

**6. APPROVAL AND CONDITIONS (CONT'D)**

(ii) *The land office in Kelantan had via its letter dated 3 May 2005 approved the continued holding of the said land by SKMK notwithstanding the Restructuring Scheme of Park May.*

(c) to announce on a quarterly basis to Bursa Securities on the status of the application to the relevant authorities in respect of the conditions imposed on the landed properties as set out in item (b) above.

The said condition will be complied.

(d) to inform the SC on the status of the application as mentioned under item (c) above when the announcement is made to the Bursa Securities.

The said condition will be complied.

**(iii) Approval letter dated 20 December 2006**

Park May / Our Company is required to make a detailed disclosure on the following in our prospectus for the Public Offering :-

Disclosure Required	Status of Compliance
(i) Breakdown on the revenue and earnings of our Group that are derived from the provision of bus advertisement space and the bus operations respectively for the past financial years and in the financial estimate / forecast of our Group;	Complied with. The breakdown on the revenue and earnings of our Group that are derived from the provision of bus advertisement space and the bus operations respectively for the past financial years have been disclosed in Sections 9.2.1(ii) and 9.2.2(ii) of this Prospectus. The said breakdown for the consolidated profit forecast of our Group for the financial year ending 31 December 2007 has been disclosed in Section 9.7 of this Prospectus.
(ii) Impact of the rising fuel prices on the entire operations of our Group and the measures that have been / to be implemented in mitigating the risk of rising fuel prices; and	Complied with. The said information has been disclosed in Section 3.1(a) of this Prospectus.
(iii) Sensitivity analysis on the revenue and earnings of our Group in relation to the factors that may significantly affect the operations of our Group.	Complied with. The said sensitivity analysis has been disclosed in Section 9.9 of this Prospectus.

**6. APPROVAL AND CONDITIONS (CONT'D)**

**6.2 Moratorium On Shares**

In complying with paragraph 12.09 of the SC Guidelines which imposes a moratorium on 50% of the consideration securities to be received by the vendor of the assets to be injected for acquisitions resulting in a change in dominant shareholder / Board of Directors, KKMB has agreed to place a total of 85,055,615 Shares representing approximately 28.16% of our enlarged issued and paid-up share capital of 301,997,348 Shares (prior to full conversion of the ICSSL), under moratorium.

KKMB will not be allowed to sell, transfer or assign the Moratorium Shares within one (1) year from the date the Moratorium Shares are listed on the Bursa Securities. The Public Offering Shares are Shares not subjected to the said moratorium condition.

The abovementioned moratorium is also applicable to the shareholders / ultimate shareholders of KKMB. The said shareholders have provided relevant undertakings that they shall not sell, transfer or assign their shareholdings in the holding company / ultimate holding company of KKMB, in accordance with the period stipulated under paragraph 12.09 of the SC Guidelines.

The restriction, which has been fully accepted by KKMB, has been endorsed specifically on the share certificates representing its shareholding in our Company which are under moratorium, to ensure that our Share Registrar does not register any transfer of the Moratorium Shares.

The endorsement which has been affixed on the share certificates is as follows:-

*"The shares comprised herein are not capable of being sold, transferred or assigned for a period as determined by the Securities Commission ("**Moratorium Period**"). The shares comprised herein will not constitute good delivery pursuant to the Rules of the Exchange during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."*

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**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST****7.1 Existing And Proposed Related-Party Transactions And Conflict Of Interest**

Save as disclosed below and on the assumption that our Group has been in place throughout the periods under review, there are no other existing and/or proposed related-party transactions between our Group and its Directors, major shareholders and/or key management and/or person connected with them as defined under Section 122A of the Act :-

**(i) Recurrent Related Party Transactions**

Name of company	Relationship	Transaction Value			Forecasted For Financial Year Ending 2007 * (RM'000)	Nature of Transaction
		2004 (RM'000)	2005 (RM'000)	2006 (RM'000)		
<b>(a) Transaction provided to our Group</b>						
Badan Bas Sdn Bhd	A subsidiary of NHSB	2,571	6,342	6,753	4,900	Provision of repair and maintenance services for buses
Carefree Premium	A wholly-owned subsidiary of NHSB	-	8,350	8,550	80,300	Supply of bus chassis
KKMB	Our holding company	-	-	900	2,880	Rental of buses
KKMB	Our holding company	-	-	-	180	Rental of office space
NHSB	Holding company of KKMB	-	-	-	4,000	Provision of management services and ticketing machines for buses
Kenderaan Mekar Murni Sdn Bhd	A wholly-owned subsidiary of NHSB	783	-	-	-	Rental of bus depots / workshops
Rangkaian Segar Sdn Bhd	A related company of UEM, which in turn is a substantial shareholder of Park May	-	-	1,377	1,500	Provision of Touch & Go card
MHSB Trading	A wholly-owned subsidiary of NHSB	3,261	13,263	9,995	9,395	Provision of spare parts, repair and maintenance services for buses
MHSB Properties Sdn Bhd	A wholly-owned subsidiary of NHSB	217	217	217	217	Rental of bus workshops
Nadi Insurance Services Sdn Bhd	A wholly-owned subsidiary of KKMB	1,290	1,520	1,482	2,119	Provision of insurance services

## 7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)

Name of company	Relationship	Transaction Value			Forecasted For Financial Year Ending 2007 * (RM'000)	Nature of Transaction
		2004 (RM'000)	2005 (RM'000)	2006 (RM'000)		
<b>(a) Transaction provided to our Group (cont'd)</b>						
Perkhidmatan Teguh Sdn Bhd	A wholly-owned subsidiary of NHSB	340	547	331	679	Provision of security guard services
Puspamara Sdn Bhd	A wholly-owned subsidiary of NHSB	141	28	-	491	Supply of uniforms
Transnasional (S) Pte Ltd	An associated company KKMB	820	-	-	-	Provision of ticketing services
Usmeta Manufacturing Sdn Bhd	A wholly-owned subsidiary of NHSB	7,522	8,498	7,589	8,087	Provision of new tyres and tubes, and retreading of used tyres for buses
Western Gallant	A subsidiary of Badan Bas Sdn Bhd which in turn is a subsidiary of NHSB	4,110	12,025	17,406	40,000	Coach / bus building
MHSB Development Sdn Bhd	A wholly-owned subsidiary of NHSB	147	149	147	171	Rental of bus workshops
Limora Travel Services Sdn Bhd	A wholly-owned subsidiary of NHSB	68	216	216	216	Rental of buses
<b>Total</b>		<b>21,270</b>	<b>51,155</b>	<b>54,963</b>	<b>155,135</b>	

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## 7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)

Name of company	Relationship	Transaction Value			Forecasted For Financial Year Ending 2007 * (RM'000)	Nature of Transaction
		2004 (RM'000)	2005 (RM'000)	2006 (RM'000)		
<b>(b) Transaction provided by our Group</b>						
Kenderaan Mekar Murni Sdn Bhd	A wholly-owned subsidiary of KKMB	3,039	-	-	-	Provision of public bus transport management services
Kenderaan Mekar Murni Sdn Bhd	A wholly-owned subsidiary of KKMB	875	-	-	-	Rental of bus depots / workshops from our Group
PT Nadi	A subsidiary of NHSB / Proposed 70%-owned subsidiary of our Company	-	-	-	291	Provision of consultancy services
<b>Total</b>		<b>3,914</b>	<b>-</b>	<b>-</b>	<b>291</b>	

\* The actual value of the transactions may vary from the estimated values and will be disclosed in our Annual Report

In compliance with the Listing Requirement, the recurrent related party transactions of Park May were approved by the shareholders of Park May at the relevant general meetings of shareholders during the periods under review.

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**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)**

**(ii) Non-Recurrent Related Party Transactions**

Name of company	Relationship	Transaction Value			Forecasted For Financial Year Ending 2007 * (RM'000)	Nature of Transaction
		2004 (RM'000)	2005 (RM'000)	2006 (RM'000)		
MHSB Development Sdn Bhd	A wholly-owned subsidiary of NHSB	-	-	-	213	Acquisition of two (2) properties from Keramat
NHSB	Holding company of KKMB	-	-	-	245	Acquisition of 70% equity interest in PT Nadi
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>458</b>	

\* The actual value of the transactions may vary from the estimated values and will be disclosed in our Annual Report

Please refer to Sections 7.3 and 7.5 of this Prospectus for other non-recurrent related party transactions during the periods under review.

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**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)**

Our Directors are in the opinion that these transactions have been entered into at arm's length and on normal commercial terms which are based on terms not more favourable to the related party than those generally available to the public.

Our Audit Committee has the overall responsibility for determining the review of the guidelines and procedures of our internal control systems and satisfy itself that the established guidelines and procedures are sufficient to ensure that such transactions are carried out at an arm's length basis and on normal commercial terms consistent with our usual business practices and policies, which are no more favourable to the related parties than those extended to third parties or those generally available to the public and are not to the detriment of the minority shareholders. Our Audit Committee also has the authority to delegate such responsibility to individuals within our Company as they deem appropriate.

If our Audit Committee is of the view that such guidelines and procedures are insufficient, it will take such action as it deems appropriate and/or introduce additional procedures necessary to ensure that future transactions of a similar nature do meet such objectives.

**7.2 Transactions That Are Unusual In Their Nature Or Conditions**

Our Directors have confirmed that there are no transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party in the past three (3) financial years ended 31 December 2006 and up to 30 March 2007.

**7.3 Outstanding Loans Made To Or For The Benefit Of Related Parties**

Our Directors have confirmed that there are no outstanding loans, including guarantees of any kind, made by our Group or any of our parent or subsidiaries to or for the benefit of our related parties in the past three (3) financial years ended 31 December 2006 and up to 30 March 2007, save for a corporate guarantee granted by KTB and a stand-by letter of credit obtained by Transnasional to secure a USD4.4 million loan facility obtained by PT Nadi for purposes of undertaking the bus supply contract in relation to the TransJakarta Busway project. However, PT Nadi will become our 70%-owned subsidiary upon completion of the proposed acquisition by our Company of 70% equity interest in PT Nadi which is expected to be completed prior to the Listing Date.

**7.4 Interests In Similar Businesses**

Our Directors have confirmed that none of our Directors and substantial shareholders have any interest, direct and/or indirect, in any companies and businesses carrying on a similar trade as our Group which give rise or may give rise to any conflict of interest as at 30 March 2007.

**7.5 Promotions Of Material Assets**

Save as disclosed in Section 7.1 of this Prospectus, the material contracts as disclosed in Section 13.4(a) and 13.4(b) of this Prospectus, the material arrangement as disclosed in Section 13.5 of this Prospectus and as disclosed below, none of our Directors and substantial shareholders have any interest, direct and/or indirect, in the promotion of or in any material assets acquired or disposed of by or leased to our Group, or are proposed to be acquired or disposed of by or leased to our Group in the past three (3) financial years ended 31 December 2006 and up to 30 March 2007 :-

**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)**

(i) Landvest Sdn Bhd ("**Landvest**"), a wholly-owned subsidiary of Park May, and MHSB Development Sdn Bhd ("**MHSB**"), a wholly-owned subsidiary of NHSB, had on 6 December 2004 entered into a conditional sale and purchase agreement for the disposal of the following properties by Landvest to MHSB for a total cash consideration of RM14,540,000 ("**Disposal Of Properties**") :-

(a) a piece of leasehold land measuring approximately 10,626 square metres held under PN28800 Lot 37246, Mukim of Petaling, District of Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur together with the buildings and structure erected thereon ("**KL Property**"); and

(b) a piece of freehold land measuring approximately 22,182 square metres held under GM 6123 Lot 821, Mukim of Kapar, District of Klang, State of Selangor Darul Ehsan together with the buildings and structure erected thereon ("**Klang Property**").

The sale price for the KL Property of RM10,000,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the open market value ("**OMV**") of the KL Property of RM9,400,000 as ascribed by the independent valuers, Messrs. Rahim & Co ("**Independent Valuers**") on 30 August 2004 using the Comparison Method of Valuation. The sale price for the KL Property represents a premium of RM600,000 or approximately 6.4% over the OMV of the KL Property.

The sale price for the Klang Property of RM4,540,000 was arrived at on a willing-buyer willing-seller basis after taking into consideration the OMV of the Klang Property of RM4,540,000 as ascribed by the Independent Valuers on 30 August 2004 using the Comparison Method of Valuation.

The Disposal Of Properties was completed on 1 December 2005.

(ii) UTC and Langkasuka had on 10 November 2003 entered into a sale and purchase agreement cum deed of assignment for the acquisition by Langkasuka from UTC of the lease granted by Kedah State Development Corporation ("**KSDC**") in favour of UTC pursuant to the lease agreement dated 20 January 1995 over all the pieces of industrial land measuring approximately 6.312 acres forming part of HS(D) 2105/92 PT No. 18963, HS(D) 2106/92 PT No. 18961, HS(D) 2109/92 PT No. 18962, all in the Mukim of Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman together with a one and half storey detached workshop cum office building erected thereon for RM2,492,000.

Langkasuka has to-date made partial payments amounting to RM1,249,200 to UTC. The completion of the transaction is pending full payment of the purchase price by Langkasuka to UTC and the lease is pending registration.

(iii) On 10 March 2004 both Langkasuka and UTC entered into a sale and purchase of buses agreement dated 10 March 2004 ("**Buses SPA**") for the acquisition of the 103 buses by Langkasuka from UTC for purchase consideration of RM13,978,013.50. The Buses SPA is currently pending completion.

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**7. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST (CONT'D)**

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**7.6 DECLARATION BY ADVISERS**

AmInvestment Bank hereby confirms that there is no conflict of interest in respect of their capacity as Adviser for the Restructuring Scheme of Park May, Managing Underwriter, Underwriter and Placement Agent for the Public Offering.

Messrs Zul Rafique & Partners have confirmed that there is no conflict of interest in them acting as our Solicitors for the Restructuring Scheme of Park May.

Messrs Ernst & Young have confirmed that there is no conflict of interest in them acting as the Reporting Accountants for the consolidated profit forecast of our Group for the financial year ending 31 December 2007, the proforma consolidated financial information of our Group as at 31 December 2006 and the Accountants' Report as referred to in Sections 9.6, 9.12 and 10 respectively of this Prospectus.

Messrs Frost & Sullivan have confirmed that there is no conflict of interest in them acting as the Independent Market Researcher.

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**8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP****8.1 Land And Buildings**

A summary of our land and buildings is set out below :-

No.	Postal Address	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
1.	No. 83D, 2nd Floor, Hock Lee Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	KNKL	>30	Freehold strata	Flat used as staff quarters	48 (built-up area)	None	Nil	No. See Note (i) below
2.	No. 85D, 2nd Floor, Hock Lee Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	Syarikat Ekspres Kuala Terengganu- KL Sdn Bhd	>30	Freehold strata	Flat used as staff quarters	48 (built-up area)	None	2.7	No. See Note (i) below
3.	Lot 1512, Selangor Mansion, 5th Floor, Jalan Masjid India, Kuala Lumpur	KNKL	>30	Freehold strata	Flat rented out to third party	48 (built-up area)	None	Nil	No. See Note (i) below
4.	Lot 3988-3989, Oakland Industrial Park, Seremban, Negeri Sembilan	Jelebu	11	Freehold	Office building with depot	7,151 (land area) 1,186 (built-up area)	None	1,375.2	CF dated 13.10.1995
5.	Lot 104 – 108, 407 – 408, Jalan Kg Gajah, 12200 Butterworth, Pulau Pinang	CPW	11	Freehold	Office building, bus depot and workshop	5,547 (land area) 1,695 (built-up area)	None	1,665.4	No. See Notes (i) and (ii) below
6.	Lot No. 462 & 1004, No. 3967, Jalan Bagan Luar, Butterworth, Pulau Pinang	CPW	11	Freehold	Office and bus depot	2,452 (land area) 1,032 (built-up area)	None	2,795.2	No. See Notes (i) and (ii) below
7.	Lot No. 2729 & 2730 No. 354, Jalan Ria, 34200 Parit Buntar, Perak	SLE	14	Freehold	Bus workshop cum depot	323 (land area) 330 (built-up area)	None	97.3	No. See Notes (i) and (ii) below

## 8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
8.	Lot 9613, Jalan Tronoh, Kg Pancho Bota Kanan, Perak ^	PSP	12	Freehold	Bus workshop cum depot	11,509 (land area) 305 (built-up area)	None	60.0	CF dated 15.07.1985
9.	G73, Pine Resort Condominium, 49000 Bukit Fraser, Perak	Park May	14	99-year leasehold expiring on 23.05.2082	Holiday apartment	129 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the State Authority.	245.3	No. See Note (i) below
10.	Lot No. PT 6301, Lot 34, Semambu Industrial Estate, 25350 Kuantan, Pahang	Leng Huat	14	66-year leasehold expiring on 24.08.2041	Office building with depot	8,094 (land area) 1,755 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the Menteri Besar of Pahang.	475.4	No. See Notes (i) and (ii) below
11.	Lot 1802, No. 46, Ruby Garden, 27000 Jerantut, Pahang	Leng Huat	10	Freehold	A single-storey terrace house	207 (land area) 102 (built-up area)	None	Nil	No. See Note (i) below
12.	Lot No. 77675, Taman Nusa Perintis, 1 HS(D) 258267 Bandar Nusajaya, Mukim of Pulau, Johor Bahru, Johor	Tulus Hebat	7	Freehold	3-storey shop office	1,540 (land area) 429 (built-up area)	Land cannot be sold or transferred to non-citizen or foreign company without the prior consent from the State Authority.	455.3	CF dated 23.03.2001

## 8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in Interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
13.	Lot No. 77676 Taman Nusa Perintis 1, HS(D) 258267 Bandar Nusajaya, Mukim of Pulai, Johor Bahru, Johor *	Plusliner	7	Freehold	3-storey shop office	1,540 (land area) 429 (built-up area)	Land cannot be sold or transferred to non-citizen or foreign company without the prior consent from the State Authority.	594.9	CF dated 23.03.2001
14.	No. 8, Jalan Gangsa, Kawasan Perindustrian, 42700 Banting, Selangor	Klang Banting	18	60-year leasehold expiring on 31.10.2049	Bus workshop	5,770 (land area) 800 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the State Authority.	641.1	No. Refer to Section 6.1(ii)(b)(A1) of this Prospectus
15.	Lot 138, Jalan Bunga Pekan, 42700 Banting, Selangor	Klang Banting	18	60-year leasehold expiring on 31.10.2049	Bus station, office	4,532 (land area) 862 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the State Authority.	384.1	CF dated 24.01.1991
16.	No.1-238, Tingkat 1 & 2, Jalan Sungai Bertek, 41100 Klang, Selangor	Klang Banting	3	Freehold	3-storey shop office	158 (built-up area)	None	453.2	CF dated 22.09.2002
17.	No. 1 - 6, Bangunan Tg Keramat, Batu 1, Jalan Mentakab, 28000 Temerloh, Pahang	Keramat	26	66-year leasehold expiring on 11.03.2043	2-storey shop house / office (6 units)	2,555 (land area) 919 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the Pengarah Tanah dan Galian Pahang.	373.4	CF dated 31.01.1980. Refer also to Section 6.1(ii)(b)(B3) of this Prospectus
18.	No. 14, Jalan Semantan 4, Lurah Semantan, 28000 Temerloh, Pahang	Keramat	14	99-year leasehold expiring on 30.01.2090	3-storey shop office	133 (land area) 114 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the State Authority.	151.3	No. See Notes (i) and (ii) below

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8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
19.	Lot 3, Kawasan Perindustrian, Songsang, Jalan Jerantut, 28000 Temerloh, Pahang	Keramat	29	66-year leasehold expiring on 27.04.2043	Bus depot	4,047 (land area) 685 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the Menteri Besar of Pahang.	56.7	No. Refer to Section 6.1(ii)(b)(B4) of this Prospectus
20.	No. A-1 (Lot 1K), Simpang, Songsang, 28000 Temerloh, Pahang	Keramat	17	99-year leasehold expiring on 20.10.2084	2-storey shop	267 (land area) 178 (built-up area)	Land cannot be transferred, leased or charged unless with written consent from the Menteri Besar of Pahang.	80.0	No. Refer to Section 6.1(ii)(b)(B5) of this Prospectus
21.	PT 83, Jalan Dato Sedia Raja, 71300 Rembau, Negeri Sembilan	Rembau Tampin	20	99-year leasehold expiring on 19.01.2081	Bus depot	3,440 (land area) 616 (built-up area)	None	1,380.6	CF dated 28.02.1989
22.	Unit No. 139, Lot 33, Ground Floor, Kompleks Alor Setar, Jalan Kancut, 05100 Alor Setar, Kedah	Langkasuka	2	99-year leasehold expiring on 26.08.2083	Shop unit	98 (built-up area)	None	160.2	CF dated 25.06.1989
23.	Unit No. 143-C, Lot 37, Tingkat Bawah, Kompleks Alor Setar, Jalan Kancut, 05100 Alor Setar, Kedah	Langkasuka	2.4	99-year leasehold expiring on 26.08.2083	Shop unit	65 (built-up area)	None	136.7	CF dated 25.06.1989
24.	No. 18, Jalan Gagah, Kawasan Perindustrian LarKin, 80350 Ulu Tiram, Johor	Transnasional	1	60-year leasehold expiring on 8.09. 2032	Bus depot	6,273 (land area) 1,754 (built-up area)	None	1,651.0	CF dated 23.10.1974. Refer to Section 6.1(ii)(b)(D7) of this Prospectus

## 8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
25.	Jalan Raja Perempuan Zainab II, 16150 Kota Bharu, Kelantan	SKMK	2	Freehold	Office and bus depot	38,178 (land area) 5,708 (built-up area)	None	1,248.7	No. Refer to Section 6.1(ii)(b) (E10) of this Prospectus
26.	Lot 49, Jalan Pasir Puteh, 15200 Kota Bharu, Kelantan	SKMK	2	Freehold	Bus station and workshop	5,192 (land area) 612 (built-up area)	None	661.0	No. Refer to Section 6.1(ii)(b) (E11) of this Prospectus
27.	Lot 43, Jalan Pasir Puteh, 15200 Kota Bharu, Kelantan	SKMK	11	Freehold	Vacant	3,068 (land area)	None	839.0	No. Refer to Section 6.1(ii)(b) (E19) of this Prospectus
28.	No.2832-A, Jalan Pendek, 15000 Kota Bharu, Kelantan	SKMK	20	99-year leasehold expiring on 31.10.2050	Bus station	1,248 (land area) 618 (built-up area)	Land cannot be transferred or charged unless with the written consent from the State Authority.	1,335.2	No. Refer to Section 6.1(ii)(b)(E8) of this Prospectus
29.	Lot 177, Stesyen Bas S.K.M.K, 16200 Tumpat, Kelantan	SKMK	21	99-year leasehold expiring on 1.02.2071	Bus station	1,770 (land area) 574 (built-up area)	None	164.8	No. Refer to Section 6.1(ii)(b) (E12) of this Prospectus
30.	159A, Jalan Limbongan, 16800 Pasir Puteh, Kelantan	SKMK	12	Freehold	Vacant	457 (land area)	None	1.5	No. Refer to Section 6.1(ii)(b) (E13) of this Prospectus

## 8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
31.	276C, Jalan Kota Bharu, 16800 Pasir Puteh, Kelantan	SKMK	39	Freehold	Bus depot	4,365 (land area) 269 (built-up area)	None	288.0	No. Refer to Section 6.1(ii)(b) (E14) of this Prospectus
32.	Bukit Akar, Jalan Sekolah Kebangsaan Danau, 16800 Pasir Puteh, Kelantan	SKMK	53	Freehold	Vacant	423,706 (land area)	None	3,443.2	No. Refer to Section 6.1(ii)(b) (E20) of this Prospectus
33.	9, Kawasan Perusahaan, Batu 4, Tanah Merah, Kelantan	PKINK (Refer to Section 3(v) of this Prospectus)	20	66-year leasehold expiring on 6.11.2047	Bus depot	36,433 (land area) 486 (built-up area)	Note (iii)	601.9	No. Refer to Section 6.1(ii)(b) (E15) of this Prospectus
34.	6, Stesen Bas Tanah Merah, Kelantan	SKMK	17	Freehold	Bus station	1,886 (land area) 560 (built-up area)	Note (iv)	398.1	No. Refer to Section 6.1(ii)(b) (E16) of this Prospectus
35.	Stesyen Bas SKMK Machang, 18500 Machang, Kelantan	SKMK	23	99-year leasehold expiring 14.05.2059	Bus station	1,485 (land area) 748 (built-up area)	Land cannot be transferred or charged unless with the written consent from the State Authority.	206.8	No. Refer to Section 6.1(ii)(b) (E17) of this Prospectus

## 8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)

No.	Postal Address/Title Identification	Registered Owner	Approximate Age Of Building (Year)	Tenure / Date Of Expiry Of Lease	Description / Existing Use	Estimated Land Area / Built-Up Area (Approx sq. metres)	Restriction in interest / Encumbrances	Audited NBV As At 31.12.06 (RM'000)	Possession of CF
36.	Lot 3, Jalan Pasir Puteh, Bandar Machang, Kelantan	SKMK	20	99-year leasehold expiring on 13.11.2080	Bus station	2,736 (land area) 148 (built-up area)	Note (v)	128.9	No. Refer to Section 6.1(ii)(b) (E18) of this Prospectus
37.	2394, Jalan Ah Sang, 18000 Kuala Krai, Kelantan	SKMK	18	33-year leasehold expiring on 27.07.2017	Bus station and depot	3,011 (land area) 421 (built-up area)	None	131.3	No. Refer to Section 6.1(ii)(E9) of this Prospectus

## Notes :-

- ^ PSP is awaiting approval from the State Authority to change the category of use and express condition of the property from agriculture to industrial.
- \* Based on the recent land search conducted by the company the property is still registered under the name of the developer although the said property was acquired sometime ago. The company has clarified the matter with the relevant parties and will resubmit the memorandum of transfer to the land office prior to the Listing Date.
- (i) We are currently unable to locate the CF for buildings erected on these properties. However, the respective company has written to the relevant local authorities to request for a copy of the CF and/or ascertain whether a CF had been issued earlier.
- (ii) In the event that CF is not available for these properties, the respective companies will undertake to engage appropriate consultants in order to certify the fitness for occupation as well as to resubmit applications to the relevant authorities for CF and to obtain the CF within six (6) months after the Listing Date.
- (iii) (a) Land cannot be transferred, leased, charged or used for any dealings without the prior written consent from the State Authority.  
(b) Land is not entitled to be sub-divided, partition or amalgamated without the prior written consent from the State Authority.  
(c) Land may be charged for borrowing to the bank or financial institution stated in Schedule D of the Kelantan Malay Reservations Enactment 1930 and Schedule 26A of the Kelantan Land Enactment 1938.
- (iv) (a) Land cannot be transferred, leased or charged unless with written consent from the State Authority.  
(b) Land may be charged for borrowing to the bank or financial institution stated in Schedule D of the Kelantan Malay Reservations Enactment 1930 and Schedule 26A of the Kelantan Land Enactment 1938.



**8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)**

- (v) Land cannot be transferred, leased or charged unless with written consent from the State Authority.
- (b) Land may be charged for borrowing to the bank or financial institution stated in the Schedule D of the Kelantan Malay Reservations Enactment 1930 and Schedule 26A of the Kelantan Land Enactment 1938.

There was no revaluation undertaken on our properties in conjunction with the Public Offering and no revaluation surplus or deficit has been recognised in our books. Our properties are stated at NBV.

Save as otherwise disclosed above and to the best of our knowledge and belief, there is no breach of any law, rules and building regulations in relation to the use of all land and buildings.

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**8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)**

A summary of our land and buildings leased/tenanted by our Group which is material to our Group's operations is set out below :-

No.	Postal Address	Registered Owner	Tenant	Tenure / Date Of Expiry Of Tenant	Rental (RM'000)	Description / Existing Use	Breaches of land use conditions / permissible land use	Possession of CF
1.	Lot Pt. 18961-18963, Kawasan Perindustrian, Taman Ria Jaya, 08000 Sg. Petani, Kedah ^	UTC	Langkasuka	Lease of 60 years (expiring 2055)	549.9 (for entire lease period)	Workshop cum Office building	None	No. Refer to Section 6.1(ii)(b)(C6) of this Prospectus
2.	BT21-24, Komplek Pengangkutan Awam Larkin, Jalan Garuda, 80350 Johor Bahru, Johor	Larkin Sentral Management Sdn Bhd	Transnasional	2 years (expiring on 30 June 2008)	4.7 per month	Bas terminal and ticketing counter	*	Yes
3.	Mezzanine Floor, KTMB Railway Station Bldg, Jalan Sultan Hishamuddin 50050 Kuala Lumpur	Perbadanan Aset Keretapi	Park May	Monthly tenancy	11.9 per month	Office, bus terminal and ticketing counter	*	*
4.	214 Dunearn Road, #01-06 Copthorne Orchid Hotel, Singapore 299526	Copthorne Orchid Hotel Singapore Pte Ltd	Park May	1 year (expiring on 30 November 2007)	S\$7.3 per month	Office and ticketing counter	*	*
5.	No.15,16 and 17 Bangunan Hentian Puduraya Jalan Pudu, 55100 Kuala Lumpur	UDA Holdings Berhad	Transnasional	Monthly tenancy	58.5 per month	Bas terminal and ticketing counter	*	Yes
6.	No.10 and 11, Melaka Sentral, Jalan Tun Abdul Razak 75300 Peringgit, Melaka	Tabung Amanah Negeri Melaka	Transnasional	Monthly tenancy	6.0 per month	Bas terminal and ticketing counter	None	Yes
7.	No. 1 and 15 Aras 1, Kompleks Terminal Makmur, Jalan Stadium 25200 Kuantan, Pahang	Majlis Perbandaran Kuantan	Transnasional/ Park May	2 years (expiring on 31 December 2008)	16.1 per month	Bas terminal and ticketing counter	*	Yes

**8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)**

<sup>^</sup> Langkasuka has yet to register the lease under their name.

\* Our management is of the view that the said leased/tenanted buildings are established buildings with operating history where we are only occupying certain units / sections / parts of the respective buildings. Our management confirms that to the best of their knowledge and belief, there are no breaches of land use conditions/permissible land use and no material non-compliance with the current statutory requirements, land rules or building regulations in respect of the offices, bus terminals and/or ticketing counters that we are currently leasing / tenanted in these buildings.

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**8. OTHER INFORMATION CONCERNING OUR COMPANY / GROUP (CONT'D)****8.2 Material Plant And Equipment**

Our large fleet of buses as disclosed in Section 4.4 of this Prospectus is regarded as our major plant and equipment for our public bus transportation division.

<b>Name of company</b>	<b>Total no. of Buses</b>	<b>Audited NBV As At 31.12.06</b> (RM'000)
Langkasuka	107	3,878
Klang Banting	154	19,288
Labu Sendayan	58	12,854
Starise	22	3,077
Rembau Tampin	40	8,181
Transnasional	275	84,991
SKMK	319	33,069
Keramat	52	4,117
Park May Group	300	16,537
	<b>1,327</b>	<b>185,992</b>

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## 9. FINANCIAL INFORMATION

### 9.1 Historical Financial Information

The summary of the proforma consolidated income statements of our Group for the past three (3) financial years ended 31 December 2006 as set out in the table below has been prepared for illustrative purposes only on the assumption that our Group had been in place throughout the periods under review.

Financial year ended 31 December	2004	2005	2006
	(RM'000)	(RM'000)	(RM'000)
<b>Revenue</b>	<b>268,717</b>	<b>267,528</b>	<b>269,845</b>
<i>KTB Group (excluding the Park May Group)</i>	<i>211,905</i>	<i>229,524</i>	<i>228,571</i>
<i>Park May Group</i>	<i>56,812</i>	<i>38,004</i>	<i>41,274</i>
<b>Gross Profit</b>	<b>58,725</b>	<b>47,011</b>	<b>45,403</b>
<b>EBITDA</b>	<b>73,178</b>	<b>43,973</b>	<b>48,748</b>
<b>Profit from operations</b>	<b>10,401</b>	<b>11,801</b>	<b>17,510</b>
Finance costs	(12,067)	(10,638)	(12,005)
Impairment loss	566	-	(689)
Gain on disposal of associates	24,286	-	105
Exceptional items	-	-	-
Share of profit / (loss) in associate	-	-	-
<b>Profit / (Loss) before taxation</b>	<b>23,186</b>	<b>1,163</b>	<b>4,921</b>
<i>KTB Group (excluding the Park May Group)</i>	<i>7,052</i>	<i>4,241</i>	<i>10,728</i>
<i>Park May Group</i>	<i>16,134</i>	<i>(3,078)</i>	<i>(5,807)</i>
Taxation	(3,627)	(1,795)	3,675
<b>Profit / (Loss) after taxation</b>	<b>19,559</b>	<b>(632)</b>	<b>8,596</b>
Extraordinary items	-	-	-
MI	95	27	(13)
<b>Net profit / (loss) attributable to the shareholders</b>	<b>19,654</b>	<b>(605)</b>	<b>8,583</b>
<i>KTB Group (excluding the Park May Group)</i>	<i>3,656</i>	<i>2,537</i>	<i>14,082</i>
<i>Park May Group</i>	<i>15,998</i>	<i>(3,142)</i>	<i>(5,499)</i>
<b>Gross profit margin (%) *</b>	<b>21.9</b>	<b>17.6</b>	<b>16.8</b>
<b>Net profit / (loss) margin (%) ^</b>	<b>7.3</b>	<b>(0.2)</b>	<b>3.2</b>
<b>No. of Shares in issue ('000)</b>			
- Before full conversion of the ICCLS	301,997	301,997	301,997
- After full conversion of the ICCLS	402,797	402,797	402,797
<b>EPS (before full conversion of the ICCLS)</b>			
Gross (Sen)	19.45	15.57	15.03
Net (Sen)	6.51	(0.20)	2.84
<b>EPS (after full conversion of the ICCLS)</b>			
Gross (Sen)	14.58	11.67	11.27
Net (Sen)	4.88	(0.15)	2.13

\* calculated based on gross profit over revenue

^ calculated based on PAT over revenue

The audited consolidated financial statements of our Group for the periods under review were not subject to any audit qualification.

## 9. FINANCIAL INFORMATION (CONT'D)

### 9.2 Analysis Of Historical Financial Information

#### 9.2.1 Segmental Analysis Of Revenue

##### (i) By Subsidiaries

	←----- Financial year ended 31 December -----→		
	2004	2005	2006
	(RM'000)	(RM'000)	(RM'000)
Langkasuka	22,356	22,389	19,366
Klang Banting	30,222	33,135	28,341
Labu Sendayan	11,810	12,932	13,823
Starise	6,659	6,839	4,900
Rembau Tampin	9,423	9,795	11,180
Transnasional	85,164	85,983	84,555
SKMK Group	42,663	57,214	62,973
Keramat	6,144	7,109	7,335
Park May Group	59,274	39,274	42,563
	273,715	274,670	275,036
Consolidated adjustments	(4,998)	(7,142)	(5,191)
Proforma consolidated revenue	268,717	267,528	269,845

##### (ii) By Operations

	←----- Financial year ended 31 December -----→		
	2004	2005	2006
	(RM'000)	(RM'000)	(RM'000)
Bus operations	266,993	258,506	263,706
Bus advertisement	499	13,503	10,755
Others	6,223	2,661	575
	273,715	274,670	275,036
Consolidated adjustments	(4,998)	(7,142)	(5,191)
Proforma consolidated revenue	268,717	267,528	269,845

#### 9.2.2 Segmental Analysis Of Profit From Operations

##### (i) By Subsidiaries

	←-- Financial year ended 31 December ---→		
	2004	2005	2006
	(RM'000)	(RM'000)	(RM'000)
KTB	(863)	(39)	(10)
Langkasuka	611	74	496
Klang Banting	2,378	(234)	60
Labu Sendayan	2,190	1,230	2,314
Starise	761	741	753
Rembau Tampin	949	180	780
Transnasional	5,075	6,959	9,993
SKMK Group	2,473	3,129	2,546
Keramat	606	496	526
Park May Group	(3,779)	616	(1,310)
	10,401	13,152	16,148
Consolidated adjustments	-	(1,351)	1,362
Proforma consolidated profit from operations	10,401	11,801	17,510

**9. FINANCIAL INFORMATION (CONT'D)****(ii) By Operations**

	←-----Financial year ended 31 December-----→		
	2004	2005	2006
	(RM'000)	(RM'000)	(RM'000)
Bus operations	9,044	(2,107)	5,185
Bus advertisement	499	13,503	10,755
Others	858	1,756	208
	10,401	13,152	16,148
Consolidated adjustments	-	(1,351)	1,362
Proforma consolidated profit from operations	10,401	11,801	17,510

The segmental analysis of revenue and profit from operations by market / geographical areas are not applicable to us since our operations and businesses were principally in public bus transportation in Peninsular Malaysia throughout the periods under review.

**9.2.3 Overview Of Historical Financial Information**

During the financial years under review, revenue of our Group remained relatively stable in the range between RM260 million to RM270 million in line with the industry nature of our business, with KTB Group (excluding the Park May Group) ("**Existing KTB Group**") contributed approximately 80% of our Group's total revenue.

The notable increase in revenue of the Existing KTB Group in 2005 as compared to 2004 was mainly due to higher income from the provision of bus advertisement services as a result of securing a major contract for bus advertisement services. Despite the said increase in revenue, the total revenue of our Group for 2005 is marginally lower than the previous year as the said increase in revenue was mitigated by lower revenue recorded by the Park May Group during the financial year under review.

As set out in Section 3(i)(a) of this Prospectus, our Group had been adversely affected by the increase in diesel prices since 2004 due to unforeseen worldwide escalation of oil prices, which has also significantly increased the operating costs of our business, especially fuel and diesel costs, as well as reduced the gross profit margin and profitability of our Group during the financial years under review.

Despite challenging operating environment, the Existing KTB Group has been able to remain profitable during the financial periods under review through continuous improvement in operational efficiency, cost rationalisation measures as well as diversification of income source such as bus advertisement income. The significantly higher profit recorded in 2006 by the Existing KTB Group was mainly due to better profit margin as a result of higher cost efficiency, higher other incomes and reversal of deferred tax liability.

The Park May Group has been suffering losses in recent years. However, since KKMB became a substantial shareholder of Park May in 2003, the management has embarked on a series of internal restructurings and asset rationalisation programmes that had assisted the Park May Group to reduce its losses significantly. The profit recorded by the Park May Group in 2004 was mainly arising from the gain on asset disposals.

**9. FINANCIAL INFORMATION (CONT'D)****9.2.4 Impact of Foreign Exchange / Interest Rates / Commodity Prices on Operating Profits**

As disclosed in Section 3.1(i)(a) of this Prospectus, rising diesel cost remains a major risk to the operations of our Group. Due to our large fleet size as well as the volume of diesel consumed in the operations, any movement in diesel price will have a significant impact on the operating costs of our Group. In fact, our Group had been adversely affected by the increase in diesel prices in recent years due to unforeseen worldwide escalation of oil prices, as summarised in the table below :-

	2003	2004	2005	2006
Average diesel price per litre incurred by the Group (RM)	0.608	0.807	1.151	1.431
Change per litre (RM)	-	0.199	0.344	0.280
Change (%)	-	32.7	42.6	24.3
Yearly increase in diesel costs (RM'000) *	-	11,033	19,071	15,523
Cumulative increase in diesel costs (RM'000)	-	11,033	30,104	45,627

\* based on average consumption of 4.62 million litres diesel per month, consist of 0.72 million litres diesel consumed by the Park May Group and 3.90 million litres diesel consumed by the Bus Companies

In mitigating the escalation in operating costs, we have undertaken various cost containment to ensure operational efficiency as set out in 3.1(i)(a) of this Prospectus.

Save as disclosed above, there was no material impact of foreign exchange, interest rate and commodity prices on our operating profits throughout the periods under review.

**9.2.5 Taxation**

For the financial year ended 31 December 2004, the effective tax rate is approximately 16% which was mainly due to utilisation of previously unrecognised tax losses and unabsorbed capital allowances as well as incomes not subject to tax.

For the financial year ended 31 December 2005, the effective tax rate is approximately 154% which was mainly due to non-recognition of deferred tax assets arising from the unutilised tax losses and unabsorbed capital allowances.

For the financial year ended 31 December 2006, the tax credits of approximately RM3.675 million was mainly due to reversal of overprovision of income tax and deferred tax expense in prior years as the computations in prior years were based on provisional tax computation.

**9.2.6 Exceptional And Extraordinary Items**

There was no extraordinary and exceptional item throughout the periods under review.



## 9. FINANCIAL INFORMATION (CONT'D)

### 9.3 Financial Performance, Position And Operations

Save as disclosed in Sections 3, 9.1, 9.2, 9.4, 9.5 and 9.9 of this Prospectus, our Directors are of the view that the financial performance, position and operations of our Group are not affected by any of the following :-

- (i) any known trends, demands, commitments, events or uncertainties that have had, or that our Company reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Company / Group;
- (ii) any material capital expenditure commitments, the purpose of such commitments and the anticipated source of funds;
- (iii) any unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Company / Group and the extent to which the financial performance, position and operations of our Company / Group was so affected; and
- (iv) any known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

### 9.4 Working Capital, Material Litigation, Borrowings, Contingent Liabilities And Material Commitments

#### (i) Working Capital

Our operations are essentially a cash business where our revenues are primarily derived from cash generated from our bus operations which in turn is used to finance our operations and for working capital purposes. External source of funds such as bank borrowings are mainly used to finance acquisition of new buses for operations. As at 30 March 2007, our Group does not have any material source of unutilised liquidity.

However, our Directors are of the opinion that, after taking into account the cashflow position and the banking facilities available, we will have adequate working capital for a period not less than twelve (12) months from 30 March 2007 to meet our existing needs and foreseeable requirements.

A summary of our Group's proforma cash flow for the financial year ended 31 December 2006 based on the proforma consolidated cash flow statement as disclosed in Section 9.11 of this Prospectus is set out below :-

	Financial year ended 31 December 2006
	RM'000
Net cash generated from operating activities	25,141
Net cash generated from investing activities	14,061
Net cash used in financing activities	(38,622)
<b>Net increase in cash and cash equivalents</b>	<b>580</b>
Cash and cash equivalents at beginning of year	5,465
<b>Cash and cash equivalents at end of the year</b>	<b>6,045</b>

**9. FINANCIAL INFORMATION (CONT'D)****Net cash flow from operating activities**

For the financial year ended 31 December 2006, our Group generated net cash from operations before adjustments for working capital of approximately RM46.2 million. After adjustments for increase in working capital of approximately RM17.3 million, our Group's cash generated from operations was approximately RM28.9 million. The amount of pension costs and tax paid during the financial year was approximately RM2.4 million and approximately RM1.3 million respectively.

**Net cash flow from investing activities**

For the financial year ended 31 December 2006, the net cash generated from investing activities was approximately RM14.1 million which was mainly contributed by the proceeds from the disposal of property, plant and equipment of approximately RM18.2 million, while purchase of property, plant and equipment only amounted to approximately RM4.3 million.

**Net cash flow from financing activities**

For the financial year ended 31 December 2006, the net cash used in financing activities was approximately RM38.6 million. During the financial year under review, our Group paid interest on CP/MTN and term loan of approximately RM3.9 million and approximately RM7.6 million respectively. Our Group also repaid approximately RM26.5 million to our lease financing creditors during the financial year under review.

**(ii) Material Litigation**

Save as disclosed in Section 13.6 of this Prospectus, we are not presently engaged in any material litigation, either as plaintiff or defendant, claims or arbitration and our Directors are not aware of any proceedings pending or threatened against our Company and/or our subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of our Company and/or our subsidiaries.

**(iii) Borrowings**

The following table sets out the proforma consolidated borrowings of our Group as at 31 December 2006 which has been prepared for illustrative purposes only as if the Restructuring Scheme of Park May had been effected on that date.

	<b>Audited As At</b> 31.12.2006	<b>Proforma 1</b>	<b>Proforma 2</b>
	(RM'000)	(RM'000)	(RM'000)
Long-term borrowings			
• Interest bearing	91,684	93,534	93,534
• ICSSL – liability	-	4,491	-
Short -term borrowings			
• Interest bearing	43,023	44,133	44,133
• ICSSL – liability	-	2,245	-
<b>Total Borrowings</b>	<b>134,707</b>	<b>144,403</b>	<b>137,667</b>
Gearing Ratio	1.96	0.95	0.88

Notes :-

*Proforma 1* : After the Proposed Share Exchange, the Proposed Shares Cancellation, the Proposed Debt Restructuring and the Public Offering

*Proforma 2* : After Proforma 1 and upon full conversion of the ICSSL

**9. FINANCIAL INFORMATION (CONT'D)**

We have no foreign currency borrowings. We confirm that there has been no default on payments of either interest and/or principal in respect of any borrowings of our Group throughout the past one (1) financial year and subsequent period thereof, immediately preceding 30 March 2007.

**(iv) Contingent Liabilities and Material Commitments**

Save for the material litigation disclosed in Section 13.6 of this Prospectus and the capital commitment as disclosed below, our Directors are not aware of any contingent liabilities or material commitments, which upon becoming enforceable, may have material impact on our financial position :-

<b>Capital Commitment</b>	<b>(RM'000)</b>
<b>Purchase of buses :-</b>	
Approved and contracted for	4,706
Approved but not contracted for	47,940

We expect to finance our capital commitment by borrowings.

**9.5 Consolidated Profit Forecast**

<b>Financial year ending 31 December 2007</b>	<b>(RM'000)</b>
Revenue	295,175
Consolidated PBT	18,819
Taxation	(3,720)
Consolidated PAT	15,099
Pre-acquisition profits	-
MI	(127)
Consolidated PAT and MI	14,972
<b><u>After the Restructuring Scheme of Park May but before full conversion of the ICCLS</u></b>	
No. of Shares in issue ('000)	301,997
Net EPS (sen) *	4.96
Net PE Multiple based on the Public Offering Price (times)	10.08
<b><u>After the Restructuring Scheme of Park May and after full conversion of the ICCLS</u></b>	
Weighted average no. of Shares in issue ('000) ^	339,965
Net EPS (sen) *	4.40
Net PE Multiple based on the Public Offering Price (times)	11.36

\* calculated based on the consolidated PAT and MI over the number of Shares assumed in issue

^ after adjusting for mandatory conversion of the ICCLS as required by the revised FRS133, Earnings Per Share

The consolidated profit forecast of our Group for the financial year ending 31 December 2007 together with the principal bases and assumptions thereto and the Reporting Accountants' letter thereon are set out in Section 9.6 of this Prospectus.

**9. FINANCIAL INFORMATION (CONT'D)**

**9.6 Reporting Accountants' Letter On The Consolidated Profit Forecast**  
*(Prepared for inclusion in this Prospectus)*



■ **Chartered Accountants**  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

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Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

18 April 2007

The Board of Directors  
Konsortium Transnasional Berhad  
No. 38 Jalan Chow Kit  
50350 Kuala Lumpur

Dear Sirs,

**KONSORTIUM TRANSNASIONAL BERHAD ("KTB")  
CONSOLIDATED PROFIT FORECAST  
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

We have reviewed the consolidated profit forecast of KTB for the financial year ending 31 December 2007 in accordance with the International Standards on Auditing 810 applicable to the review of forecasts. The forecast has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of KTB to be dated 25 May 2007 in connection with the proposed offer for sale of the KTB shares in conjunction with the listing of KTB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). This letter is not to be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast, in all material respects, are properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by KTB in its consolidated financial statements for the financial year ended 31 December 2006. The Directors of KTB are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast are based.

In this context, a forecast means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

9. FINANCIAL INFORMATION (CONT'D)



AF: 0039

The consolidated profit forecast is substantially dependent on the achievability of the assumptions set out in the accompanying statement. In particular, the achievability of the forecast is critically dependent on the revenue assumptions and the anticipated gain on disposal of property, plant and equipment as set out in notes 1 and 7 respectively of the specific key assumptions of the profit forecast.

Subject to the matters stated in the preceding paragraphs:-

- i. nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- ii. in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted by KTB and its subsidiaries in their audited financial statements for the financial year ended 31 December 2006.

Yours faithfully

A stylized signature of the Ernst &amp; Young firm, written in a cursive script.

Ernst & Young  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia

A handwritten signature in black ink, appearing to be 'Ahmad Zahirudin bin Abdul Rahim'.

Ahmad Zahirudin bin Abdul Rahim  
No. 2607/12/08 (J)  
Partner

**9. FINANCIAL INFORMATION (CONT'D)**

AF: 0039

**KONSORTIUM NASIONAL BERHAD (“KTB”)  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

The Directors of KTB and its subsidiaries (“KTB Group”) forecast that, barring unforeseen circumstances, the consolidated profit of KTB Group for the financial year ending 31 December 2007 will be as follows:

	Note	Forecast 2007 RM'000
Revenue	1	<u>295,175</u>
Consolidated profit before tax		18,819
Income tax expense		<u>(3,720)</u>
Consolidated profit for the year		<u>15,099</u>
Attributable to:		
Equity holders of the Company		14,972
Minority interests		<u>127</u>
		<u>15,099</u>
Weighted average number of shares in issue ('000)		339,965
Net Earnings Per Share (sen)		4.4
Net Price-earning multiple based on the Public Offering Price (times)		<u>11.36</u>

Earnings per share for the forecast has been calculated based on the consolidated profit for the year divided by the weighted average number of ordinary shares assumed in issue after adjusting for mandatory conversion of the Irredeemable Convertible Secured Loan Stocks (“ICSLS”) to be issued by KTB as required by the revised FRS133, Earnings Per Share.

The consolidated profit forecast of KTB Group for the financial year ending 31 December 2007 has been prepared based on the Directors’ assessment of the present economic and operating conditions and the Directors’ best-forecast assumptions regarding future events and actions, which, at the date the forecast was prepared, the Directors expect to take place. The principal assumptions are set out in the notes to the consolidated profit forecast.

A forecast, by its very nature, is subject to business, economic and competitive uncertainties and unexpected events, many of which are beyond the control of KTB Group and its Directors, and upon assumptions with respect to future business decisions, which are subject to change. Also, events and circumstances often do not occur as anticipated and therefore, actual results are likely to differ from the forecast, and the differences may be material.

KTB Group’s operations are subject to many external factors outside the control of management, which may materially impact its operating and financial performances. Such factors include fare rate, diesel price and maintenance costs.

**9. FINANCIAL INFORMATION (CONT'D)**

AF: 0039

**KONSORTIUM NASIONAL BERHAD ("KTB")  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

The achievability of the forecast will significantly depend on the best-forecast Specific Key Assumptions and if any of these assumptions are not achieved, then there could be a consequential significant impact on the consolidated profit forecast for the financial year ending 31 December 2007.

The principal bases and assumptions upon which the forecasted consolidated profit for the year has been prepared are as follows:

**Specific Key Assumptions**

## 1. Revenue comprises:

	<b>RM'000</b>
Bus operations	290,493
Advertisement income	3,851
Others	831
	295,175

- 1.1 It is assumed that there will be no changes in regulated fare rates compared to 2006.
- 1.2 The traffic growth for KTB Group that is assumed to increase by an average of 8% compared to 2006, is based on:
- (i) Introduction of mini bus service by Syarikat Rembau Tampin Sdn. Bhd. commencing June 2007 which is forecasted to contribute revenue of RM8,750,000.
  - (ii) Increase in capacity for Cityliner bus service for routes in Kuala Lumpur with a progressive addition of 113 buses over the forecast year. This increase in capacity is forecasted to contribute additional revenue of RM14,421,000.
  - (iii) Increase in traffic on existing routes of 5% as compared to 2006.
- 1.3 KTB Group will generate advertisement income of RM3,800,000 in 2007. Advertisement income for KTB Group is based on assumption that its major existing bulk advertising customer will renew their contact in the second half of 2007.
2. Diesel price is assumed to be at RM1.43 per litre from 1 January 2007 to 31 December 2007.
3. The progressive acquisition of 25 Compress Natural Gas ("CNG") buses over the forecast year to replace retired buses are expected to result in the costs savings of diesel of RM2,500 per month per bus.

**9. FINANCIAL INFORMATION (CONT'D)**

AF: 0039

**KONSORTIUM NASIONAL BERHAD (“KTB”)  
 CONSOLIDATED PROFIT FORECAST  
 FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

4. There will be no material increases in cost of repair and maintenance in 2007.
5. There will be no significant changes in wages rates, headcount and other operating expenses.
6. The administration expenses are assumed to increase by 1% from 2006 levels.
7. Included in the profit forecast are gains on disposal of property, plant and equipment as follows:
  - 7.1 KTB Group has forecast to realise profit of RM7,136,000 from the following anticipated land sales:

	<b>Book Value RM'000</b>	<b>Expected Proceeds RM'000</b>	<b>Profit on disposal RM'000</b>
Kenderaan Klang Banting Berhad ("KKBB")	871	2,450	1,579
Syarikat Kenderaan Melayu Kelantan ("SKMK")	3,441	8,998	5,557
	<u>4,312</u>	<u>11,448</u>	<u>7,136</u>

- 7.2 187 buses with a book value of RM419,000 as at 31 December 2006 is expected to be disposed at an aggregate consideration of RM5,494,000 resulting in a gain on disposal of RM5,075,000.
8. There will be no acquisition of property, plant and equipment in 2007 other than the planned acquisition of 46 express buses, 93 mini buses, 27 medi buses and 138 stage buses. Capital expenditure on new/replacement buses are assumed to be as follows:

	<b>KTB RM'000</b>	<b>Park May RM'000</b>	<b>Total RM'000</b>
Buses			
- New	12,350	53,764	66,114
- Replacement	21,750	9,852	31,602
Total	<u>34,100</u>	<u>63,616</u>	<u>97,716</u>

9. There will be no changes to the group structure and principal activities of KTB Group in 2007 other than:
  - the proposed acquisition of Park May Berhad and its subsidiaries ("Park May Group") pursuant to the Proposed Share Exchange assumed to be completed by end May 2007.
  - the proposed acquisition of 70% equity interest in P.T. Indonadi, a company incorporated in Indonesia, which is assumed to be completed by end May 2007.



**9. FINANCIAL INFORMATION (CONT'D)**



AF: 0039

**KONSORTIUM NASIONAL BERHAD ("KTB")  
CONSOLIDATED PROFIT FORECAST  
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2007**

**General Assumptions**

10. Existing financing facilities will remain available and interest rates will not change significantly from those presently prevailing.
11. There will be no change to the terms and conditions of the permits granted by the relevant authorities and all buses are assumed to have their respective permits.
12. There will be no significant breakdown of buses that will materially affect the planned revenue.
13. There will be no significant changes in the current demand and the prevailing economic and political conditions in the country that will adversely affect the activities or performance of KTB Group.
14. There will be no material changes in the present legislation or Government policies and regulations, lending guidelines and other operational regulations or restrictions, rates and bases of duties, levies and taxes that will adversely affect the operations of KTB Group, or the market in which it operates.
15. There will be no changes in the operating policies presently adopted by KTB Group that will adversely affect their activities and performance.
16. There will be no material litigation and legal proceedings against KTB Group which will adversely affect its activities or performance.
17. There will be no material changes in the existing accounting, management and operational policies of KTB Group that will adversely affect its activities and performance.
18. There will be no major industrial dispute or any abnormal circumstances which will adversely affect the operations of KTB Group.
19. The Malaysian statutory tax rate will be maintained at 27%.
20. Inflation rate will not vary significantly from its current level.

**9. FINANCIAL INFORMATION (CONT'D)****9.7 Directors' Analysis And Commentary On The Consolidated Profit Forecast**

Our Directors are forecasting a consolidated revenue of RM295.175 million, a consolidated profit before tax of RM18.819 million and a consolidated PAT and MI of RM14.972 million for the financial year ending 31 December 2007. This translates to a net EPS of 4.96 sen (before full conversion of the ICSLS) and a net EPS of 4.40 sen (after full conversion of the ICSLS) respectively.

The segmental analysis by operations on the consolidated revenue and the consolidated profit before tax are as follows :-

	<b>Revenue (RM'000)</b>	<b>Profit before tax (RM'000)</b>
Bus operations	290,493	14,599
Bus advertisement	3,851	3,851
Others	831	369
	<b>295,175</b>	<b>18,819</b>

The consolidated profit forecast has been arrived at after taking into consideration the track record of our operations, the future prospects of the industry, the future plans and strategies of our Group, as well as our level of gearing, liquidity and working capital requirements. Due to the nature of our business and operations, we do not rely on any material secured contracts in arriving at the consolidated profit forecast.

Our Directors confirm that the consolidated profit forecast of our Group for the financial year ending 31 December 2007 together with the underlying bases and assumptions stated in arriving at the forecast have been reviewed by them after due and careful enquiry, and that our Directors are of the opinion that the forecast results are achievable, and the assumptions made are reasonable, barring unforeseen circumstances.

Nevertheless, because of the subjective judgments and inherent uncertainties which are involved in the preparation of the forecast, and because events and circumstances may not occur as predicted, there can be no assurance that the forecast will be realised and that actual results may be materially different.

**9.8 Dividend Forecast And Policy**

Our Board intends to recommend a dividend policy such that the shareholders will be allowed to participate in our profits as well as leaving adequate reserves for our future growth. However, such payments will depend upon a number of factors, including our financial performance, capital expenditure requirements, availability of tax credits, general financial as well as economic conditions and any other factors that may be considered relevant by our Board.

Our Board has not forecasted any dividend for the financial year ending 31 December 2007.

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**9. FINANCIAL INFORMATION (CONT'D)****9.9 Sensitivity Analysis**

Our Directors are of the view that the main areas of concern, if any, in terms of the achievability of the consolidated profit forecast for the financial year ending 31 December 2007 would be fluctuations in the average traffic growth rate, bus advertisement income and diesel prices. Notwithstanding the variations in these factors, there may exist other factors which may not have been taken into account, while the variations may have a significant effect, either positively or negatively, on the financials of our Group.

The following sensitivity analysis have been prepared by us and have not been independently verified by the Reporting Accountants. They have been prepared based on the assumptions set out in Section 9.6 of this Prospectus and assuming all factors remain unchanged, except for the variation in the average traffic growth rate, and 5% and 10% upward or downward variations in bus advertisement income and diesel prices.

**9.9.1 Variation In Average Traffic Growth Rate**

Variation In Traffic Growth Rate	←----- Financial Year Ending 31 December 2007-----→					
	Revenue (RM'000)	Variation (%)	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted *	295,175		18,819		15,099	
10% Growth	300,555	1.82	19,089	1.44	15,316	1.44
9% Growth	297,865	0.91	18,954	0.72	15,207	0.72
7% Growth	292,485	(0.91)	18,684	(0.72)	14,991	(0.72)
6% Growth	289,796	(1.82)	18,549	(1.44)	14,882	(1.44)

\* Based on average traffic growth of 8%

**9.9.2 Variation In Diesel Prices**

Variation In Diesel Prices	←----- Financial Year Ending 31 December 2007-----→					
	Revenue (RM'000)	Variation (%)	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted	295,175		18,819		15,099	
Up 10%	295,175	-	9,953	(47.11)	7,986	(47.11)
Up 5%	295,175	-	14,386	(23.56)	11,542	(23.56)
Down 5%	295,175	-	23,252	23.56	18,656	23.56
Down 10%	295,175	-	27,685	47.11	22,212	47.11

**9.9.3 Variation In Bus Advertisement Income**

Variation In Bus Advertisement Income	←----- Financial Year Ending 31 December 2007-----→					
	Revenue (RM'000)	Variation (%)	PBT (RM'000)	Variation (%)	PAT (RM'000)	Variation (%)
As forecasted	295,175		18,819		15,099	
Up 10%	295,560	0.13	19,204	2.05	15,408	2.05
Up 5%	295,368	0.07	19,012	1.02	15,253	1.02
Down 5%	294,982	(0.07)	18,626	(1.02)	14,945	(1.02)
Down 10%	294,790	(0.13)	18,434	(2.05)	14,790	(2.05)

**9. FINANCIAL INFORMATION (CONT'D)****9.10 Proforma Consolidated Balance Sheets Of Our Group As At 31 December 2006**

The following table sets out the proforma consolidated balance sheets of our Group as at 31 December 2006 which has been prepared for illustrative purposes only to show the effects of the Restructuring Scheme of Park May on the audited accounts of our Group as if the Restructuring Scheme of Park May had been effected on that date.

	Audited As At 31.12.2006	Proforma 1	Proforma 2
	(RM'000)	(RM'000)	(RM'000)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	186,638	211,290	211,290
Investment properties	-	1,050	1,050
Other investments	109	109	109
Deferred tax assets	962	2,781	962
Goodwill on consolidation	-	83,259	83,259
	187,709	298,489	296,670
<b>Current Assets</b>			
Inventories	1,333	1,757	1,757
Trade and other receivable	78,817	84,252	84,252
Cash and bank balances	3,809	6,080	6,080
	83,959	92,089	92,089
<b>TOTAL ASSETS</b>	271,668	390,578	388,759
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	126,000	150,999	201,399
Share premium	-	-	12,600
Other reserves	(57,277)	(57,527)	(57,527)
Retained profit	-	1,819	-
ICSLS-equity	-	56,264	-
	68,723	151,555	156,472
<b>Minority interests</b>	-	1,683	1,683
<b>Total equity</b>	68,723	153,238	158,155
<b>Non-current Liabilities</b>			
Retirement benefit obligations	9,051	10,465	10,465
Borrowings	91,684	93,534	93,534
Deferred tax liabilities	3,298	5,703	5,703
ICSLS – liability	-	4,491	-
	104,033	114,193	109,702
<b>Current Liabilities</b>			
Retirement benefit obligations	571	794	794
Trade and other payables	51,584	72,077	72,077
Borrowings	43,023	44,133	44,133
ICSLS – liability	-	2,245	-
Provision for taxation	3,734	3,898	3,898
	98,912	123,147	120,902
<b>Total liabilities</b>	202,945	237,340	230,604
<b>TOTAL EQUITY AND LIABILITIES</b>	271,668	390,578	388,759
Number of Shares in issue ('000)	252,000	301,997	402,797
NTA (RM'000)	68,273	^ 12,032	73,213
NTA per Share (RM)	0.27	0.04	0.18
<b>NTA per Share after inclusion of equity portion of the ICSLS (RM)</b>	<b>0.27</b>	<b>0.23</b>	<b>0.18</b>

^ excludes the equity portion of the ICSLS of the Group

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**9. FINANCIAL INFORMATION (CONT'D)**

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*Notes :-*

*Proforma 1 : After the Proposed Share Exchange, the Proposed Shares Cancellation, the Proposed Debt Restructuring and the Public Offering*

*Proforma 2 : After Proforma 1 and upon full conversion of the ICSLS*

**Statement of assets and liabilities**

Detailed statement of assets and liabilities of our Group as at 31 December 2007 is set out in Section 9.12 of this Prospectus.

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**9. FINANCIAL INFORMATION (CONT'D)****9.11 Proforma Consolidated Cash Flow Statement Of Our Group For The Financial Year Ended 31 December 2006**

The following table sets out the proforma consolidated cash flow statement of our Group for the financial year ended 31 December 2006 which has been prepared for illustrative purposes only to show the effects of the Restructuring Scheme of Park May on the audited accounts of our Group as if the Restructuring Scheme of Park May had been effected on that date.

	RM'000
<b>Cash flows from operating activities</b>	
Profit before taxation	4,921
Adjustments for :	
Depreciation of property, plant and property	31,800
Impairment loss on property, plant and equipment	689
Depreciation of investment properties	22
Gain on disposal of property, plant and equipment	(5,492)
Gain on disposal of an associate	(105)
Property, plant and equipment written off	307
Provision for pension costs – defined benefit plan	2,090
Dividend income	(7)
Interest expense	12,005
Interest income	(5)
Operating profit before working capital changes	46,225
Increase in inventories	222
Increase in trade and other receivables	(27,800)
Increase in trade and other payables	10,242
Cash generated from operations	28,889
Payment of pension costs – defined benefit plan	(2,437)
Tax paid	(1,311)
<b>Net cash generated from operating activities</b>	<b>25,141</b>
<b>Cash flows from investing activities</b>	
Interest income	5
Purchase of property, plant and equipment	(4,280)
Proceeds from disposal of property, plant and equipment	18,224
Proceeds from disposal of an associate	105
Dividend received	7
<b>Net cash generated from investing activities</b>	<b>14,061</b>
<b>Cash flows from financing activities</b>	
Interest paid on Commercial Papers/Medium Term notes	(3,864)
Interest paid on finance lease	(579)
Interest paid on term loan	(7,562)
Repayment of lease financing creditors	(26,517)
Repayment of term loans	(100)
<b>Net cash used in financing activities</b>	<b>(38,622)</b>
<b>Net increase in cash and cash equivalents</b>	<b>580</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>5,465</b>
<b>Cash and cash equivalents at end of year</b>	<b>6,045</b>
<b>Cash and cash equivalents comprise</b>	
Cash and bank balances	5,931
Deposits with licensed banks	149
Fixed deposits pledged with licensed banks for securing banking facilities	(35)
	<b>6,045</b>

**9. FINANCIAL INFORMATION (CONT'D)**

**9.12 Reporting Accountants' Letter On The Proforma Consolidated Financial Information  
As At 31 December 2006**  
*(Prepared for inclusion in this Prospectus)*



■ **Chartered Accountants**  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

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Mail Address:  
P.O. Box 11040  
50734 Kuala Lumpur, Malaysia

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED  
FINANCIAL INFORMATION**

*(Prepared for inclusion in the Prospectus to be dated 25 May 2007)*

18 April 2007

The Board of Directors  
Konsortium Transnasional Berhad  
No. 38 Jalan Chow Kit  
50350 Kuala Lumpur

Dear sirs

**KONSORTIUM TRANSNASIONAL BERHAD ("KTB")  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We report on the Proforma Consolidated Financial Information of KTB that consists of the following:

- (i) Proforma Consolidated Income Statements for the past three financial years ended 31 December 2004 to 31 December 2006;
- (ii) Proforma Consolidated Balance Sheets as at 31 December 2006;
- (iii) Proforma Consolidated Cash Flow Statement for the financial year ended 31 December 2006; and
- (iv) Proforma Consolidated Statement of Assets and Liabilities as at 31 December 2006.;

together with the notes thereto as set out in the accompanying appendices.

For the purpose of the Proforma Consolidated Financial Information, the KTB Group consists of KTB, the Eight Bus Companies ("Existing KTB Group") and Park May Berhad ("Park May") and its subsidiaries ("Park May Group"). Park May will become a wholly-owned subsidiary of KTB upon completion of the Proposed Share Exchange and the Proposed Shares Cancellation which will take place prior to the Listing Date.

The Proforma Consolidated Financial Information have been prepared for illustrative purposes only, for inclusion in this Prospectus to be dated 25 May 2007 in connection with the proposed offer for sale of the KTB shares in conjunction with the listing of KTB on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

9. FINANCIAL INFORMATION (CONT'D)



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Konsortium Transnasional Berhad

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This letter is not to be reproduced, referred to in any other document, or relied upon or used for any other purpose without our prior written consent.

It is the responsibility of the directors of KTB to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Securities Commission's Prospectus Guidelines ("the Guidelines").

It is our responsibility to form an opinion on the Proforma Consolidated Financial Information, as required by the Guidelines, and to report our opinion to you.

Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the adjustments and discussing the Proforma Consolidated Financial Information with the directors of KTB. Our work involved no independent examination of the Proforma Consolidated Financial Information.

As the Proforma Consolidated Financial Information has been prepared for illustrative purposes only, such information may not, because of its nature, give a true picture of the actual financial position and results of the KTB Group. Further, such information does not purport to predict the future financial position and results of the KTB Group.

In our opinion,

- (a) the Proforma Consolidated Financial Information have been properly compiled on the basis stated and such basis is consistent with the accounting policies normally adopted by KTB Group in their respective audited financial statements for the financial year ended 31 December 2006;
- (b) the financial statements used in the preparation of the Proforma Consolidated Financial Information have been properly prepared in accordance with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities; and
- (c) each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purposes of preparing such financial information.

Yours faithfully,

Ernst & Young  
AF:0039  
Chartered Accountants  
Kuala Lumpur, Malaysia

Ahmad Zahirudin bin Abdul Rahim  
No. 2607/12/08(J)  
Partner



**9. FINANCIAL INFORMATION (CONT'D)**

AF: 0039

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. INTRODUCTION**

The Proforma Consolidated Financial Information, for which the directors of KTB are solely responsible, has been prepared for illustrative purposes only, for the purpose of inclusion in the Prospectus of KTB to be dated 25 May 2007 in connection with the proposed offer for sale of the KTB shares in conjunction with the listing of KTB on the Main Board of Bursa Securities and may not give a true picture of the actual financial position and results of KTB Group. Further, such financial information does not purport to predict the future financial position and results of the KTB Group. The Proforma Consolidated Financial Information of the KTB Group covers the consolidated financial statements of KTB and the consolidated financial statements of Park May for the respective financial years under review.

KTB was incorporated for the sole purpose of facilitating the restructuring scheme of Park May ("Proposed Restructuring Scheme of Park May") whereby KTB will be listed on the Main Board of the Bursa Securities, in place of Park May which will be delisted.

The Restructuring Scheme of Park May comprises the following:

**(a) Acquisition of Six (6) Companies**

Acquisition of six (6) subsidiaries of Kumpulan Kenderaan Malaysia Berhad ("KKMB"), namely Kenderaan Langkasuka Sdn Bhd, Kenderaan Klang Banting Berhad, Kenderaan Labu Sendayan Sdn Bhd, Starise Sdn Bhd, Syarikat Rembau Tampin Sdn Bhd and Transnasional Express Sdn Bhd, by KTB, the company which will assume the listing status of Park May pursuant to the Restructuring Scheme of Park May, for a total purchase consideration of RM85,055,614.50 satisfied by the issuance of 170,111,229 new ordinary shares of RM0.50 each ("Shares") in KTB at an issue price of RM0.50 per Share;

**(b) Voluntary Offer of SKMK**

Voluntary offer by KTB to acquire all the issued and paid-up share capital of Syarikat Kenderaan Melayu Kelantan Berhad ("SKMK"), a subsidiary of KKMB, comprising 7,250,620 ordinary shares of RM1.00 each satisfied by the issuance of 72,506,200 new Shares in KTB at an issue price of RM0.50 per Share on the basis of ten (10) new Shares in KTB for every one (1) existing ordinary share of RM1.00 each held in SKMK;

**9. FINANCIAL INFORMATION (CONT'D)**

AF: 0039

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)****1. INTRODUCTION (CONTD.)****(c) Voluntary Offer of Keramat**

Voluntary offer by KTB to acquire all the issued and paid-up share capital of Tanjong Keramat Temerloh Utara Omnibus Berhad (“Keramat”), a subsidiary of KKMB, comprising 1,054,653 ordinary shares of RM1.00 each satisfied by the issuance of 7,382,571 new Shares in KTB at an issue price of RM0.50 per Share on the basis of seven (7) new Shares in KTB for every one (1) existing ordinary share of RM1.00 each held in Keramat;

(Kenderaaan Langkasuka Sdn Bhd, Kenderaaan Klang Banting Berhad, Kenderaaan Labu Sendayan Sdn Bhd, Starise Sdn Bhd, Syarikat Rembau Tampin Sdn Bhd, Transnasional Express Sdn Bhd, SKMK and Keramat are collectively to be referred to as “Eight Bus Companies”).

(Items (a), (b) and (c) are collectively to be referred to as “Acquisition of Bus Companies”).

The Acquisition of Bus Companies have been completed during the financial year ended 31 December 2005.

**(d) Proposed Share Exchange**

Proposed exchange of all the 74,996,022 ordinary shares of RM1.00 each in Park May with 49,997,348 new Shares in KTB on the basis of two (2) new Shares in KTB for every three (3) existing ordinary shares of RM1.00 each held in Park May;

**(e) Proposed Shares Cancellation**

Proposed cancellation of all the issued and paid-up share capital of Park May comprising 74,996,022 existing ordinary shares of RM1.00 each pursuant to Section 64 of the Companies Act, 1965 and the credit arising therefrom to be applied in paying up in full at par 74,996,022 new ordinary shares of RM1.00 each in Park May to be allotted and issued to KTB;

**(f) Proposed Debt Restructuring**

Proposed debt restructuring of the entire RM63.0 million outstanding Commercial Papers (“CP”) of Park May by way of canceling RM63.0 million of the CP outstanding and the issuance of RM63.0 million nominal value of irredeemable convertible secured loan stocks (“ICSLS”) by KTB;

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**9. FINANCIAL INFORMATION (CONT'D)**

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AF: 0039

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONTD.)**

**1. INTRODUCTION (CONTD.)**

**(g) General Offer ("GO") Waiver**

Waiver to KKMB and parties acting in concert with it from the obligation to extend an unconditional mandatory GO for all the remaining Shares not already owned by them in KTB after the Acquisitions of Bus Companies and the Proposed Share Exchange;

**(h) Proposed Offer For Sale**

Proposed offer for sale of 35.0 million Shares in KTB held by KKMB to the Malaysian public / investors to comply with the public shareholding spread requirement; and

**(i) Proposed Transfer Of Listing Status**

Proposed admission of KTB to the Official List with the listing of the entire enlarged issued and paid-up share capital of KTB on the Main Board of Bursa Securities and delisting of Park May.

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX I  
PAGE 1 OF 8

**PROFORMA CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 31 DECEMBER  
2006**

	← Year ended →		
	31.12.2004 RM'000	31.12.2005 RM'000	31.12.2006 RM'000
Revenue	268,717	267,528	269,845
Cost of sales	(209,992)	(220,517)	(224,442)
<b>Gross profit</b>	<b>58,725</b>	<b>47,011</b>	<b>45,403</b>
Other income	10,590	11,317	10,969
Other operating expenses	(30,383)	(26,777)	(36,646)
Administration expenses	(28,531)	(19,750)	(2,216)
<b>Profit from operations</b>	<b>10,401</b>	<b>11,801</b>	<b>17,510</b>
Finance costs	(12,067)	(10,638)	(12,005)
Impairment losses	566	-	(689)
Gain on disposal of associates	24,286	-	105
<b>Profit before tax</b>	<b>23,186</b>	<b>1,163</b>	<b>4,921</b>
Income tax (expense)/credit	(3,627)	(1,795)	3,675
<b>Profit/(loss) for the year</b>	<b>19,559</b>	<b>(632)</b>	<b>8,596</b>
Attributable to:			
Equity holders of the Company	19,654	(605)	8,583
Minority interests	(95)	(27)	13
	19,559	(632)	8,596
Profit/(loss) for the year	19,559	(632)	8,596
Add:			
Finance costs	12,067	10,638	12,005
Depreciation of property, plant and equipment	37,899	32,146	31,800
Depreciation of investment properties	26	26	22
Income tax expense/(credit)	3,627	1,795	(3,675)
	53,619	44,605	40,152
Earnings before interest, taxation, depreciation, and amortisation ("EBITDA")	73,178	43,973	48,748
Gross profit margin (%)	21.9	17.6	16.8
Profit/(loss) margin (%)	7.3	(0.2)	3.2

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX I  
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**PROFORMA CONSOLIDATED INCOME STATEMENTS (CONTD.)  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 31 DECEMBER  
2006 (CONTD.)**

	← Year ended →		
	31.12.2004	31.12.2005	31.12.2006
	RM'000	RM'000	RM'000
Number of KTB ordinary shares assumed in issue ('000)*	402,797	402,797	402,797
Earnings/ (loss) per share (sen)			
- Basic*	4.88	(0.15)	2.13

\* Earnings/(loss) per share for each of the financial year under review have been calculated based on the profit/(loss) for the years divided by the number of ordinary shares assumed in issue after adjusting for mandatory conversion of the ICSLS.

**NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB**

**Basis of Preparation**

The Proforma Consolidated Income Statements of the KTB Group, for which the directors of KTB are solely responsible, has been prepared for illustrative purposes only based on the audited financial statements of the respective companies in the KTB Group for the financial years ended 31 December 2004, 31 December 2005 and 31 December 2006 which have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities after making such adjustments that are considered necessary for elimination of all significant inter-company transactions and on the assumption that the KTB Group had been in place throughout the said financial years under review. The bases and accounting policies used for the purpose of the Proforma Consolidated Income Statements of the KTB Group are consistent with those adopted in the preparation of the audited consolidated financial statements of KTB for the financial year ended 31 December 2006.

- (i) The Proforma Consolidated Income Statements have been adjusted to reflect the classifications of revenue and expenses as adopted in the latest consolidated audited financial statements of KTB.



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**PROFORMA CONSOLIDATED INCOME STATEMENTS  
FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2004 TO 31 DECEMBER  
2006 (CONTD.)**

**NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB  
(CONTD.)**

**Basis of Preparation (Contd.)**

- (ii) The Proforma Consolidated Income Statements reflect retrospective effect of reclassifications from other income to revenue in respect of advertising income and finance costs to other income in respect of interest income.
- (iii) All significant inter-company transactions are eliminated on consolidation and the proforma KTB Group results reflect external transactions only.

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX I  
PAGE 4 OF 8NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB  
(CONTD.)

## Proforma adjustments - Financial year ended 31 December 2004

	<----- Audited ----->			Proforma adjustments RM'000	Proforma KTB Group RM'000
	Existing KTB Group RM'000	Park May Group RM'000	Total RM'000		
Revenue	212,474	59,274	271,748	<sup>1</sup> (3,031)	268,717
Cost of sales	(170,569)	(42,454)	(213,023)	<sup>1</sup> 3,031	(209,992)
<b>Gross profit</b>	<b>41,905</b>	<b>16,820</b>	<b>58,725</b>		<b>58,725</b>
Other income	3,228	7,362	10,590		10,590
Other operating expenses	(16,595)	(13,788)	(30,383)		(30,383)
Administration expenses	(14,358)	(14,173)	(28,531)		(28,531)
<b>Profit/(loss) from operations</b>	<b>14,180</b>	<b>(3,779)</b>	<b>10,401</b>		<b>10,401</b>
Finance cost	(7,128)	(4,939)	(12,067)		(12,067)
Impairment losses	-	566	566		566
Gain on disposal of associates	-	24,286	24,286		24,286
<b>Profit before tax</b>	<b>7,052</b>	<b>16,134</b>	<b>23,186</b>		<b>23,186</b>
Income tax expense	(3,396)	(231)	(3,627)		(3,627)
<b>Profit for the year</b>	<b>3,656</b>	<b>15,903</b>	<b>19,559</b>		<b>19,559</b>
Attributable to:					
Equity holders					
of the Company	3,656	15,998	19,654		19,654
Minority interests	-	(95)	(95)		(95)
	<u>3,656</u>	<u>15,903</u>	<u>19,559</u>		<u>19,559</u>

KTB completed the acquisition of the Eight Bus Companies during the financial year ended 31 December 2005 and the acquisition were accounted for under the merger method.

The figures stated above for the Existing KTB Group for the financial year ended 31 December 2004 were extracted from comparative figures of the audited consolidated financial statements for financial year ended 31 December 2005 where the comparatives were restated as if the group was in existence as at 1 January 2004.

1. Adjustment for the elimination of transactions between the Existing KTB Group and Park May Group.

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX I  
PAGE 5 OF 8**NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB (CONTD.)****Proforma adjustments - Financial year ended 31 December 2004 (Contd.)**

2. The following reclassifications were reflected in order to conform with the classification of the latest audited financial statements.

	<b>Existing KTB Group RM'000</b>	<b>Park May Group RM'000</b>	<b>Total RM'000</b>
Revenue as stated in the audited financial statements	212,143	59,274	271,417
Reclassification of advertisement income	331	-	331
Revenue as stated in this Report	<u>212,474</u>	<u>59,274</u>	<u>271,748</u>
Other income as stated in the audited financial statements	3,559	7,272	10,831
Reclassification of advertisement income	(331)	-	(331)
Reclassifications of interest income	-	90	90
Other income as stated in this Report	<u>3,228</u>	<u>7,362</u>	<u>10,590</u>
Finance costs, net as stated in the audited financial statements	(7,128)	(4,849)	(11,977)
Reclassifications of interest income	-	(90)	(90)
Finance costs as stated in this Report	<u>(7,128)</u>	<u>(4,939)</u>	<u>(12,067)</u>



## 9. FINANCIAL INFORMATION (CONT'D)

APPENDIX I

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**NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB  
(CONTD.)**

**Proforma adjustments - Financial year ended 31 December 2005**

	<----- Audited ----->			Proforma adjustments RM'000	Proforma KTB Group RM'000
	Existing KTB Group RM'000	Park May Group RM'000	Total RM'000		
Revenue	230,128	39,274	269,402	<sup>1</sup> (1,874)	267,528
Cost of sales	(195,846)	(26,545)	(222,391)	<sup>1</sup> 1,874	(220,517)
<b>Gross profit</b>	<b>34,282</b>	<b>12,729</b>	<b>47,011</b>		<b>47,011</b>
Other income	6,749	4,568	11,317		11,317
Other operating expenses	(16,515)	(10,262)	(26,777)		(26,777)
Administration expenses	(13,331)	(6,419)	(19,750)		(19,750)
<b>Profit from operations</b>	<b>11,185</b>	<b>616</b>	<b>11,801</b>		<b>11,801</b>
Finance costs	(6,944)	(3,694)	(10,638)		(10,638)
<b>Profit/(loss) before tax</b>	<b>4,241</b>	<b>(3,078)</b>	<b>1,163</b>		<b>1,163</b>
Income tax expense	(1,704)	(91)	(1,795)		(1,795)
<b>Profit/(loss) for the year</b>	<b>2,537</b>	<b>(3,169)</b>	<b>(632)</b>		<b>(632)</b>
Attributable to:					
Equity holders of the Company	2,537	(3,142)	(605)		(605)
Minority interests	-	(27)	(27)		(27)
	<b>2,537</b>	<b>(3,169)</b>	<b>(632)</b>		<b>(632)</b>

1. Adjustment for the elimination of transactions between the Existing KTB Group and Park May Group.

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX I  
PAGE 7 OF 8**NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB (CONTD.)****Proforma adjustments - Financial year ended 31 December 2005 (Contd.)**

2. The following reclassifications were reflected in order to conform with the classification of the latest audited financial statements.

	<b>Existing KTB Group RM'000</b>	<b>Park May Group RM'000</b>	<b>Total RM'000</b>
Revenue as stated in the audited financial statements	216,625	39,274	255,899
Reclassification of advertisement income	13,503	-	13,503
Revenue as stated in this Report	<u>230,128</u>	<u>39,274</u>	<u>269,402</u>
Other income as stated in the audited financial statements	20,252	4,535	24,787
Reclassification of advertisement income	(13,503)	-	(13,503)
Reclassification of interest income	-	33	33
Other income as stated in this Report	<u>6,749</u>	<u>4,568</u>	<u>11,317</u>
Finance costs, net as stated in the audited financial statements	(6,944)	(3,661)	(10,605)
Reclassification of interest income	-	(33)	(33)
Finance costs as stated in this Report	<u>(6,944)</u>	<u>(3,694)</u>	<u>(10,638)</u>

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX I  
PAGE 8 OF 8NOTES TO THE PROFORMA CONSOLIDATED INCOME STATEMENTS OF KTB  
(CONTD.)

## Proforma adjustments - Financial year ended 31 December 2006

	<----- Audited ----->			Proforma adjustments	Proforma KTB Group
	Existing KTB Group	Park May Group	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	228,909	42,563	271,472	<sup>1</sup> (1,627)	269,845
Cost of sales	(191,547)	(34,522)	(226,069)	<sup>1</sup> 1,627	(224,442)
<b>Gross profit</b>	<b>37,362</b>	<b>8,041</b>	<b>45,403</b>		<b>45,403</b>
Other income	8,748	2,221	10,969		10,969
Other operating expenses	(27,290)	(9,356)	(36,646)		(36,646)
Administration expenses	-	(2,216)	(2,216)		(2,216)
<b>Profit/(loss) from operations</b>	<b>18,820</b>	<b>(1,310)</b>	<b>17,510</b>		<b>17,510</b>
Finance cost	(8,092)	(3,913)	(12,005)		(12,005)
Impairment losses	-	(689)	(689)		(689)
Gain on disposal of associates	-	105	105		105
<b>Profit/(loss) before tax</b>	<b>10,728</b>	<b>(5,807)</b>	<b>4,921</b>		<b>4,921</b>
Income tax credit	3,354	321	3,675		3,675
<b>Profit/(loss) for the year</b>	<b>14,082</b>	<b>(5,486)</b>	<b>8,596</b>		<b>8,596</b>
Attributable to:					
Equity holders of the Company	14,082	(5,499)	8,583		8,583
Minority interests	-	13	13		13
	<b>14,082</b>	<b>(5,486)</b>	<b>8,596</b>		<b>8,596</b>

1. Adjustment for the elimination of transactions between the Existing KTB Group and Park May Group.

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX II  
PAGE I OF 4

## PROFORMA CONSOLIDATED BALANCE SHEETS OF KTB AS AT 31 DECEMBER 2006

The Proforma Consolidated Balance Sheets of KTB have been prepared for illustrative purposes only to show the effects of the Restructuring Scheme of Park May as if the Restructuring Scheme of Park May had been effected on 31 December 2006.

	Audited as at 31.12.06 RM'000	Adjustment I RM'000	Proforma I RM'000	Adjustment II RM'000	Proforma II RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	186,638	24,652	211,290	-	211,290
Investment properties	-	1,050	1,050	-	1,050
Goodwill on consolidation	-	83,259	83,259	-	83,259
Other investments	109	-	109	-	109
Deferred tax assets	962	1,819	2,781	(1,819)	962
	<u>187,709</u>		<u>298,489</u>		<u>296,670</u>
<b>Current Assets</b>					
Inventories	1,333	424	1,757	-	1,757
Trade and other receivables	78,817	5,435	84,252	-	84,252
Cash and bank balances	3,809	2,271	6,080	-	6,080
	<u>83,959</u>		<u>92,089</u>		<u>92,089</u>
<b>TOTAL ASSETS</b>	<u>271,668</u>		<u>390,578</u>		<u>388,759</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	126,000	24,999	150,999	50,400	201,399
Share premium	-	-	-	12,600	12,600
Other reserves	(57,277)	(250)	(57,527)	-	(57,527)
Retained profit/(Accumulated losses)	-	1,819	1,819	(1,819)	-
Irredeemable Convertible Secured Loan					
Stocks ("ICSLS") - equity	-	56,264	56,264	(56,264)	-
	<u>68,723</u>		<u>151,555</u>		<u>156,472</u>
<b>Minority interests</b>	<u>-</u>	1,683	1,683	-	1,683
<b>Total equity</b>	<u>68,723</u>		<u>153,238</u>		<u>158,155</u>
<b>Non-current Liabilities</b>					
Retirement benefit obligations	9,051	1,414	10,465	-	10,465
Borrowings	91,684	1,850	93,534	-	93,534
Deferred tax liabilities	3,298	2,405	5,703	-	5,703
ICSLS - liability	-	4,491	4,491	(4,491)	-
	<u>104,033</u>		<u>114,193</u>		<u>109,702</u>
<b>Current Liabilities</b>					
Retirement benefit obligations	571	223	794	-	794
Trade and other payables	51,584	20,493	72,077	-	72,077
Borrowings	43,023	1,110	44,133	-	44,133
ICSLS - liability	-	2,245	2,245	(2,245)	-
Provision for taxation	3,734	164	3,898	-	3,898
	<u>98,912</u>		<u>123,147</u>		<u>120,902</u>
<b>Total liabilities</b>	<u>202,945</u>		<u>237,340</u>		<u>230,604</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>271,668</u>		<u>390,578</u>		<u>388,759</u>
Number of ordinary shares in issue ('000)	252,000		301,997		402,797
Net tangible assets ("NTA")	68,723		12,032	#	73,213
NTA per ordinary share of RM0.50 each (RM)	0.27		0.04	#	0.18
NTA per ordinary share of RM0.50 each (RM) after inclusion of equity portion of the ICSLS	0.27		0.23		0.18

# Excludes the equity portion of the ICSLS of KTB Group.

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX II  
PAGE 2 OF 4**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF KTB**

The Proforma Consolidated Balance Sheets of KTB, for which the Directors of KTB are solely responsible, have been prepared for illustrative purpose based on accounting principles and bases consistent with those previously adopted in the preparation of the audited consolidated financial statements of KTB as at 31 December 2006 which have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities after making such adjustment to reflect the effects of the Restructuring Scheme of Park May as if the Restructuring Scheme of Park May had been effected on 31 December 2006.

**Adjustment I**

Adjustment I reflects the Proposed Share Exchange, the Proposed Shares Cancellation, the Proposed Debt Restructuring and the Public Offering:

## (a) Proposed Share Exchange

The proposed exchange of all the 74,996,022 ordinary shares of RM1.00 each in Park May with new Shares in KTB on the basis of two (2) new Shares in KTB for every three (3) existing ordinary shares of RM1.00 each held in Park May.

Purchase consideration for Park May pursuant to the Proposed Share Exchange is determined based on the market value of Park May shares of RM0.33 per Share, after taking into consideration of the weighted average price of five (5) market days up to the date of this Letter. The purchase consideration of RM24,749 is recorded in the Proforma Consolidated Balance Sheets as follows:

	<b>RM'000</b>
Share Capital	24,999
Other reserves	(250)
	<u>24,749</u>

The acquisition of Park May Group is based on the audited consolidated financial statements of Park May as at 31 December 2006. The acquisition is accounted for under the acquisition principles. Under the acquisition method, any excess of the cost of the acquisition over the KTB's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of Park May Group represents goodwill. For the purpose of this proforma, the assets and liabilities of Park May Group at the date of acquisition have not been measured at their respective fair values. Any adjustments to the fair values of assets and liabilities of Park May Group will have a corresponding effect on the goodwill on consolidation and net tangible assets.

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX II  
PAGE 3 OF 4**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF KTB (CONTD.)****Adjustment I (Contd.)****(a) Proposed Share Exchange (Contd.)**

The goodwill arising from the acquisition of Park May Group is approximately RM83.3 million which is arrived at as follows:

	<b>RM'000</b>
Purchase consideration	24,749
Less: Net liabilities of Park May Group at book value	<u>(58,510)</u>
Goodwill	<u>83,259</u>

It is assumed that goodwill on consolidation will not subject to any impairment under Financial Reporting Standard ("FRS") No.136, Impairment of Assets.

**(b) Proposed Shares Cancellation**

The proposed cancellation of all the issued and paid-up share capital of Park May comprising 74,996,022 existing ordinary shares of RM1.00 each pursuant to Section 64 of the Companies Act, 1965 and the credit arising therefrom to be applied in paying up in full at par 74,996,022 new ordinary shares of RM1.00 each in Park May to be allotted and issued to KTB, to be completed prior to the Listing Date.

**(c) Proposed Debt Restructuring**

Proposed debt restructuring of the entire RM63.0 million outstanding CP of Park May by way of cancelling RM63.0 million of the CP outstanding and the issuance of RM63.0 million nominal value of ICSLS by KTB.

The FRS No. 132 "Financial Instruments: Disclosure and Presentation" requires the classification of the component parts of compound instruments. The ICSLS have been classified into equity and financial liability components of RM56.264 million and RM6.736 million respectively. The financial liability component is computed based on a discount rate of 6% and the deferred tax assets of RM1.819 million attributable to this component has been recognised.

**(d) Public Offering**

Proposed offer for sale of 35.0 million Shares in KTB held by KKMB to the Malaysian public/investors in order to comply with the public shareholding spread requirement.

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX II  
PAGE 4 OF 4**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF KTB (CONTD.)****Adjustment II**

Adjustment II reflects the immediate full conversion of the ICSLS. The conversion price of RM0.625 each shall be satisfied by tendering RM0.625 nominal value of the ICSLS for cancellation to KTB for one (1) new Share in KTB credited as issued and fully paid up.

Upon full conversion of the ICSLS, the issued and paid-up share capital of KTB will increase from RM150.999 million to RM201.399 million by an additional allotment of 100.8 million Shares with share premium of RM12.600 million.

**Effects on shareholders funds**

The effects of the above proforma adjustments on KTB's shareholder's funds are as follows:

	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000
Audited as at 31 December 2006	126,000	-	(57,277)	-
Proposed share exchange, share cancellation debt restructuring and public offering	24,999	-	(250)	1,819
Proforma I	150,999	-	(57,527)	1,819
Upon full conversion of ICSLS	50,400	12,600	-	(1,819)
Proforma II	201,399	12,600	(57,527)	-

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX III  
PAGE 1 OF 2**PROFORMA CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006**

The Proforma Consolidated Cash Flow Statement of the KTB, for which the Directors of KTB are solely responsible, has been prepared for illustrative purposes only based on the audited financial statements of the respective companies in the KTB Group for the financial year ended 31 December 2006 which have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities after making such adjustments that are considered necessary to show the effects of the Restructuring Scheme of Park May as if the Restructuring Scheme of Park May had been effected on 31 December 2006 and should be read in conjunction with the notes thereon. The bases and accounting policies used for the purpose of the Proforma Consolidated Cash Flow Statement of KTB are consistent with those previously adopted in the preparation of the audited consolidated financial statements of KTB for the financial year ended 31 December 2006.

31.12.2006  
RM'000**CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before tax	4,921
Adjustments for:	
Depreciation of property, plant and equipment	31,800
Impairment loss on property, plant and equipment	689
Depreciation of investment properties	22
Gain on disposal of property, plant and equipment	(5,492)
Gain on disposal of an associate	(105)
Property, plant and equipment written off	307
Provision for pension costs - defined benefit plan	2,090
Dividend income	(7)
Interest expense	12,005
Interest income	(5)
Operating profit before working capital changes	46,225
Decrease in inventories	222
Increase in trade and other receivables	(27,800)
Increase in trade and other payables	10,242
Cash generated from operations	28,889
Payment of pension costs - defined benefit plan	(2,437)
Tax paid	(1,311)
Net cash generated from operating activities	25,141



**9. FINANCIAL INFORMATION (CONT'D)**

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**APPENDIX III**  
**PAGE 2 OF 2**
**PROFORMA CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006 (CONTD.)**
**31.12.2006**  
**RM'000**
**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	5
Purchase of property, plant and equipment*	(4,280)
Proceeds from disposal of property, plant and equipment	18,224
Proceeds from disposal of an associate	105
Dividend received	7
Net cash generated from investing activities	<u>14,061</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Interest paid on	
- Commercial Papers/Medium Term Notes	(3,864)
- Finance lease	(579)
- Term loan	(7,562)
Repayment of lease financing creditors	(26,517)
Repayment of term loans	(100)
Net cash used in financing activities	<u>(38,622)</u>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	580
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,465
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>6,045</u>

**CASH AND CASH EQUIVALENTS COMPRISE:**

Cash and bank balances	5,931
Deposits with licensed banks	149
	<u>6,080</u>
Fixed deposits pledged with licensed banks for securing banking facilities	(35)
	<u>6,045</u>

\* Property, plant and equipment

Total property, plant and equipment purchased	59,506
Property, plant and equipment acquired under finance lease during year	(55,226)
Payment for property, plant and equipment	<u>4,280</u>

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX IV  
PAGE 1 OF 8
**PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS  
AT 31 DECEMBER 2006**

The Proforma Consolidated Statement of Assets and Liabilities of the KTB Group, for which the Directors of KTB are solely responsible, have been prepared for illustrative purpose based on accounting principles and bases consistent with those previously adopted in the preparation of the audited financial statements of the respective companies in the KTB Group as at 31 December 2006 which have been prepared in accordance with the applicable MASB Approved Accounting Standards in Malaysia after making such adjustments to show the effects of the transactions described in Adjustment I and II of Appendix II on the assumption that the respective transactions had been completed on 31 December 2006 and should be read in conjunction with the notes thereon.

	Notes	KTB Group RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1	211,290
Investment properties	2	1,050
Goodwill on consolidation	3	83,259
Other investments		109
Deferred tax assets	9	962
		<u>296,670</u>
<b>Current assets</b>		
Inventories	4	1,757
Trade and other receivables	5	84,252
Cash and bank balances		6,080
		<u>92,089</u>
<b>TOTAL ASSETS</b>		<u><b>388,759</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	6	201,399
Share premium		12,600
Merger reserves		(63,338)
Other reserves		5,811
		<u>156,472</u>
<b>Minority interests</b>		1,683
<b>Total equity</b>		<u><b>158,155</b></u>

**9. FINANCIAL INFORMATION (CONT'D)**

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**PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS  
AT 31 DECEMBER 2006 (CONTD.)**

	Notes	KTB Group RM'000
<b>Non-current Liabilities</b>		
Retirement benefit obligations	7	10,465
Borrowings	8	93,534
Deferred tax liabilities	9	5,703
		<u>109,702</u>
<b>Current Liabilities</b>		
Retirement benefit obligations	7	794
Trade and other payables	10	72,077
Borrowings	8	44,133
Provision for taxation		3,898
		<u>120,902</u>
<b>Total liabilities</b>		<u>230,604</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>388,759</u>

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX IV  
PAGE 3 OF 8**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006****1. PROPERTY, PLANT AND EQUIPMENT**

<b>Net book value</b>	<b>RM'000</b>
Freehold land and buildings	15,868
Long term leasehold land and buildings	6,710
Buses and motor vehicles	185,978
Renovations, furniture, fittings and office equipment	1,701
Computer, ticketing, workshop, tools and equipment	1,033
<b>Total</b>	<b>211,290</b>

- (a) As at 31 December 2006, the net carrying amount of property, plant and equipment of the Group acquired under hire-purchase and finance lease liabilities are as follows:

	<b>RM'000</b>
Buses	<u>152,588</u>

- (b) The net book values of the landed properties pledged as security for borrowings as mentioned in Note 8, are as follows:

	<b>RM'000</b>
Leasehold land and building	<u>5,986</u>

**2. INVESTMENT PROPERTIES**

	<b>31.12.2006</b>
	<b>RM'000</b>
<b>Cost</b>	
At 1 January	1,990
Disposal	(784)
At 31 December	<u>1,206</u>
<b>Accumulated depreciation</b>	
At 1 January	828
Depreciation during the year	22
Disposal	(694)
At 31 December	<u>156</u>
<b>Net carrying amount</b>	<b><u>1,050</u></b>

## 9. FINANCIAL INFORMATION (CONT'D)



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APPENDIX IV

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**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTD.)**

**3. GOODWILL ON CONSOLIDATION**

The goodwill is recognised in respect of the acquisition of Park May Group pursuant to the Proposed Share Exchange which is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

**4. INVENTORIES**

	<b>31.12.2006</b>
	<b>RM'000</b>
<b>At cost</b>	
Spare parts and consumables	1,560
<b>At net realisable value</b>	
Spare parts and consumables	197
	<u>1,757</u>

**5. TRADE AND OTHER RECEIVABLES**

	<b>31.12.2006</b>
	<b>RM'000</b>
<b>Trade receivables</b>	
Third parties	7,240
Related parties	1,269
Related companies	8,616
Holding company	1,790
	<u>18,915</u>
Less: Provision for doubtful debts	<u>(6,550)</u>
	<u>12,365</u>
<b>Other receivables</b>	
Tax recoverable	1,996
Sundry receivables	12,581
Related parties	3,428
Related companies	28,687
Holding company	15,855
Deposits	4,831
Prepayments	5,066
	<u>72,444</u>
Less: Provision for doubtful debts	<u>(557)</u>
	<u>71,887</u>
	<u>84,252</u>

**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX IV  
PAGE 5 OF 8**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTD.)****5. TRADE AND OTHER RECEIVABLES (CONTD.)**

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to group of debtors.

The amounts due from subsidiaries of corporate shareholders and companies in which a director has interest are classified as related companies and related parties respectively and will be repayable on demand. All related parties receivables are unsecured and are to be settled in cash.

The amounts due from holding and related companies are unsecured, interest-free and have no fixed terms of repayment.

**6. SHARE CAPITAL**

	<b>No. of ordinary shares of RM0.50 each '000</b>	<b>31.12.2006 RM'000</b>
<u>Authorised</u>		
At beginning of the year	800,000	400,000
<u>Issued and Fully paid:</u>		
At beginning of year	252,000	126,000
Pursuant to the Proposed Share Exchange	49,997	24,999
Pursuant to the full Conversion of Irredeemable Convertible Loan Stocks ("ICSLS")	100,800	50,400
At end of the year	402,797	201,399

**7. RETIREMENT BENEFIT OBLIGATIONS**

The Group operates unfunded, defined benefit Retirement Benefit Scheme ("Scheme") for its eligible employees.

	<b>31.12.2006 RM'000</b>
Present value of unfunded defined benefit obligations	15,479
Unrecognised actuarial gain	(4,157)
Unrecognised net transition obligation	(63)
Net liability	11,259

**9. FINANCIAL INFORMATION (CONT'D)**APPENDIX IV  
PAGE 6 OF 8**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTD.)****7. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)**

	<b>31.12.2006</b>
	<b>RM'000</b>
Analysed as:	
Current	794
Non-current	10,465
	<u>11,259</u>

**8. BORROWINGS**

	<b>31.12.2006</b>
	<b>RM'000</b>
<b>Short term</b>	
<b>Secured:</b>	
Trust receipts	10,045
Finance lease payables	33,758
Term loan	330
	<u>44,133</u>
<b>Long term</b>	
<b>Secured:</b>	
Term loan	454
Finance lease payables	93,080
	<u>93,534</u>
<b>Total borrowings</b>	<u>137,667</u>

The finance lease bears interest at 4.50% to 7.25% per annum.

The term loan is secured by a first legal charge over the leasehold land and building with net carrying amount as at 31 December 2006 of RM5,986,000;

## 9. FINANCIAL INFORMATION (CONT'D)



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LIABILITIES AS AT 31 DECEMBER 2006 (CONTD.)

## 9. DEFERRED TAX

	31.12.2006 RM'000
As at 1 January	6,891
Recognised in income statement	(2,150)
As at 31 December	<u>4,741</u>
Presented after appropriate offsetting as follows:	
Deferred tax assets	(962)
Deferred tax liabilities	5,703
	<u>4,741</u>

The components and movements of deferred tax liability and assets during the financial year are as follows:

	Accelerated capital allowances RM'000	Tax losses and unabsorbed capital allowances RM'000	Retirement Benefit Obligations RM'000	Accelerated depreciation RM'000	Others RM'000	Total RM'000
At 1 January 2006	13,975	(487)	(3,379)	-	(208)	9,901
Recognised in income statement	(2,165)	79	1,370	(4,652)	208	(5,160)
At 31 December 2006	<u>11,810</u>	<u>(408)</u>	<u>(2,009)</u>	<u>(4,652)</u>	<u>-</u>	<u>4,741</u>

Deferred tax assets have not been recognised in respect of the following items:

	31.12.2006 RM'000
Unused tax losses	130,626
Unabsorbed capital allowances	72,965
Other deductible temporary differences	4,081
	<u>207,672</u>



**9. FINANCIAL INFORMATION (CONT'D)**

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APPENDIX IV  
PAGE 8 OF 8**NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2006 (CONTD.)****10. TRADE AND OTHER PAYABLES**

	<b>31.12.2006</b>
	<b>RM'000</b>
<b>Trade payables</b>	
Third parties	27,716
Related parties	6,821
Related companies	11,270
Holding company	50
	<u>45,857</u>
<b>Other payables</b>	
Sundry payables	12,679
Provision and accruals	8,677
Deposits	808
Related companies	3,344
Holding company	712
	<u>26,220</u>
	<u>72,077</u>

The normal trade credit term granted to the Group ranges from 30 to 90 days.

Amount due to subsidiary of corporate shareholders and related parties are unsecured, interest-free and has no fixed terms of repayment.

**11. CAPITAL COMMITMENT**

	<b>RM'000</b>
Capital expenditure	
- Approved and contracted for Buses	9,536
- Approved but not contracted for Buses	47,940
	<u>57,476</u>