memorandum and Articles of Association within fourteen (14) days of receipt of the member's request, subject to payment by the member of the reasonable cost thereof.

The following provides information about certain provisions of our Memorandum and Articles of Association. The description below is only a summary and is qualified in its entirety by reference to our Memorandum and Articles of Association:

13. **ADDITIONAL INFORMATION (Cont'd)**

(i) **Transfer of Securities**

The provisions in our Company's Articles of Association in respect of the arrangements for the transfer of securities are as follows:

Article 40 – Transfer of Securities & Instrument of Transfer

40. Subject to these Articles, SICDA and the Rules of the Depository (with respect to transfer of a deposited security), any member may transfer all or any of his shares by written instrument of transfer in the form as approved by the Exchange and the Act. The transfer of any listed security or class of listed security of the Company which have been deposited with the Depository shall be made by way of book entry by the Depository in accordance with SICDA and the Rules of the Depository and, notwithstanding Section 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 41 – Refusal to Transfer

41. The Depository may refrain authorised depository agents from accepting any transfer of securities in such circumstances determined by the Depository from time to time.

Article 42 – Suspension on Closing of Registers

42. The Company may require the Depository to suspend the registration of transfer at such times and for such periods as the Directors may from time to time determine, not exceeding in the whole thirty (30) days in any calendar year. In this respect, the Company shall request the Depository, in accordance with Section 34 of SICDA and the Rules of the Depository, to issue the appropriate Record of Depositors.

Article 43 – Renunciation

43. Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Article 44 – Non-liability for the Company's Directors and Officers in respect of Transfer

44. Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside and in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto, Provided Always that where the share is a Deposited Security, subject to the Rules of the Depository, a transfer or withdrawal of the share may be carried out by the person becoming so entitled.

13. ADDITIONAL INFORMATION (*Cont'd*)

Article 49 – Transmission of Securities from Foreign Register

49. Where :-

- (a) the securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of SICDA or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

the Company shall upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

(ii) Remuneration of Directors

The provisions in our Company's Articles of Association in respect of the arrangements for the remuneration of our Directors are as follows:

Articles 107, 108(1), 108(2) & 137 – Remuneration of Directors

107. The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:-

- (a) fees payable to Non-Executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;
- (b) salaries payable to Executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

108(1). The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

13. ADDITIONAL INFORMATION (Cont'd)

108(2). If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged Provided Always that extra remuneration payable to:-

- (a) a Non Executive Director shall not be by a commission on or percentage of profits or turnover;
- (b) an Executive Director shall not include a commission on or percentage of turnover.

137. The remuneration of the Managing Director shall be subject to the terms of any agreement entered into in any particular case and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

(iii) Voting and Borrowing Powers of Directors

The provisions in our Company's Articles of Association in respect of the voting powers and borrowing powers of the Directors are as follows:

Article 112(1) – Borrowing Powers of Directors

112(1). The Directors may, subject to and in accordance with the provisions of the Act, regulations and orders made pursuant to the Act, the conditions, restrictions and limitations expressed in these Articles and the Listing Requirements and any other relevant authority, exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof and to guarantee, indemnify or provide collateral for a debt, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

Article 128 – Restriction on Voting

128. No Director may vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company.

13. ADDITIONAL INFORMATION (Cont'd)

Article 130 – Power to Vote

130. A Director of the Company may be or become Director or other officer of or otherwise interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment. The Director may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid Provided Always that he has complied with Section 131 and all other relevant provisions of the Act and of these Articles.

(iv) Changes in Capital and Variation of Class Rights

The provisions of our Company's Articles of Association in respect of the arrangements for the changes in capital and variation of class rights, which are as stringent as those provided in the Act, are as follows:

Article 11 – Offer of New Shares

11. Subject to any direction to the contrary that may be given by the Company in general meetings, any original shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

13. ADDITIONAL INFORMATION (Cont'd)

Article 12 – Approval of Shareholders in General Meeting

12. Notwithstanding the preceding Article the Company may apply to the Exchange for waiver of the convening of an extraordinary general meeting to obtain shareholders' approval for further issues of shares (other than by way of bonus or rights issue) where:-
- (a) the aggregate of the shares issued in any one (1) financial year (other than by way of bonus or rights issue) does not exceed ten per cent (10%) of the issued share capital of the Company; and
 - (b) in accordance with Section 132D of the Act, there is still in effect a resolution approving the issuance of shares by the Company.

Modification of Rights

19. Notwithstanding Article 20 hereof the repayment of preference share capital other than redeemable preference, or any other alteration of preference shareholder rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, Provided Always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing if obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

Article 20 – Rights of Shareholders May Be Altered

20. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-tenth (1/10) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 152 of the Act shall, with such adaptations as are necessary, apply.

Article 21 – Ranking of Class Rights

21. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respects pari passu therewith.

13. **ADDITIONAL INFORMATION (Cont'd)**

Article 54 – Power to Increase Capital

54. The Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully paid up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 55 – New Shares to Rank with Original Shares

55. Except so far as otherwise provided by the condition of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company. All new shares shall be subject to the provisions herein contained with reference to allotments, the payment of calls and instalments, transmissions, forfeiture, lien or otherwise and shall also be subject to the Rules of the Depository.

Article 56(1) – Power to Alter Capital

- 56(1). The Company may from time to time by ordinary resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum and Articles of Association (subject nevertheless to the provisions of the Act) and so that in the subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of shares resulting from such subdivision, one or more of such shares may have such preferred or other special rights over, or may be given any preference or advantage as regards dividends, return of capital voting or otherwise over the other or others of such shares; or
 - (c) cancel any shares which at the date of the passing of the resolution have not been taken up or agreed to be taken up by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Article 56(2) – Power to Reduce Capital

- 56(2). The Company may by special resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner authorised by the Act and subject to any consent required by the law.

Article 83 – Rights and Privileges of New Shares

83. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

13. ADDITIONAL INFORMATION (*Cont'd*)

13.3 Directors, substantial shareholders, key management personnel and Promoters

- (i) The names, addresses and occupations of our Directors are set out in the “Corporate Directory” section of this Prospectus.
- (ii) Save as disclosed in Sections 2.9 and 2.10 of this Prospectus, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by our Company or our subsidiaries within the two (2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of our Company or our subsidiaries or in connection with the issue or sale of any capital of our Company or any of our subsidiaries and none of our Directors, Promoters or experts is or are entitled to receive any such payment.
- (iii) We do not have any existing or proposed service agreements (other than employment contracts) with our Directors or key management personnel.
- (iv) Save as disclosed in Section 6.2.4 of this Prospectus, none of our Directors has been paid or intended to be paid remuneration and benefits within the two (2) years preceding the date of this Prospectus, except for remuneration received in the course of employment and Directors’ fees.
- (v) Save and except for the dividends as detailed in Section 10.7 of this Prospectus, and the remuneration and benefits for services rendered in all capacities to our Group as detailed in Section 6.2.4, there are no other amounts or benefits paid or intended to be paid or given to any of our Promoters, substantial Shareholders or Directors, within the two (2) years immediately preceding the date of this Prospectus.
- (vi) Except as disclosed in Section 6.1 of this Prospectus, our Directors and substantial Shareholders are not aware of any persons who, directly or indirectly, jointly or severally, control our Company.

13.4 MATERIAL CONTRACTS

Save as disclosed below, there are no other contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within the two (2) years preceding the date of this Prospectus:

- (1) On 23 September 2014, Perak Transit, Bank Muamalat Malaysia Bhd (“the Arranger”) and Muamalat Venture Sdn Bhd (“the Investor”) entered into the conditional Investment Agreement. The investor is an Islamic venture capital company and is primarily involved in the business of providing Islamic venture capital business, financing, debt financing, equity finance, research and development and venture fund. Perak Transit has requested the Arranger to arrange, a proposed investment which shall be structured on a Shariah compliant basis. The Investor then invited the Perak Transit to participate in a joint venture arrangement with the Investor based on the Islamic principle of Musharakah. Perak Transit and the Investor have agreed to enter into this Agreement in relation to the joint venture arrangement.

On 23 September 2015, the Investor executed an undertaking to Perak Transit confirming that it will exercise its entitlement and subscribe for 190,476,000 Shares after the approval from Bursa Securities for the proposed listing and before the registration of this Prospectus of Perak Transit with the SC, and in accordance with its undertaking, on 15 July 2016 the Investor became a substantial shareholder of the Company when 190,476,000 Shares were allotted to the Investor; and

13. ADDITIONAL INFORMATION (*Cont'd*)

- (2) On 13 January 2016, The Combined Bus and Scanwolf Properties Sdn Bhd (“Vendor”) entered into a conditional sales and purchase agreement where the Vendor agreed to sell and The Combined Bus agreed to purchase two (2) parcels of 99-years leasehold land measuring approximately 3.72 acres in Mukim Kampar, Daerah Kampar, Perak (upon sub-division of the said land from the master title owned by the Vendor) (collectively, “Property”) for the purchase consideration of RM1,296,344.00 and on a “as-is-where-is” basis. The Combined Bus has paid a deposit in the sum of RM129,634.40 (plus GST) on the execution of this agreement, and shall be required to pay the balance of RM1,166,709.60 within three (3) months from the date the agreement becomes unconditional (“Balance”), failing which The Combined Bus shall have an additional month to pay the Balance subject to an interest payable at the rate of eight percentum (8%) per annum on the Balance.

This agreement is conditional upon the Vendor amongst others, satisfying the following conditions precedent, i.e. to obtain the issue document of title to the Property in accordance with SPAD’s requirements (this particular condition precedent is to be satisfied within six (6) months from 13 January 2016); and to obtain the Perak state authority consent for the transfer of the Property to The Combined Bus; and the Purchaser obtaining the consent from the Perak state authority to change the conditions contained in the Property’s issue document of title to “perniagaan (terminal bus)”. As at to date, the Vendor has procured the document of title to the Property within the six (6) month period, but has yet to complete all the other conditions precedent.

13.5 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, our Company or our subsidiaries are presently not engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial or business position of our Group.

13.6 PUBLIC TAKE-OVERS

During the last financial year and the current financial period up to the date of this Prospectus, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other corporations’ securities.

Our Directors confirmed that there are no governmental law, decree, regulation or other requirements which may affect the repatriation of capital and the remittance of profit by or to our Group. We do not operate in any other countries apart from Malaysia.

13.7 CONSENTS

- (i) The written consents of the Principal Adviser, Sponsor, Managing Underwriter, Placement Agent, Principal Banker of Perak Transit, Company Secretary, Due Diligence Solicitor, Issuing House, Share Registrars and Underwriters for the inclusion in this Prospectus of their names in the manner, form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.

13. ADDITIONAL INFORMATION (Cont'd)

- (ii) The written consent of the Auditors and Reporting Accountants to the inclusion of its name, Accountants' Report and the Independent Assurance Report on the Compilation of Pro Forma Financial Information in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of the IMR to the inclusion of its name and the Independent Market Research Report in the manner, form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

13.8 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office in Malaysia during normal business hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Our Memorandum and Articles of Association;
- (ii) The Independent Assurance Report on the Compilation of Pro Forma Financial Information as included in Section 10.8 of this Prospectus;
- (iii) The Accountants' Report as included in Section 11 of this Prospectus;
- (iv) The IMR Report, from which the Executive Summary has been included in Section 5 of this Prospectus;
- (v) The Directors' Report as included in Section 12 of this Prospectus;
- (vi) The material contracts as referred to in Section 13.4 of this Prospectus;
- (vii) The letters of consent as referred to in Section 13.7 of this Prospectus; and
- (viii) The audited financial statements of our Company and our subsidiaries for the past three (3) FYE 2013 to FYE 2015 and the FPE 2016.

13.9 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.
- (ii) TA Securities, being the Principal Adviser and Sponsor acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

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I4. PROCEDURES FOR APPLICATION AND ACCEPTANCE

I4.1 OPENING AND CLOSING DATES OF APPLICATION

Applications will be accepted from 10.00 a.m. on 15 September 2016 and will remain open until 5.00 p.m. on 23 September 2016 or such later date or dates as our Directors together with Managing Underwriter may mutually decide at their absolute discretion.

Any extension of the closing date for the applications will be announced by way of advertisement in a widely circulated Bahasa Malaysia and English daily newspaper within Malaysia. **Late applications will not be accepted.**

I4.2 METHODS OF APPLICATION

Applications for our Public Issue Shares may be made using any of the following ways:

- (i) Application Forms; or
- (ii) Electronic Share Applications; or
- (iii) Internet Share Applications.

I4.3 PROCEDURES FOR APPLICATION

The applications for our Public Issue Shares shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

The following relevant Application Form issued with the notes and instructions printed therein is enclosed and issued together with this Prospectus and form an integral part of this Prospectus:

I4.3.1 Applications by the Malaysian Public

Applications for the 58,000,000 Public Issue Shares made available for application by the Malaysian Public must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for our Public Issue Shares by way of Electronic Share Application or Internet Share Application.

I4.3.2 Applications by selected investors by way of private placement

Selected investors being allocated Shares under this category will be contacted directly by the placement agents and are to follow the instructions as communicated by the placement agents.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

14.4 PROCEDURES FOR APPLICATION BY WAY OF AN APPLICATION FORM

The following relevant Application Forms issued with their notes and instructions are enclosed in this Prospectus:

- (i) **White Application Forms** for application by the Malaysian Public, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:

- TA Securities;
- Participating organisations of Bursa Securities;
- Members of the Association of Banks in Malaysia;
- Members of the Malaysian Investment Banking Association; and
- Issuing House

The submission of an Application Form does not necessarily mean that the Application will be successful.

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for our Public Issue Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his/her own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to 10 years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications **must have a CDS account**.

The amount payable in full on application is RM0.15 per Public Issue Share. Persons submitting applications by way of Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for our Public Issue Shares by way of Electronic Share Application or Internet Share Application.

IF YOU ARE AN INDIVIDUAL AND YOU ARE NOT A MEMBER OF THE MALAYSIAN ARMED FORCES OR POLICE, YOUR NAME AND NATIONAL REGISTRATION IDENTITY CARD (“NRIC”) NUMBER MUST BE EXACTLY THE SAME AS STATED IN:

- (i) YOUR NRIC;
- (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
- (iii) YOUR “RESIT PENGENALAN SEMENTARA (KPPK 09)” ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (iv) THE RECORDS OF BURSA DEPOSITORY.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

IF YOU ARE A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND YOUR ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, MUST BE EXACTLY THE SAME AS THAT STATED IN YOUR AUTHORITY CARD.

IF YOU ARE A CORPORATION/INSTITUTION, THE NAME AND CERTIFICATE OF INCORPORATION NUMBER MUST BE EXACTLY THE SAME AS THAT STATED IN THE CORPORATION'S/INSTITUTION'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or application monies will be made by us and/or the Issuing House.

14.4.1 Terms and conditions of Applications using Application Forms

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions as set out below:

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).
- (ii) If you are a corporation/institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
 - if you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - there is a majority of Malaysian citizens on your board of Directors/trustee.
- (iii) If you are a superannuation, provident or pension fund, you must be established or operating in Malaysia and must have a CDS account.
- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in **Sections 14.4.1 (ii) and (iii)** of this Prospectus or the trustees thereof.
- (v) Applications for our Public Issue Shares must be made on the White Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein, or which are illegible will not be accepted.
- (vi) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT PAYABLE IN ANY OF THE FOLLOWING MANNER:
 - BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- GUARANTEED GIRO ORDER (“GGO”) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS);
- ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad; or
 - RHB Bank Berhad.

AND MUST BE MADE OUT IN FAVOUR OF “TIH SHARE ISSUE ACCOUNT NO. 665” AND CROSSED “A/C PAYEE ONLY” AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND ADDRESS.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER’S DRAFT/ CASHIER’S ORDER/ MONEY ORDER OR POSTAL ORDER/ GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (vii) YOU MUST STATE YOUR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND YOU SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO YOUR CDS ACCOUNT TO THE ISSUING HOUSE /OUR COMPANY.
- (viii) YOUR NAME AND ADDRESS MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER’S DRAFT, CASHIER’S ORDER, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (ix) If you are successful in your application, our Board reserves the right to require you to appear in person at the registered office of Issuing House at any time within 14 days of the date of notice issued to you to ascertain the regularity or propriety of your Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expense incurred or to be incurred by you for the purpose of complying with this provision.
- (x) Issuing House, acting on the authority of our Board, reserves the right to reject any Application which does not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (xi) Issuing House, acting on the authority of our Board, reserves the right not to accept any Application in whole or in part without giving any reason therefor. Due consideration will be given to the desirability of allotting or allocating our Public Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xii) If you are unsuccessful/partially successful in your Application, your application monies will be refunded without interest in the following manner:
- (a) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by registered/ordinary post to address maintained with Bursa Depository (for partially successful applications) if you have not provided such bank account information to Bursa Depository within 10 Market Days from the date of the final ballot at your own risk.
 - (b) If your Application was rejected because you did not provide a CDS Account number, your application monies will be sent to the address stated in the NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document issued by the National Registration Department from time to time or the Authority Card in the case of armed forces or police personnel at your own risk.
 - (c) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which subsequently rejected or unsuccessful or only partly successful will be refunded without interest as per item (a) and (b) above (as the case may be).
 - (d) Issuing House, acting on the authority of our Board, reserves the right to bank in all application monies from unsuccessful applicants and partially successful applicants. These monies will be refunded by crediting into your bank account for purposes of cash dividend/distribution if you have provided such bank account information to Bursa Depository or by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be) within 10 Market Days from the date of the final ballot.
- (xiii) You shall ensure that your personal particulars stated in the Application Form are identical with the records pertaining to you as maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in your address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xiv) You must submit your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

I4. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

OR DELIVERED BY HAND AND DEPOSITED in the drop-in boxes provided at their Customer Service Centre, Ground Floor, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

OR DELIVERED BY HAND AND DEPOSITED in the drop-in boxes provided at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, so as to arrive not later than 5.00 p.m. on 23 September 2016, or such other later date or dates as our Directors together with Managing Underwriter may mutually decide at their absolute discretion.

We will not accept late applications.

- (xv) Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for our Public Issue Shares.
- (xvi) PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO THE ISSUING HOUSE.

I4.5 PROCEDURES FOR APPLICATION BY WAY OF AN ELECTRONIC SHARE APPLICATION (FOR INDIVIDUAL MALAYSIAN PUBLIC ONLY)

14.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution (as detailed in **Section 14.5.1 (iv)** of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account;
- (ii) You **must** have a CDS account;
- (iii) You are to apply for our Public Issue Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in **Section 14.5.2** of this Prospectus under the terms and conditions for Electronic Share Application. You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
 - Personal Identification Number (PIN);
 - **TIHH Share Issue Account No. 665;**
 - CDS account number;
 - Number of Public Issue Shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

(iv) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches with the respective processing fee:-

- (i) Affin Bank Berhad – No fee will be charged for application by their account holders;
- (ii) AmBank (M) Berhad – RM1.00;
- (iii) CIMB Bank Berhad – RM2.50;
- (iv) HSBC Bank Malaysia Berhad – RM2.50;
- (v) Malayan Banking Berhad – RM1.00;
- (vi) Public Bank Berhad – RM2.00;
- (vii) RHB Bank Berhad – RM2.50; or
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

14.5.2 Terms and conditions of Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the “Steps”). You must complete all the Steps and follow the instructions set out on the ATM screen to complete an Electronic Share Application. You are advised to read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS account is eligible to utilise the facility and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the Application if you are making the Application instead of a CDS account registered in the joint account holder’s name.

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip (“**Transaction Record**”), confirming the details of your Electronic Share Application. The Transaction Record is a record that you have completed a transaction at the ATM and not a record that the Issuing House or we have received any part of your Application. **Do not submit your Transaction Record with any Application Form. It is for your own retention.**

Upon the closing of the application for our Public Issue Shares, on 23 September 2016 at 5.00 p.m. or such later date or dates as our Directors together with Managing Underwriter may mutually decide at their absolute discretion (“**Closing Date and Time**”), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers’ applications for our Public Issue Shares to the Issuing House as soon as practicable but not later than 12.00 p.m. of the 2nd business day after the Closing Date and Time.

You are allowed to make an Electronic Share Application for our Public Issue Shares via an ATM that accepts the ATM cards of the Participating Financial Institutions with which you have an account and its branches, subject to you making only one (1) Application.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN APPLYING FOR OUR PUBLIC ISSUE SHARES, EVEN WHEN YOU HAVE A JOINT ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTIONS. YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING CONDITIONS.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions appearing below:

- (i) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You will have to confirm and undertake that the following statements are true and correct (by depressing pre-designated keys (or buttons) on the ATM keyboard):
 - You are at least 18 years of age as at the Closing Date and Time of our IPO share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only Application that you are submitting; and
 - You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institutions and Bursa Depository to the Issuing House and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institutions. By doing so, you will be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House or any relevant regulatory bodies.

- (iii) **YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OUR PUBLIC ISSUE SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT YOUR ELECTRONIC SHARE APPLICATION IS MADE ON YOUR OWN ACCOUNT AS A BENEFICIAL OWNER. YOU WILL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR PUBLIC ISSUE SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTIONS, ON THE PRESCRIBED APPLICATION FORMS OR VIA INTERNET SHARE APPLICATION.**
- (iv) You must have sufficient funds in your bank account with the relevant Participating Financial Institutions at the time you make the Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application, which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (v) You agree and undertake to subscribe for or purchase and to accept the number of Public Issue Shares applied for as stated on the Transaction Record or any lesser number of Public Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Public Issue Shares or not to allot or allocate any Public Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by action of pressing the pre-designated key or button on the ATM) of the number of Public Issue Shares applied for shall signify, and shall be treated as your acceptance of the number of Public Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) The Issuing House, on the authority of our Board, reserves the right to reject or accept any Electronic Share Application in whole or in part without giving any reason. Due consideration will be given to the desirability of allotting or allocating our Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (vii) If your Electronic Share Application is not successful or successful in part only, the Issuing House shall inform the relevant Participating Financial Institutions of the non-successful or partially successful Applications within two (2) Market Days after the balloting date. The relevant Participating Financial Institutions will credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with that Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. You may check your account on the 5th Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institutions will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) Market Days after the receipt of confirmation from the Issuing House. A number of Applications will be held in reserve to replace any successfully balloted Applications, which are subsequently rejected. The application monies relating to these Applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by the Participating Financial Institution by crediting into your account within 10 Market Days from the date of the final ballot.

If you encounter any problems in your Applications, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- to credit our Public Issue Shares allotted or allocated to you into your CDS account; and
 - to issue share certificate(s) representing such Public Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send them to Bursa Depository.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (ix) You, acknowledging that the Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institutions or Bursa Depository, irrecoverably agree that if:
- we or the Issuing House do/does not receive your Electronic Share Application; and
 - your application data relating to your Electronic Share Application is wholly or partially lost, corrupted or inaccessible to us or the Issuing House, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and shall not have any claim whatsoever against us, the Issuing House, the Participating Financial Institutions or Bursa Depository for our Public Issue Shares applied for or for any compensation, loss or damage arising from it.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, the Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in your address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- in consideration of our Company making available the Electronic Share Application facility to you, through the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - we, the Issuing House, the Participating Financial Institutions and Bursa Depository shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown or failure of transmission or communication facilities or to any cause beyond our/ their control;
 - notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase our Public Issue Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notice of allocation by us or on our behalf for prescribed securities in respect of our Public Issue Shares;
 - you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of our Public Issue Shares allotted to you; and
 - you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and that you agree to submit to the exclusive jurisdiction of Courts of Malaysia.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (xiii) If you are successful in your Electronic Share Application, our Board, reserves the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your Application is genuine and valid. Our Board is not responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, on the authority of our Board, reserves the right to reject Applications which do not conform to these instructions.

14.6 APPLICATION USING INTERNET SHARE APPLICATION

14.6.1 Steps for Internet Share Application through an Internet Participating Financial Institution

The exact steps for Internet Share Application for our Public Issue Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below the possible steps of an Application for our Public Issue Shares using Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for our Public Issue Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN/password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of our Public Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.
- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of Public Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (viii) After selecting the designated hyperlink on the screen, you will confirm and undertake that the following mandatory statements are true and correct:
- (a) You are at least 18 years of age as at the Closing Date and Time of our Public Issue Shares application.
 - (b) You are a Malaysian citizen residing in Malaysia.
 - (c) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our Public Issue Shares.
 - (e) The Internet Share Application is the only application that you are submitting for our Public Issue Shares.
 - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Public Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
 - (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authorities.
 - (h) You are not applying for our Public Issue Shares as a nominee of any other persons and the Application is made in your own name as a beneficial owner and subject to the risks referred to in this Prospectus.
 - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our Public Issue Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Public Issue Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your Application of our Public Issue Shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen on the website through which the online payment for the application of our Public Issue Shares is being made.
- (xi) Subsequent to the above, the Internet Participating Financial Institutions shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

14.6.2 Terms and conditions for Internet Share Application

Your Application for our Public Issue Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR OUR PUBLIC ISSUE SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions with the respective processing fee:

- (a) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
- (b) CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for Applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for Applicants with CDS Accounts with other ADAs;
- (c) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
- (d) RHB Bank Berhad (www.rhbgroup.com.my) – RM2.50;
- (e) Affin Bank Berhad (www.affinOnline.com) – No fees will be charged for application by their account holders;
- (f) Public Bank Berhad (www.pbebank.com) – RM2.00; and
- (g) Affin Hwang Investment Bank Berhad (trade.affinhwang.com) - No fees will be charged for application by their account holders.

PLEASE READ THE TERMS OF THIS PROSPECTUS, TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, BEFORE YOU MAKE AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF OUR PUBLIC ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (i) In order to make an Internet Share Application, you must:
- be an individual with a CDS account and in the case of a joint account, an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the Application instead of a CDS account registered in the joint account holder's name;
 - have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN/password for the relevant Internet financial services facilities; and
 - be a Malaysian citizen and have a Malaysian address.

You are advised to note that the User Identification and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for our Public Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms and conditions of this Prospectus and our Memorandum and Articles of Association.
- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services websites of the Internet Participating Financial Institutions) and to undertake that the following information given is true and correct:
- You have attained 18 years of age as at the date of the application for our Public Issue Shares.
 - You are a Malaysian citizen residing in Malaysia.
 - You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
 - You agree to all the terms and conditions of the Internet Share Application as set out in the Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for our Public Issue Shares.
 - The Internet Share Application is the only application that you are submitting for our Public Issue Shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for our Public Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.
 - You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA) to the disclosure by the Internet Participating Financial Institutions, the Authorised Financial Institutions and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authorities.
 - You are not applying for our Public Issue Shares as a nominee of any other persons and the application is made in your own name, as a beneficial owner and subject to the risks referred to in this Prospectus.
 - You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with our Public Issue Shares, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with our Public Issue Shares. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.
- (iv) Your Application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this section of the Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of our Public Issue Shares applied for, which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 14.6.2 (iii) of this Prospectus.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for our Public Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not strictly conform to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of such Public Issue Shares that may be allotted or allocated to you. In the event that we decide to allot or allocate any lesser amount of Public Issue Shares or not to allot or allocate any Public Issue Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Public Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- your acceptance of the number of Public Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
 - your agreement to be bound by our Memorandum and Articles of Association.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for our Public Issue Shares will be rejected. The Issuing House, on the authority of our Board, reserves the right to reject or accept any Internet Share Application in whole or in part without assigning any reason. Due consideration will be given to the desirability of allotting or allocating our Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

- (viii) If your Internet Share Application is unsuccessful or partially successful, the Issuing House shall inform the relevant Internet Participating Financial Institutions of the unsuccessful or partially successful Internet Share Applications within two (2) Market Days after the balloting date. The Internet Participating Financing Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising there from) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

A number of Applications will be reserved to replace any successfully balloted applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by the Internet Participating Financial Institution by crediting into your account within 10 Market Days from the date of the final ballot.

For Applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institutions will credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within two (2) Market Days after the receipt of written confirmation from the Issuing House.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your Application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading of our Shares on the Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 23 September 2016 or such later date or dates as our Directors together with the Managing Underwriter may mutually decide at their absolute discretion. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. **Late Internet Share Application will not be accepted.**
- (x) You irrevocably agree and acknowledge that the Internet Share Application is subject to the risk of electrical, electronic, technical, transmission and communication and computer related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Internet Participating Financial Institutions and the Authorised Financial Institutions. If we, the Issuing House, the Internet Participating Financial Institutions and/or the Authorised Financial Institutions do not receive your Internet Share Application and/or the payment, or if any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institutions and the Authorised Financial Institutions in relation to our Public Issue Shares applied for or for any compensation, loss or damage arising from it.
- (xi) All of your particulars in the records of the relevant Internet Participating Financial Institutions at the time of the Internet Share Application shall be deemed to be true and correct, and we, the Issuing House, the Internet Participating Financial Institutions and all other persons who are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institutions are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (xii) By making and completing an Internet Share Application, you are deemed to have agreed that:
- in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institutions acting as our agents, the Internet Share Application is irrevocable;
 - you have irrevocably requested and authorised us to register our Public Issue Shares allotted to you for deposit into your CDS account;

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- neither us nor the Internet Participating Financial Institutions, shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House and Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 14.6.2 (x) of this Prospectus or to any cause beyond our/their control;
- you shall hold the Internet Participating Financial Institutions harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institutions for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institutions;
- the acceptance of your offer to subscribe for and the purchase of our Public Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by the issue of a notice of allotment by us or on our behalf for prescribed securities in respect of our Public Issue Shares, notwithstanding the receipt of any payment by us or on our behalf;
- you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
- in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Managing Underwriter, Sponsor, Principal Adviser and any other person involved in our IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by you in making the Internet Share Application; and
- our acceptance of your Internet Share Application and the contract resulting from our IPO shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.

14.7 APPLICATIONS AND ACCEPTANCES

The Issuing House, on the authority of our Board, reserves the right to reject any Application which does not strictly comply with the instructions or to accept any Application in part only without giving any reason.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR AT LEAST 100 SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription of our Public Issue Shares, the Issuing House will conduct a ballot in a fair and equitable manner as approved by our Board to determine acceptance of applications. In determining the manner of balloting, our Board will consider the desirability of distributing our Public Issue Shares, to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market in the trading of our Shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Pursuant to the Listing Requirements, we need at least 25% of our enlarged issued and paid-up share capital to be held by a minimum number of 200 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. However, if the above requirement is not met pursuant to our IPO, we may not be allowed to proceed with our Listing. Then, monies paid in respect of all applications will be returned without interest.

Any Public Issue Shares not subscribed for under Section 2.3(i) of this Prospectus will be made available for Application by way of placement to selected investors. Thereafter, any remaining re-offered Public Issue Shares that are not subscribed for will then be subscribed by the underwriter based on the terms of the Underwriting Agreement. In the event that all Public Issue Shares under Section 2.3(i) of this Prospectus are over-subscribed, the Public Issue Shares not subscribed for under Section 2.3(ii) of this Prospectus, if any, will be made available for Application by the Malaysian Public.

Directors and employees of the Issuing House and their immediate families are strictly prohibited from applying for our Shares.

IF YOUR APPLICATION VIA APPLICATION FORM IS UNSUCCESSFUL OR SUCCESSFUL IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED TO YOU WITHOUT INTEREST, AS REFERRED TO IN SECTION 14.4.I (XII).

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

THE ISSUING HOUSE RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANT, REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AS REFERRED TO IN SECTION 14.4.I (xii).

WHERE YOUR SUCCESSFULLY BALLOTTED APPLICATIONS UNDER ELECTRONIC SHARE APPLICATION OR INTERNET SHARE APPLICATION IS SUBSEQUENTLY REJECTED, THE FULL AMOUNT OF YOUR APPLICATION MONIES, WILL BE REFUNDED WITHOUT INTEREST TO YOU BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION OR INTERNET PARTICIPATING FINANCIAL INSTITUTION, AS THE CASE MAY BE.

14.8 CDS ACCOUNT

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Security. In consequence thereof, the Share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and the Rules.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

If you make an application by way of Application Form, you must have a CDS account. You should state your CDS account number in the space provided on the Application Form and shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to the Issuing House or us, and any relevant regulatory bodies (as the case may be). If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an Application for our Public Issue Shares.

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

In the case of an Application by way of Electronic Share Application, you must have a CDS account. You must furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number when the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so.

If you make an Application by way of Internet Share Application, you must have a CDS account. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institutions. Subsequently, your CDS account number would automatically appear in the electronic online application form.

Failure to comply with the specific instructions or inaccuracy in the CDS account number arising from the use of invalid, third party or nominee accounts, may result in the Application being rejected. If you are successful in your application but fail to state your CDS account number, the Issuing House on the authority of our Board, reserves the right to reject your Application. Applications may also be rejected if your particulars provided in the Application Form, or your records with the Participating Financial Institutions (in the case of Electronic Share Application) or Internet Participating Financial Institutions (in the case of Internet Share Application) differ from those in Bursa Depository's records such as your identity card number, name and nationality.

14.9 SUCCESSFUL APPLICANTS

If you are successful or partially successful in your Application, our Shares allotted to you will be credited to your CDS account. We will not be issuing any share certificate to you. A notice of allotment will be despatched to you at your address last maintained with Bursa Depository, at your own risk, prior to our Listing. This is your only acknowledgement of acceptance of the Application. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his/her address last maintained with Bursa Depository at the applicant's own risk prior to our Listing. This is the only acknowledgement of the Application.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of Bursa Depository, failing which, the notification letter on your successful or partially successful allotment shall be sent to your registered or correspondence address last maintained with Bursa Depository.

14.10 ENQUIRIES

You may also check the status of your Application by calling your ADAs at the telephone number stated in Section 14.11 of this Prospectus or the Issuing House at 603-2783 9299 or www.myetricor.com between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.11 List of ADAs**

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2143 8668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	No. 38A & 40A Jalan Midah 1 Taman Midah Cheras 56000 Kuala Lumpur Tel No.: 03-9130 8803	068-021
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2604 3333	076-001
AMINVESTMENT BANK BERHAD	15th Floor Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2036 2633	086-001
BIMB SECURITIES SDN BHD	32 nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No.: 03-2261 8888	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No.: 03-2288 1676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 7 Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-2168 1168	066-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

KUALA LUMPUR (CONT'D)

AFFIN HWANG INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No.: 03-7710 6688	068-009
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-2117 1888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F, Danau Business Centre Danau Desa 58100 Kuala Lumpur Tel No.: 03-7984 7796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9056 2922	054-007
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4297 8806	073-020
KENANGA INVESTMENT BANK BERHAD	1 st Floor West Wing Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-2178 1133	073-029

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

KUALA LUMPUR (CONT'D)

M & A SECURITIES SDN BHD	Level 1 - 3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No.: 03-2282 1820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No.: 03-7982 9890	057-004
MALACCA SECURITIES SDN BHD	55-1 Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No.: 03-6241 8595	012-009
MALACCA SECURITIES SDN BHD	No 76, Jalan Wangsa Maju Delima 6 Pusat Bandar Wangsa Maju (KLSC) Setapak 53300 Kuala Lumpur Tel No.: 03-4144 2565	012-012
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-2297 8888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No.2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel No.: 03-6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21 Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-2173 8888	026-001
PM SECURITIES SDN BHD	Ground Floor, Mezzanine & 1 st Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No.: 03-2146 3000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-2031 3011	051-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**KUALA LUMPUR (CONT'D)**

RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-9287 3888	087-001
RHB INVESTMENT BANK BERHAD	12 th , 20 th & 21 st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-2333 8333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima Kepong 52100 Kuala Lumpur Tel No.: 03-6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No.: 03-4280 4798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-6205 6000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-2147 1888	078-010

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**SELANGOR DARUL EHSAN**

AFFIN HWANG INVESTMENT BANK BERHAD	3 rd & 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	No. 79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03-3322 1999	068-023
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 8016	068-020
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7710 6613	086-001
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No.3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7724 6888	066-002
AFFIN HWANG INVESTMENT BANK BERHAD	16 th , 18 th - 20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-5513 3288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5635 6688	068-010

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**SELANGOR DARUL EHSAN (CONT'D)**

JF APEX SECURITIES BERHAD	6 th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 1118	079-001
JF APEX SECURITIES BERHAD	15 th & 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7620 1118	079-002
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No.: 03-5879 016	079-004
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	55C (2 nd Floor) Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor The Curve No.6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5621 2118	073-030
KENANGA INVESTMENT BANK BERHAD	35, (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3348 8080	073-035

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**SELANGOR DARUL EHSAN (CONT'D)**

MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-5636 1533	012-002
MALACCA SECURITIES SDN BHD	No. 58 & 60, 1 st Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7876 1533	012-003
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8 Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bently Music Level 1, No. 3, Jalan PJU 7/2 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7718 8888	098-004
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-8070 0773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30, Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7873 6366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-8736 3378	087-045
RHB INVESTMENT BANK BERHAD	First Floor 10 & 11, Jalan Maxwell 48000 Rawang Selangor Darul Ehsan Tel No.: 03-6092 8916	087-047

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

SELANGOR DARUL EHSAN (CONT'D)

RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-3343 9180	087-048
RHB INVESTMENT BANK BERHAD	Unit 1B & 2B, Jalan USJ I0/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8022 1888	087-059
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No.: 03-5192 0202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS I5/5A 47500, Subang Jaya Selangor Darul Ehsan Tel No.: 03-5631 7888	096-002
SJ SECURITIES SDN BHD	No. 74-2, Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No.: 03- 3322 1915	096-004
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-8025 1880	058-005
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, Wisma TA No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-7729 5713	058-007

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PERAK DARUL RIDZUAN

CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No.8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2088 688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530 888	066-003
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen 30400 Taiping Perak Darul Ridzuan Tel No.: 05-8066 688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2 nd & 3 rd Floor No.22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559 988	068-015
KENANGA INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 4 th Floor No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6939 828	073-031
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419 800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42, Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453 400	098-002

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PERAK DARUL RIDZUAN (CONT'D)

RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236 498	087-014
RHB INVESTMENT BANK BERHAD	Ground, 1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921 228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415 100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No.40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088 229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651 261	087-044
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan Satu Taman Wawasan Jaya 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170 888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	27-1, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216 010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30300 Ipoh Perak Darul Ridzuan Tel No : 05-2411 290	078-013

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PULAU PINANG

ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuah Pantai 10300 Pulau Pinang Tel No : 04-2611 688	076-015
AMINVESTMENT BANK BERHAD	3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261 818	086-001
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385 900	065-001
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636 996	068-001
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372 882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Canton Square Level 2 7 level 3 No.56 Cnatonment Road 10250 Pulau Pinang Tel No.: 04-2268 288	054-002
JF APEX SECURITIES SDN BHD	368-2-5 Jalan Burmah Belissa Row 10350 Pulau Tikus Tel No.: 04-2289 118	079-005
JUPITER SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Tel No.: 04-6412 881	055-003
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283 355	073-023

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PULAU PINANG (CONT'D)

M & A SECURITIES SDN BHD	332H-1 & 332G-2, Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No.: 04-2817 611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No.: 04-2617 611	057-008
MALACCA SECURITIES SDN BHD	No.39-1 Jalan Lenggong Vantage Point 11600 JelutongPulau Pinang Tel No.: 04-2821 533	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2 13700 Seberang Jaya Pulau Pinang Tel No.: 04-3905 669	012-006
MALACCA SECURITIES SDN BHD	No.17 1 st Floor Persiaran Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No.: 04-6421 533	012-007
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No.: 04-3322 123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuh Pantai 10300 Pulau Pinang Tel No.: 04-2639 118	093-004
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No.: 04-6400 822	093-006
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2273 000	064-004

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

PULAU PINANG (CONT'D)

RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No.: 04-3900 022	087-005
RHB INVESTMENT BANK BERHAD	Ground 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402 888	087-015
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor -3 rd Floor & 5 th – 8 th Floor Lebuh Bishop 10200 Pulau Pinang Tel No.: 04-2634 222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6, Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404 888	087-042
SJ SECURITIES SDN BHD	12 th Floor, Office Tower Hotel Royal Penang No 3, Jalan Larut 10050 Georgetown Pulau Pinang Tel No.: 04-2289 836	096-003
TA SECURITIES HOLDINGS BERHAD	3 rd Floor, Bangunan Heng Guan No.171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2272 339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541 388	078-003

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**PERLIS INDRA KAYANGAN**

RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793 888	087-060
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KEDAH DARUL AMAN

ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317 088	076-004
AFFIN HWANG INVESTMENT BANK BERHAD	No. 70A, B & C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256 666	068-011
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204 888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964 888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322 111	078-007

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**NEGERI SEMBILAN DARUL KHUSUS**

AFFIN HWANG INVESTMENT BANK BERHAD	1 st Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612 288	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553 188	068-013
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43 Jalan Dr. Krishnan 70000, Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7669 555	098-005
PM SECURITIES SDN BHD	Ground, 1 st -3 rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623 131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor, No. 32 & 33 Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641 641	087-024
RHB INVESTMENT BANK BERHAD	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421 000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461 234	087-046

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

MELAKA

CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No :06-2898 800	065-006
KENANGA INVESTMENT BANK BERHAD	71 (A&B) & 73 (A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881 720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No.: 06-3372 550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No.: 06-3371 533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921 898	093-003
PM SECURITIES SDN BHD	No.6-1 Jalan Legenda 2 Taman 1 Legenda 75400 Melaka Tel No.: 06-2866 008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2849 885	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	No. 59, 59A & 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2862 618	058-008

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

MELAKA (CONT'D)

UOB KAY HIAN SECURITIES (M) SDN BHD	7-2 JALAN PPMB Malim Business Park 75250 Melaka Tel No.: 06-3352 511	078-014
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JOHOR DARUL TAKZIM

ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717 922	076-006
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AMINVESTMENT BANK BERHAD	3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342 282	086-002
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AMINVESTMENT BANK BERHAD	18 th Floor, Selesa Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343 855	086-001
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AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222 692	068-004
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INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231 211	054-004
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KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3333 600	073-004
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KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333 500	073-009
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14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**JOHOR DARUL TAKZIM (CONT'D)**

KENANGA INVESTMENT BANK BERHAD	No. 33 & 35(A &B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782 292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4326 963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-2237 423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9531 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678 885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3381 233	057-003
M & A SECURITIES SDN BHD	26 Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel No.: 07-2366 288	057-006

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

JOHOR DARUL TAKZIM (CONT'D)

M & A SECURITIES SDN BHD	No 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3551 988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3351 533	012-005
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316 992	093-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008
RHB INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788 821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380 288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor, Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538 262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577 628	087-029

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

JOHOR DARUL TAKZIM (CONT'D)

RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321 543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No.: 07-7769 655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626 288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787 180	087-038
RHB INVESTMENT BANK BERHAD	No. 2, 1 st Floor Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256 881	087-039
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 21 & 23, Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522 293	087-043
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No.: 07-9435 278	058-009
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332 000	078-001

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

JOHOR DARUL TAKZIM (CONT'D)

UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6637 398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121 633	078-008

KELANTAN DARUL NAIM

RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor, No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432 288	058-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim Bandar Kota Bharu 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7473 906	078-015

PAHANG DARUL MAKMUR

ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1 st Floor B-400, Jalan Berserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660 800	076-002
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14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**PAHANG DARUL MAKMUR (CONT'D)**

CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No.: 09-5057 800	065-007
JUPITER SECURITIES SDN BHD	2 nd Floor, Lot No 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5171 698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No.: 011-2577 7489	012-008
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan 11 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173 811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234 943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914 913	087-041
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317 922	076-009

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**TERENGGANU DARUL IMAN (CONT'D)**

FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238 128	021-001
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583 109	087-027
RHB INVESTMENT BANK BERHAD	1 st Floor 59 Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261 816	087-055
UOB KAY HIAN SECURITIES (M) SDN BHD	No. 37-B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6224 766	078-016

SABAH

CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328 878	065-001
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311 688	068-008
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236 188	073-032
RHB INVESTMENT BANK BERHAD	2 nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-269 788	087-010

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

SABAH (CONT'D)

RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229 286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234 090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178 Ground Floor, Block 17 Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No.: 089-218 681	078-012

SARAWAK

AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 st Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244 791	086-001
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358 606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No.: 084-367 700	065-001
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No.: 082-341 999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330 008	068-016

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**SARAWAK (CONT'D)**

KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12, Ground & 1 st Floor Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No.: 084-313 855	073-012
KENANG INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No.: 086-337 588	073-018
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K.T.L.D Jalan Chan Chin Ann 93100 Kuching Sarawak Tel No.: 082-422 252	087-008
RHB INVESTMENT BANK BERHAD	2 nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No.: 084-329 100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I, Jalan Kampong Datu 96000 Sibul Sarawak Tel No.: 084-319 998	058-002

14. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

SARAWAK (CONT'D)

TA SECURITIES HOLDINGS BERHAD	2 nd Floor Bangunan Binamas, Lot 138, Section 54, Jalan Padungan 93100 Kuching Sarawak Tel No.: 082-236 333	058-006
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 1265, 1st Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-324 128	078-017
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & First Floor No. 16, Lorong Intan 6 96000 Sibu Sarawak Tel No.: 084-252 737	078-018

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