



# Training Future Aviators

APFT flight training courses are accredited by the Department of Civil Aviation Malaysia (DCA) and consequentially, internationally recognised by the International Civil Aviation Organisation (ICAO).



**ADMINISTRATIVE CENTRE**  
Suite 50-5-5, 5th Floor, Wisma UOA Damansara  
50, Jalan Dungun, Bukit Damansara  
50490 Kuala Lumpur, Malaysia  
Telephone : +603-2092 3177  
Fax : +603-2093 9218

**FLIGHT TRAINING CENTRE**  
Old Terminal Building, Sultan Ismail Petra Airport  
Pengkalan Chepa, 16100 Kota Bharu  
Kelantan Darul Naim, Malaysia  
Telephone : +609-773 8722  
Fax : +609-773 8891

WEBSITE: [www.apft.edu.my](http://www.apft.edu.my) Email: [registrar@apft.edu.my](mailto:registrar@apft.edu.my) Mobile: +6019 281 9310 (Registrar)

**ASIA PACIFIC**  
FLIGHT TRAINING  
*Dreams Realised*

APFT BERHAD PROSPECTUS

# PROSPECTUS

THIS PROSPECTUS IS DATED 24 FEBRUARY 2011



## APFT BERHAD

(Company No. 886873-T)

(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING:-

- (I) PUBLIC ISSUE OF 22,000,000 NEW ORDINARY SHARES OF RM0.20 EACH ("SHARES") IN THE FOLLOWING MANNER:-
- 15,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
  - 7,000,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;

AND

- (II) OFFER FOR SALE OF 17,250,000 EXISTING SHARES BY WAY OF PLACEMENT TO IDENTIFIED INVESTORS AT AN ISSUE/OFFER PRICE OF RM0.50 PER SHARE, PAYABLE IN FULL UPON APPLICATION

*Principal Adviser, Managing Underwriter, Underwriter and Placement Agent*

**BANK ISLAM**

Bank Islam Malaysia Berhad  
(Company No. 98127-X)

*Underwriters*

**Kuwait Finance House**  
بيت التمويل الكويتي

Kuwait Finance House (Malaysia) Berhad  
(Company Number 672174-T)

**INTER-PACIFIC**  
SECURITIES SDN. BHD.

A Participating Organisation of Bursa Malaysia Securities Berhad

*Corporate Finance Advisor*

**WYNCORP**  
LICENCED INVESTMENT ADVISOR

WYNCORP Advisory Sdn Bhd  
(Company Number 632322-H)

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.**



## RESPONSIBILITY STATEMENTS

OUR DIRECTORS, PROMOTERS AND OFFERORS (AS DEFINED HEREIN) HAVE SEEN AND APPROVED THIS PROSPECTUS. THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED HEREIN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE IS NO FALSE OR MISLEADING STATEMENT OR OTHER FACTS WHICH IF OMITTED, WOULD MAKE ANY STATEMENT IN THIS PROSPECTUS FALSE OR MISLEADING.

BANK ISLAM MALAYSIA BERHAD ("BANK ISLAM"), BEING THE PRINCIPAL ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION, AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES A FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS CONCERNING THE INITIAL PUBLIC OFFERING ("IPO").

## STATEMENT OF DISCLAIMER

THE SECURITIES COMMISSION ("SC") HAS APPROVED THE IPO AND A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE APPROVAL, AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS. THE SC HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SECURITIES BEING OFFERED FOR INVESTMENT.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

APPROVAL HAS BEEN OBTAINED FROM BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE LISTING OF AND QUOTATION FOR THE SECURITIES BEING OFFERED. ADMISSION TO THE OFFICIAL LIST OF BURSA SECURITIES IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF THE INVITATION, OUR COMPANY OR OUR SECURITIES.

BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE IN THIS PROSPECTUS BY US AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO YOU PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE IPO FOR WHICH THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS AND SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

OUR SECURITIES ARE CLASSIFIED AS SHARIAH COMPLIANT BY THE SHARIAH ADVISORY COUNCIL ("SAC") OF THE SC BASED ON THE LATEST AUDITED FINANCIAL YEAR AT THE POINT OF SUBMISSION. THIS CLASSIFICATION REMAINS VALID FROM THE DATE OF ISSUE OF THIS PROSPECTUS UNTIL THE NEXT SHARIAH COMPLIANCE REVIEW IS UNDERTAKEN BY THE SAC OF THE SC. THE NEW STATUS IS RELEASED IN THE UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES, ON THE LAST FRIDAY OF MAY AND NOVEMBER.

A COPY OF THIS PROSPECTUS, TOGETHER WITH THE APPLICATION FORM, HAS ALSO BEEN LODGED WITH THE REGISTRAR OF COMPANIES WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT 2007.

THIS PROSPECTUS CAN ALSO BE VIEWED OR DOWNLOADED FROM BURSA SECURITIES' WEBSITE AT [www.bursamalaysia.com](http://www.bursamalaysia.com). THE CONTENTS OF THE ELECTRONIC PROSPECTUS ARE AS PER THE CONTENTS OF THE COPY OF THIS PROSPECTUS REGISTERED WITH THE SC. A COPY OF THIS PROSPECTUS SO REGISTERED IS AVAILABLE ON THE WEBSITE OF RHB BANK BERHAD AT [www.rhbbank.com.my](http://www.rhbbank.com.my), THE WEBSITE OF MALAYAN BANKING BERHAD AT [www.maybank2u.com.my](http://www.maybank2u.com.my), THE WEBSITE OF CIMB INVESTMENT BANK BERHAD AT [www.eipocimb.com](http://www.eipocimb.com), THE WEBSITE OF CIMB BANK BERHAD AT [www.cimbclicks.com.my](http://www.cimbclicks.com.my), THE WEBSITE OF AFFIN BANK BERHAD AT [www.affinOnline.com](http://www.affinOnline.com) AND THE WEBSITE OF PUBLIC BANK BERHAD AT [www.pbebank.com](http://www.pbebank.com).

YOU ARE ADVISED THAT THE INTERNET IS NOT A FULLY SECURED MEDIUM, AND THAT YOUR INTERNET SHARE APPLICATION IS SUBJECT TO THE RISK OF PROBLEMS OCCURRING DURING DATA TRANSMISSION, COMPUTER SECURITY THREATS SUCH AS VIRUSES, HACKERS AND CRACKERS, FAULTS WITH COMPUTER SOFTWARE AND OTHER EVENTS BEYOND THE CONTROL OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS. (INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LISTED IN SECTION 15 OF THIS PROSPECTUS). THESE RISKS CANNOT BE BORNE BY THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

IF YOU ARE IN DOUBT AS TO THE VALIDITY OR INTEGRITY OF AN ELECTRONIC PROSPECTUS, YOU SHOULD IMMEDIATELY REQUEST FROM US, OUR ADVISER OR THE ISSUING HOUSE, A PAPER/PRINTED COPY OF THIS PROSPECTUS.

THE ELECTRONIC PROSPECTUS SUBMITTED TO THE SC AND BURSA SECURITIES IS THE SAME AS THE REGISTERED PAPER/PRINTED COPY. IN THE EVENT OF ANY DISCREPANCIES ARISING BETWEEN THE CONTENTS OF THE ELECTRONIC PROSPECTUS AND THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS FOR ANY REASON WHATSOEVER, THE CONTENTS OF THE PAPER/PRINTED COPY OF THIS PROSPECTUS, WHICH IS IDENTICAL TO THE COPY OF THE PROSPECTUS REGISTERED WITH THE SC, SHALL PREVAIL.

IN RELATION TO ANY REFERENCE IN THIS PROSPECTUS TO THIRD PARTY INTERNET SITES (REFERRED TO AS "THIRD PARTY INTERNET SITES"), WHETHER BY WAY OF HYPERLINKS OR BY WAY OF DESCRIPTION OF THE THIRD PARTY INTERNET SITES, YOU ACKNOWLEDGE AND AGREE THAT:-

- (i) WE AND OUR ADVISER DO NOT ENDORSE AND ARE NOT AFFILIATED IN ANY WAY WITH THE THIRD PARTY INTERNET SITES AND ARE NOT RESPONSIBLE FOR THE AVAILABILITY OF, OR THE CONTENTS OR ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED ON THE THIRD PARTY INTERNET SITES. YOU SHALL BEAR ALL RISKS ASSOCIATED WITH THE ACCESS TO OR USE OF THE THIRD PARTY INTERNET SITES;
- (ii) WE AND OUR ADVISER ARE NOT RESPONSIBLE FOR THE QUALITY OF PRODUCTS OR SERVICES IN THE THIRD PARTY INTERNET SITES, FOR FULFILLING ANY OF THE TERMS OF YOUR AGREEMENTS WITH THE THIRD PARTY INTERNET SITES. WE ARE ALSO NOT RESPONSIBLE FOR ANY LOSS, DAMAGE OR COST THAT YOU MAY SUFFER OR INCUR IN CONNECTION WITH OR AS A RESULT OF DEALING WITH THE THIRD PARTY INTERNET SITES OR THE USE OF OR RELIANCE ON ANY DATA, INFORMATION, FILES OR OTHER MATERIAL PROVIDED BY SUCH PARTIES; AND
- (iii) ANY DATA, INFORMATION, FILES OR OTHER MATERIAL DOWNLOADED FROM THE THIRD PARTY INTERNET SITES IS AT YOUR OWN DISCRETION AND RISK. WE AND OUR ADVISER ARE NOT RESPONSIBLE, LIABLE OR UNDER OBLIGATION FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA RESULTING FROM THE DOWNLOADING OF ANY SUCH DATA, INFORMATION, FILES OR OTHER MATERIAL.

WHERE AN ELECTRONIC PROSPECTUS IS HOSTED ON THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, YOU ARE ADVISED THAT:-

- (I) THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS ARE LIABLE IN RESPECT OF THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS, TO THE EXTENT OF THE CONTENTS OF THE ELECTRONIC PROSPECTUS SITUATED ON THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS WHICH MAY BE VIEWED VIA YOUR WEB BROWSER OR OTHER RELEVANT SOFTWARE. THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE RESPONSIBLE IN ANY WAY FOR THE INTEGRITY OF THE CONTENTS OF AN ELECTRONIC PROSPECTUS WHICH HAS BEEN DOWNLOADED OR OTHERWISE OBTAINED FROM THE WEB SERVER OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS AND THEREAFTER COMMUNICATED OR DISSEMINATED IN ANY MANNER TO YOU OR OTHER PARTIES; AND
- (II) WHILE ALL REASONABLE MEASURES HAVE BEEN TAKEN TO ENSURE THE ACCURACY AND RELIABILITY OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS, THE ACCURACY AND RELIABILITY OF AN ELECTRONIC PROSPECTUS CANNOT BE GUARANTEED AS THE INTERNET IS NOT A FULLY SECURED MEDIUM.

THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS SHALL NOT BE LIABLE (WHETHER IN TORT OR CONTRACT OR OTHERWISE) FOR ANY LOSS, DAMAGE OR COST, YOU OR ANY OTHER PERSON MAY SUFFER OR INCUR DUE TO, AS A CONSEQUENCE OF OR IN CONNECTION WITH ANY INACCURACIES, CHANGES, ALTERATIONS, DELETIONS OR OMISSIONS IN RESPECT OF THE INFORMATION PROVIDED IN AN ELECTRONIC PROSPECTUS WHICH MAY ARISE IN CONNECTION WITH OR AS A RESULT OF ANY FAULT OR FAULTS WITH WEB BROWSERS OR OTHER RELEVANT SOFTWARE, ANY FAULT OR FAULTS ON YOUR OR ANY THIRD PARTY'S PERSONAL COMPUTER, OPERATING SYSTEM OR OTHER SOFTWARE, VIRUSES OR OTHER SECURITY THREATS, UNAUTHORISED ACCESS TO INFORMATION OR SYSTEMS IN RELATION TO THE WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS, AND/OR PROBLEMS OCCURRING DURING DATA TRANSMISSION, WHICH MAY RESULT IN INACCURATE OR INCOMPLETE COPIES OF INFORMATION BEING DOWNLOADED OR DISPLAYED ON AN APPLICANT'S PERSONAL COMPUTER.

THIS PROSPECTUS HAS NOT BEEN AND WILL NOT BE MADE TO COMPLY WITH THE LAWS OF ANY JURISDICTION OTHER THAN MALAYSIA, AND HAS NOT BEEN AND WILL NOT BE LODGED, REGISTERED OR APPROVED PURSUANT TO OR UNDER ANY APPLICABLE SECURITIES OR EQUIVALENT LEGISLATION OR WITH OR BY ANY REGULATORY AUTHORITY OR OTHER RELEVANT BODY OF ANY JURISDICTION OTHER THAN MALAYSIA.

WE WILL NOT, PRIOR TO ACTING ON ANY ACCEPTANCE IN RESPECT OF THE IPO, MAKE OR BE BOUND TO MAKE ANY ENQUIRY AS TO WHETHER YOU HAVE A REGISTERED ADDRESS IN MALAYSIA AND WILL NOT ACCEPT OR BE DEEMED TO ACCEPT ANY LIABILITY IN RELATION THERETO WHETHER OR NOT ANY ENQUIRY OR INVESTIGATION IS MADE IN CONNECTION THEREWITH.

NO ACTION HAS BEEN OR WILL BE TAKEN TO ENSURE THAT THIS PROSPECTUS COMPLIES WITH THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN THE LAWS OF MALAYSIA. IT SHALL BE YOUR SOLE RESPONSIBILITY IF YOU ARE OR MAY BE SUBJECT TO THE LAWS OF ANY COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO CONSULT YOUR LEGAL AND/OR OTHER PROFESSIONAL ADVISERS AS TO WHETHER THE IPO WOULD RESULT IN THE CONTRAVENTION OF ANY LAWS OF SUCH COUNTRIES OR JURISDICTIONS. NEITHER WE NOR OUR ADVISER NOR ANY OTHER ADVISER IN RELATION TO THE IPO SHALL ACCEPT ANY RESPONSIBILITY OR LIABILITY IN THE EVENT THAT ANY APPLICATION MADE BY YOU SHALL BECOME ILLEGAL, UNENFORCEABLE, AVOIDABLE OR VOID IN ANY SUCH COUNTRY OR JURISDICTION.

FURTHER, IT SHALL BE YOUR SOLE RESPONSIBILITY TO ENSURE THAT YOUR APPLICATION FOR THE IPO WOULD BE IN COMPLIANCE WITH THE TERMS OF THE IPO AND WOULD NOT BE IN CONTRAVENTION OF ANY LAWS OF COUNTRIES OR JURISDICTIONS OTHER THAN MALAYSIA TO WHICH YOU MAY BE SUBJECTED. WE WILL FURTHER ASSUME THAT YOU HAD ACCEPTED THE IPO IN MALAYSIA AND WILL BE SUBJECT ONLY TO THE LAWS OF MALAYSIA IN CONNECTION THEREWITH.

HOWEVER, WE RESERVE THE RIGHT, IN OUR ABSOLUTE DISCRETION TO TREAT ANY ACCEPTANCES AS INVALID IF WE BELIEVE THAT SUCH ACCEPTANCE MAY VIOLATE ANY LAW OR APPLICABLE LEGAL OR REGULATORY REQUIREMENTS.

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**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/Opening of the application period for the IPO	24 February 2011
Closing of the application period for the IPO	8 March 2011
Balloting of the applications for the IPO shares	10 March 2011
Allotment of issue shares/transfer of offer shares to successful applicants	16 March 2011
Listing date	18 March 2011

**Note:-**

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or for such further period or periods as our Directors, the Offerors together with the Managing Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of issue shares/transfer of offer shares and listing accordingly.

Further information on the indicative timetable is set out in Section 3.2 of this Prospectus.

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**DEFINITIONS**

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:-

<b>AASB</b>	:	International Aero Training Academy Sdn Bhd (Company No. 755913-T) (formerly known as Austral Academy Sdn Bhd)
<b>Acquisitions</b>	:	Acquisition of APFTSB, Acquisition of APFT Services, Acquisition of APFT Engineering, Acquisition of APFT Express and Acquisition of APFT Maintenance Training, collectively
<b>Acquisition of APFTSB</b>	:	Acquisition by APFT of the entire equity interest of APFTSB, comprising 3,000,000 ordinary shares of RM1.00 each in APFTSB for a purchase consideration of RM24,194,577 satisfied by the issuance of 120,972,885 APFT Shares. The Acquisition of APFTSB was completed on 22 June 2010
<b>Acquisition of APFT Engineering</b>	:	Acquisition by APFT of the entire equity interest of APFT Engineering, comprising 150,000 ordinary shares of RM1.00 each in APFT Engineering for a cash consideration of RM142,359. The Acquisition of APFT Engineering was completed on 22 June 2010
<b>Acquisition of APFT Express</b>	:	Acquisition by APFT of the entire equity interest of APFT Express, comprising 150,000 ordinary shares of RM1.00 each in APFT Express for a cash consideration of RM108,938. The Acquisition of APFT Express was completed on 22 June 2010
<b>Acquisition of APFT Services</b>	:	Acquisition by APFT of the entire equity interest of APFT Services, comprising 3,000,000 ordinary shares of RM1.00 each in APFT Services for a purchase consideration of RM2,805,421 satisfied by the issuance of 14,027,105 APFT Shares. The Acquisition of APFT Services was completed on 22 June 2010
<b>Acquisition of APFT Maintenance Training</b>	:	Acquisition by APFT of the entire equity interest of APFT Maintenance Training, comprising 2 ordinary shares of RM1.00 each in APFT Maintenance Training for a cash consideration of RM2.00. The Acquisition of APFT Maintenance Training was completed on 29 April 2010
<b>Act</b>	:	Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>AFI</b>	:	Assistant Flying Instructor
<b>ADA</b>	:	Authorised Depository Agent
<b>AFTO</b>	:	Approved Flight Training Organisation
<b>AGM</b>	:	Annual General Meeting
<b>AirAsia</b>	:	AirAsia Berhad (Company No. 284669-W)
<b>AOC</b>	:	Air Operating Certificate
<b>APFTA</b>	:	Asia Pacific Flight Training Academy

**DEFINITIONS (Cont'd)**

<b>APFT or Company</b>	:	APFT Berhad (Company No. 886873-T)
<b>APFT Engineering</b>	:	APFT Engineering Sdn Bhd (Company No. 758108-D)
<b>APFT Express</b>	:	APFT Express Sdn Bhd (Company No. 127572-P)
<b>APFT Group or Group</b>	:	APFT and our subsidiary companies, namely APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training
<b>APFT Maintenance Training</b>	:	APFT Maintenance Training Sdn Bhd (Company No. 899773-K)
<b>APFTSB</b>	:	Asia Pacific Flight Training Sdn Bhd (Company No. 534715-H)
<b>APFT Services</b>	:	APFT Services Sdn Bhd (Company No. 758131-M)
<b>APFT Share(s) or Share(s)</b>	:	Ordinary share(s) of RM0.20 each in APFT
<b>Application</b>	:	The application for the IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
<b>Application Form(s)</b>	:	The printed application form(s) for the application of the IPO Shares
<b>ASP</b>	:	Air Services Permit
<b>ATC</b>	:	Air Traffic Controllers
<b>ATPL</b>	:	Airline Transport Pilot Licence
<b>ATM</b>	:	Automated Teller Machine
<b>Bank Islam/ Managing Underwriter</b>	:	Bank Islam Malaysia Berhad (Company No. 98127-X)
<b>BNM</b>	:	Bank Negara Malaysia
<b>Board</b>	:	The Board of Directors of APFT
<b>Bursa Depository</b>	:	Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
<b>Bursa Securities</b>	:	Bursa Malaysia Securities Berhad (Company No. 635998-W)
<b>CAGR</b>	:	Compounded annual growth rate
<b>CDS</b>	:	Central Depository System
<b>CDS Account(s)</b>	:	Account(s) established for a depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>Central Depositories Act</b>	:	Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>CMSA</b>	:	Capital Markets and Services Act 2007 or any statutory modification, amendment or re-enactment thereof for the time being in force



**DEFINITIONS (Cont'd)**

<b>CPL</b>	:	Commercial Pilot Licence
<b>CPL/IR</b>	:	Commercial Pilot Licence with Instrument Rating
<b>CTRM</b>	:	Composites Technology Research Malaysia Sdn Bhd (Company No. 208125-X)
<b>Dato' Faruk</b>	:	Dato' Faruk Bin Othman
<b>DCA</b>	:	Department of Civil Aviation, Malaysia
<b>DGCA</b>	:	Directorate-General of Civil Aviation, Indonesia
<b>Depositor</b>	:	A holder of a CDS Account
<b>Director(s)</b>	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA / Section 4 of the Act
<b>EASA</b>	:	European Aviation Safety Agency
<b>EBITDA</b>	:	Earnings before interest, tax, depreciation and amortisation
<b>EC</b>	:	European Commission
<b>Electronic Prospectus</b>	:	A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and/or an electronic storage medium, including but not limited to CD-ROMs or floppy disks
<b>Electronic Share Application</b>	:	An application for the Issue Shares through Participating Financial Institutions' ATM
<b>Embry-Riddle</b>	:	Embry-Riddle Aeronautical University
<b>EPF</b>	:	Employee Provident Fund
<b>EPS</b>	:	Earnings Per Share
<b>FI</b>	:	Flying Instructor
<b>FHSB</b>	:	Forad Holdings Sdn Bhd (Company No. 164781-D)
<b>FRS</b>	:	Financial Reporting Standards
<b>FYE</b>	:	Financial year(s) ended
<b>GHAL</b>	:	GMR Hyderabad International Airport Limited (Corporate Identification No. U62100AP2002PLC040118)
<b>GDP</b>	:	Gross domestic product
<b>GGIF</b>	:	Gulf Golden International Flying Academy Sdn Bhd (Company No. 766839-A)
<b>HMA</b>	:	HM Aerospace Sdn Bhd (Company No. 686315-M)
<b>IAA</b>	:	Integrated Training and Services Sdn Bhd (Company No. 601001-V)
<b>IATA</b>	:	International Air Transport Association

**DEFINITIONS (Cont'd)**

<b>ICAO</b>	:	International Civil Aviation Organization
<b>IFR</b>	:	Instrument Flight Rules
<b>IMF</b>	:	International Monetary Fund
<b>Independent Market Researcher or Protégé Associates</b>	:	Protégé Associates Sdn Bhd (Company No. 675767-H)
<b>Internet Participating Financial Institution(s)</b>	:	Participating organisation(s) for the Internet Share Application, as listed in Section 15 of this Prospectus
<b>Internet Share Application</b>	:	Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
<b>Inter-Pacific Securities</b>	:	Inter-Pacific Securities Sdn Bhd (Company No. 12738-U)
<b>IPTS</b>	:	Private Higher Educational Institution
<b>IPO</b>	:	Initial public offering of the IPO Shares in conjunction with our listing of and quotation for our entire enlarged issued and paid-up share capital on the Main Market of Bursa Securities
<b>IPO Price</b>	:	The Issue Price and Offer Price of RM0.50 for each IPO Share
<b>IPO Share(s)</b>	:	The Issue Share(s) and Offer Share(s), collectively
<b>IR</b>	:	Instrument Rating
<b>Issue Price</b>	:	The issue price of RM0.50 for each Issue Share
<b>Issue Share(s)</b>	:	22,000,000 new APFT Shares, representing approximately 14.01% of our enlarged issued and paid-up share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
<b>Issuing House or MIDFCCS</b>	:	MIDF Consultancy and Corporate Services Sdn Bhd (Company No. 11324-H)
<b>JAA</b>	:	Joint Aviation Authority
<b>JAR</b>	:	Joint Aviation Regulation
<b>Jeppesen</b>	:	Jeppesen Sanderson Inc. (Company No. HRB 10957)
<b>KLIFA</b>	:	KL International Flying Academy Sdn Bhd (Company No. 708455-A)
<b>KISTAA</b>	:	KIST Aviation Academy Sdn Bhd (Company No. 845815-D)
<b>KFH</b>	:	Kuwait Finance House (Malaysia) Berhad (Company No. 672174-T)
<b>Listing</b>	:	The admission to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM31,400,000, comprising 157,000,000 APFT Shares on the Main Market of Bursa Securities
<b>Listing Scheme</b>	:	The Public Issue, Offer for Sale and Listing, collectively

**DEFINITIONS (Cont'd)**

<b>Listing Requirements</b>	:	Main Market Listing Requirements of Bursa Securities
<b>LPD</b>	:	15 January 2011, being the latest practicable date prior to the printing of this Prospectus
<b>LWTR</b>	:	Licence Without Type Rating
<b>Malaysian Public</b>	:	Citizen of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>MARA</b>	:	Majlis Amanah Rakyat
<b>Market Day</b>	:	Any day between Monday and Friday (inclusive) which is not a public holiday and when Bursa Securities is open for trading of securities
<b>MAS</b>	:	Malaysian Airline System Berhad (Company No. 10601-W)
<b>MASB</b>	:	Malaysia Airports Sdn Bhd (Company No. 230646-U)
<b>MATRADE</b>	:	Malaysia External Trade Development Corporation
<b>MCC</b>	:	Multi-Crew Cooperation
<b>MFA</b>	:	Malaysian Flying Academy Sdn Bhd (Company No. 106446-P)
<b>MHS</b>	:	MHS Aviation Berhad (Company No. 226595-U)
<b>MIAC</b>	:	Malaysian International Aerospace Centre  The MIAC in Subang was launched in line with the National Aerospace Blueprint as an aerospace hub to propel Malaysia in the global aerospace industry. The MIAC is expected to emerge as a research, design, engineering and manufacturing base handling aerospace-related activities for Malaysia and the world
<b>MI</b>	:	Minority interests
<b>MIDA</b>	:	Malaysian Industrial Development Authority
<b>MINDEF</b>	:	Ministry of Defence, Malaysia
<b>MOHE</b>	:	Ministry of Higher Education, Malaysia
<b>MOT</b>	:	Ministry of Transport, Malaysia
<b>MOU</b>	:	Memorandum of Understanding
<b>MPL</b>	:	Multi Pilot Licence
<b>MQA</b>	:	Malaysian Qualifications Agency
<b>MRO</b>	:	Maintenance, Repair and Overhaul
<b>NA</b>	:	Net assets
<b>N/A</b>	:	Not applicable
<b>NBV</b>	:	Net book value

**DEFINITIONS (Cont'd)**

<b>Offer for Sale</b>	:	Offer for sale of the Offer Shares at the Offer Price by the Offerors to identified investors
<b>Offer Price</b>	:	The offer price of RM0.50 for each Offer Share
<b>Offer Share(s)</b>	:	17,250,000 existing APFT Shares, representing approximately 10.99% of our enlarged issued and paid-up share capital, which are to be offered for sale pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
<b>Offerors</b>	:	FHSB, Dato' Faruk, Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk, collectively
<b>Official List</b>	:	Official list of the Main Market of Bursa Securities
<b>Participating Financial Institutions(s)</b>	:	Participating financial institution(s) for Electronic Share Application as listed in Section 15 of this Prospectus
<b>PAT</b>	:	Profit after taxation
<b>PBT</b>	:	Profit before taxation
<b>PE Multiple</b>	:	Price earnings multiple
<b>PHEIA</b>	:	Private Higher Educational Institutions Act, 1996 (Act 555) or any statutory modification, amendment or re-enactment thereof for the time being in force
<b>PIC</b>	:	Pilot-In-Command
<b>Placement Agent</b>	:	Bank Islam, being the agent to place out Offer Shares to be offered pursuant to the Offer for Sale
<b>PPL</b>	:	Private Pilot Licence
<b>Prescribed Security</b>	:	Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depositories Act and the Rules of Bursa Depository
<b>Promoters</b>	:	FHSB, Dato' Faruk, Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk, collectively
<b>Public Issue</b>	:	Public issue of 22,000,000 new APFT Shares at the Issue Price comprising: <ul style="list-style-type: none"> <li>(a) 15,000,000 new APFT Shares available for application by the Malaysian Public; and</li> <li>(b) 7,000,000 new APFT Shares available for application by eligible employees and persons who have contributed to the success of our Group</li> </ul>
<b>QA</b>	:	Quality Assurance
<b>QC</b>	:	Quality Control
<b>QMS</b>	:	Quality Management System
<b>R&amp;D</b>	:	Research and development



**DEFINITIONS (Cont'd)**

<b>RM</b>	:	Ringgit Malaysia
<b>RMAF</b>	:	Royal Malaysian Air Force
<b>ROC</b>	:	Registrar of Companies, Malaysia
<b>(Rtd)</b>	:	Retired
<b>Rules</b>	:	Rules of Bursa Depository
<b>SAC</b>	:	Shariah Advisory Council of SC
<b>SAS</b>	:	Systematic Aviation Services Sdn Bhd (Company No. 235827-W)
<b>SC</b>	:	Securities Commission, Malaysia
<b>SPM</b>	:	Sijil Pelajaran Malaysia
<b>SIRIM</b>	:	Standards and Industrial Research Institute of Malaysia
<b>Share Split</b>	:	Share split of RM2.00 comprising eight (8) ordinary shares of RM0.25 each into RM2.00 comprising ten (10) ordinary shares of RM0.20 each. The share split was completed on 13 May 2010
<b>Subsidiary Companies</b>	:	APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training, collectively
<b>sq ft</b>	:	Square feet
<b>sq m</b>	:	Square meter
<b>TRE</b>	:	Type Rating Examiner
<b>TRI</b>	:	Type Rating Instructor
<b>UiTM</b>	:	Universiti Teknologi Mara Malaysia
<b>UK</b>	:	United Kingdom
<b>UKCAA</b>	:	United Kingdom Civil Aviation Authority
<b>Underwriters</b>	:	Bank Islam, Inter-Pacific Securities and KFH, collectively
<b>Underwriting Agreement</b>	:	The underwriting agreement dated 9 February 2011 between APFT and the Underwriters for the underwriting of the Issue Shares
<b>UniKL MIAT</b>	:	University Kuala Lumpur Malaysian Institute of Aviation Technology
<b>UPM</b>	:	Universiti Putra Malaysia
<b>USA</b>	:	United States of America
<b>UTHM</b>	:	Universiti Tun Hussein Onn Malaysia
<b>VFR</b>	:	Visual Flight Rules
<b>WHO</b>	:	World Health Organisation

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**DEFINITIONS (Cont'd)**

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All references to "our Company" and "APFT" in this Prospectus are to APFT Berhad, references to "our Group" and "APFT Group" are to our Company and our subsidiary companies taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and our subsidiary companies, save where the context otherwise requires.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail.

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## FORWARD-LOOKING STATEMENT

This Prospectus includes forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation to, those regarding our financial position, business strategies, plans and objectives for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual result, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our management's current view with respect to future events and are not guarantees of future performance. Forward looking statements can be identified by the use of forward looking terminology such as words "may", "will", "would", "could", "believe", "expect", "anticipate", "estimate", "aim", "plan", "forecast", or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our financial position; and
- (v) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including without limitation:

- (i) the economic, political and investment environment in Malaysia and globally; and
- (ii) government policies, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are limited to, those discussed in Sections 4 and 11 of this Prospectus. We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the LPD.

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

<b>Name / Designation</b>	<b>Address</b>	<b>Occupation</b>	<b>Nationality</b>
Dato' Faruk Bin Othman <i>(Executive Chairman)</i>	No.11, Jalan Setia Murni 6 Bukit Damansara 50490 Kuala Lumpur	Company Director	Malaysian
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali <i>(Executive Director)</i>	No. 2, Jalan Camar 4/22, Villa Damansara Seksyen 4, Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan	Company Director / Principal	Malaysian
Arif Bin Faruk <i>(Non-Independent Non- Executive Director)</i>	No.48, Jalan Seri Beringin 3 Bukit Damansara 50490 Kuala Lumpur	Company Director / Pilot	Malaysian
Nik Din Bin Nik Sulaiman <i>(Independent Non-Executive Director)</i>	No.6, Lorong PJU 7/19A Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Dato' Haji Suhaimi Bin Abdul Ghani <i>(Independent Non-Executive Director)</i>	No.14, Jalan SS21/9 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Nyap Keong @ Tony Tan <i>(Independent Non-Executive Director)</i>	No.6, Pinggiran Golf Saujana Resort Seksyen U2 40150 Shah Alam Selangor Darul Ehsan	Company Director	Malaysian

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**1. CORPORATE DIRECTORY (Cont'd)****AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Nik Din Bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	Member	Independent Non-Executive Director
Tan Nyap Keong @ Tony Tan	Member	Independent Non-Executive Director

**REMUNERATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Haji Suhaimi Bin Abdul Ghani	Chairman	Independent Non-Executive Director
Nik Din Bin Nik Sulaiman	Member	Independent Non-Executive Director
Dato' Faruk Bin Othman	Member	Executive Chairman

**NOMINATION COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Tan Nyap Keong @ Tony Tan	Chairman	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	Member	Independent Non-Executive Director
Arif Bin Faruk	Member	Non-Independent Non-Executive Director

**COMPANY SECRETARY**

: Ng Yim Kong (LS 0009297)  
97, Jalan USJ 2/4R  
UEP Subang Jaya  
47600 Subang Jaya  
Selangor Darul Ehsan

**REGISTERED OFFICE**

: Unit 07-02, Level 7  
Persoft Tower, 6B Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan  
Telephone No. : (03) 7804 5929

**PRINCIPAL PLACE OF BUSINESS**

: Suite 50-5-5, 5th Floor  
Wisma UOA Damansara  
50, Jalan Dungun  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone No. : (03) 2092 3177  
Website : [www.apft.edu.my](http://www.apft.edu.my)  
Information on our website does not constitute part of this Prospectus

Old Terminal Building  
Sultan Ismail Petra Airport  
Pengkalan Chepa  
16100 Kota Bharu  
Kelantan Darul Naim  
Telephone No. : (09) 773 8722



**1. CORPORATE DIRECTORY (Cont'd)**

- AUDITORS AND REPORTING ACCOUNTANTS** : SJ Grant Thornton (AF:0737)  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Telephone No. : (03) 2692 4022
- PREVIOUS AUDITORS FOR APFTSB, APFT SERVICES, APFT ENGINEERING AND APFT EXPRESS FOR FYE 31 DECEMBER 2007 AND 2008** : B.L Tan & Co (AF 1153)  
Chartered Accountant  
M2C/17, 2nd Floor,  
Jalan Pandan Indah 4/3A, Pandan Indah  
55100 Kuala Lumpur.  
Telephone No. : (03) 4297 2022
- SOLICITORS FOR THE LISTING** : Mazlan & Associates  
Suite 8.1, Level 8  
Wisma Antah, Changkat Semantan  
Off Jalan Semantan  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone No. : (03) 2715 8802
- PRINCIPAL ADVISER, MANAGING UNDERWRITER, UNDERWRITER AND PLACEMENT AGENT** : Bank Islam Malaysia Berhad (Company No. 98127-X)  
11th Floor, Wisma Bank Islam  
Jalan Dungun  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone No. : (03) 2688 2688
- UNDERWRITERS** : Inter-Pacific Securities Sdn Bhd (Company No. 12738-U)  
West Wing, Level 13  
Berjaya Times Square  
No.1, Jalan Imbi  
55100 Kuala Lumpur  
Telephone No. : (03) 2117 1888
- Kuwait Finance House (Malaysia) Berhad (Company No. 672174-T)  
Level 18, Tower Two  
Etika Twins  
11, Jalan Pinang  
50450 Kuala Lumpur  
Telephone No. : (03) 2055 7777
- CORPORATE FINANCE ADVISOR** : WYNCORP Advisory Sdn Bhd (Company No. 632322-H)  
Suite 50-5-3A, 5<sup>th</sup> Floor  
Wisma UOA Damansara  
50, Jalan Dungun  
Bukit Damansara  
50490 Kuala Lumpur  
Telephone No. : (03) 03 2096 2286/ 2096 2289

**1. CORPORATE DIRECTORY (Cont'd)**

- PRINCIPAL BANKERS** : Kuwait Finance House (Malaysia) Berhad (Company No. 672174-T)  
Level 18, Tower 2, Etiqa Twins  
11, Jalan Pinang  
50704 Kuala Lumpur  
Telephone No. : (03) 2055 7777
- Bank Perusahaan Kecil & Sederhana Malaysia Berhad  
(Company No. 49572-H)  
Menara SME Bank  
Jalan Sultan Ismail  
50774 Kuala Lumpur  
Telephone No. : (03) 2615 2020
- ISSUING HOUSE AND SHARE REGISTRAR** : MIDF Consultancy and Corporate Services Sdn Bhd  
(Company No. 11324-H)  
Level 8, Menara MIDF  
82, Jalan Raja Chulan  
50200 Kuala Lumpur  
Telephone No. : (03) 2173 8888
- INDEPENDENT MARKET RESEARCHER** : Protégé Associates Sdn Bhd (Company No. 675767-H)  
Suite C-06-06, Plaza Mont' Kiara  
2 Jalan Kiara, Mont' Kiara  
50480 Kuala Lumpur  
Telephone No. : (03) 6201 9301
- LISTING SOUGHT** : Main Market of Bursa Securities
- SHARIAH STATUS** : Approved by the Shariah Advisory Council of the SC

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## 2. INFORMATION SUMMARY

This section is only a summary of the salient information about us and the IPO and is extracted from the full text of this Prospectus. You should carefully read and understand this section together with the whole Prospectus before you decide whether to invest in us.

### 2.1 BACKGROUND AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia under the Act on 19 January 2010 as a private limited liability company under the name APFT Sdn Bhd. Our Company was subsequently converted to a public limited liability company and assumed our present name on 12 February 2010 to facilitate our listing on the Main Market of Bursa Securities.

Our Group currently owns and operates Malaysia's leading flight education and training academy, the APFTA, on the basis that our Group commands the largest market share of 37.8% of the flight education and training market in Malaysia based on number of students graduated from AFTOs in 2009 as stated in DCA's latest available Annual Report 2009 (*Source: Independent Market Research Report prepared by Protégé Associates*). As at the LPD, we have a fleet strength of 35 aircraft and a total of 49 qualified and experienced flight and ground instructors, and we operate out of three (3) major commercial airports in Malaysia. Our success in growing APFTA into Malaysia's leading flight education and training academy has enabled us to leverage on our expertise and expand into the following new and complementary areas within the aviation sector:-

- (i) Chartered commercial flight services (expected to commence operations by June 2011 under APFT Services);
- (ii) MRO services (expected to commence operations by June 2011 under APFT Engineering); and
- (iii) Maintenance training services (commenced operations on 4 July 2010 under APFT Maintenance Training).

Ultimately, we aim to become one of the leading regional integrated aviation service providers.

Our Group was founded by Dato' Faruk and his son Arif Bin Faruk, who first ventured into the flight education and training service business when they foresaw the huge potential and growth offered by this largely untapped market then, both locally and abroad. The rapid expansion enveloping the air travel industry at that time, which saw many airlines adding routes and expanding their services across the region, have resulted in soaring demand for pilots in countries such as Malaysia, Indonesia, Singapore and India. In addition, given the proactive promotion of the flight education and training market by the government of Malaysia then, our founders started APFTA in 2006 when APFTSB was issued with a licence effective from 1 February 2006 by the DCA.

Today, APFTA is the leading flight education and training service provider in Malaysia. Our flight training courses are accredited by the DCA and consequentially internationally recognised by the ICAO. Our pioneering, innovative and industry-driven endeavours towards the provision of flight education and training services have allowed us to accomplish many firsts and exclusives within the flight education and training market in Malaysia.

#### *Our impressive credentials*

We were the first AFTO in Malaysia approved and accredited with the IPTS status by the MOHE which enabled us to offer the Diploma in Aviation (Pilot Training), making us the first AFTO to offer our own diploma. The addition of the abovementioned advanced tertiary course into our flight training programmes provides our cadet pilots with additional recognised paper qualification, and equips them with the necessary management knowledge.

Since the founding of our academy, we have signed various letters of intent, MOUs and agreements with parties such as UPM and Embry-Riddle, a US-based aviation and aerospace university, to collaborate in offering aeronautical related degrees.

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**2. INFORMATION SUMMARY (Cont'd)**

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Our prestige as the leading flight education and training service provider in Malaysia was further boosted, when we were given the privilege to collaborate and partner with Jeppesen, a Boeing company, who is also a leading global aviation player. We became the only flight education and training service provider in Malaysia authorised by Jeppesen to conduct the Aviation English Test, a requirement by the ICAO for pilot licensing. In addition, we are also their appointed representative for the marketing of Jeppesen's Licensed Dispatcher Course.

We have an experienced and highly qualified team of instructors to ensure a consistent delivery of high quality education and training for our cadet pilots. Our qualified and experienced instructors possess an average of more than 20 years of professional flight experience. They are able to offer and share their industry experiences and exposures with our cadets.

We also pride ourselves in being one of the better equipped flight education and training service providers in Malaysia in terms of flight training infrastructure, in-campus ground training facilities and accommodation. As at the LPD, to the best of our knowledge, our fleet strength of 35 aircraft, which include state-of-the-art Diamond aircraft, is the largest within the flight education and training market in Malaysia. We have also purchased the Alsim flight training simulators which allow us to conduct MCC Training.

We are the first AFTO in Malaysia awarded the ISO9001:2000 Quality Management Systems certification, which was later upgraded to ISO9001:2008 on 12 May 2010, attesting to our commitment towards the provision of high quality flight education and training services.

Our academy has experienced high growth over a short period of time since the commencement of our operations in 2006. As at the LPD, we have enrolled more than 750 students at our academy. We continue to enjoy support from our business partners and customers which include local and overseas airlines such as MAS, AirAsia, Garuda Indonesia, Sri Wijaya Air and Nepal Airlines, all of which have sent their cadets to train at our academy. Their support represents an endorsement of the high quality of our academy.

We have been recognised and approved by the Indonesian aviation authority, the DGCA, to train Indonesian cadet pilots leading to the direct issuance of an Indonesian pilot licence for both the ab-initio and AFI courses. The recognition and approval from the DGCA to train Indonesian cadet pilots allows us to expand our penetration into the Indonesian market as cadet pilots from Indonesia who complete their flight education and training in APFT will be directly awarded an Indonesian pilot licence from the DGCA without being required to undertake a conversion course in Indonesia. The cadets who are trained at other flight schools which are not recognised and approved by the DGCA will be required to go through a conversion course back in Indonesia in order to be awarded the Indonesian pilot licence. As such, the recognition and approval by the Indonesian aviation authority gives us a strong competitive advantage. In addition, we will also benefit from the expected increase in demand for pilots within the Indonesian aviation market due to the lifting of the ban by the EC on several Indonesian airlines.

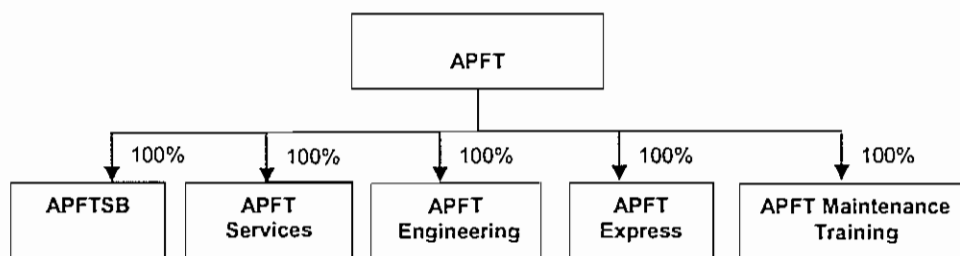
#### *Our foreign venture in India*

In addition to the above and after having established our leading position in Malaysia, we have also embarked on overseas expansion into the India market. We have signed an MOU with GHAL, which will see us expanding our flight education and training services to India. We intend to establish a flight training school in collaboration with GHAL. We intend that the proposed academy will conduct its courses using Jeppesen courseware. We believe that we will be able to capitalise on GHAL's support to gain a strong foothold in the huge market in India where there is vast potential for pilot training and other aviation training services.

Further information on our Group's background and business activities are set out in Section 5 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

As at the LPD, our Group structure is as follows:-



### 2.2 COMPETITIVE STRENGTHS

The competitive strengths of our Group include the following:-

- (a) Established market reputation and track record;
- (b) APFTA being a reputable academy known for our strict discipline;
- (c) Continuously innovate and pioneer quality market-driven programmes and courses;
- (d) Large and modern fleet of aircraft, airspace and flight simulators;
- (e) Highly qualified and experienced flight and ground instructors; and
- (f) Experienced management team.

Further details of our competitive strengths are set out in Section 5.1.2 of this Prospectus.

### 2.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS OF OUR GROUP

Our Company's Promoters and substantial shareholders are FHSB, Dato' Faruk, Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk.

The Directors of our Company are as follows:-

Name	Designation
Dato' Faruk	Executive Chairman
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	Executive Director
Arif Bin Faruk	Non-Independent Non-Executive Director
Nik Din Bin Nik Sulaiman	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	Independent Non-Executive Director
Tan Nyap Keong @ Tony Tan	Independent Non-Executive Director

Further details on our promoters, substantial shareholders and Directors are disclosed in Section 7 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

	No. of Shares	Share Capital (RM)
<b>Authorised share capital</b>	250,000,000	50,000,000
<b>Issued and fully paid-up share capital as at the date of this Prospectus</b>	135,000,000	27,000,000
New shares to be issued pursuant to the Public Issue	22,000,000	4,400,000
<b>Enlarged share capital upon Listing</b>	<b>157,000,000</b>	<b>31,400,000</b>
<b>Offer for Sale</b>	<b>17,250,000</b>	<b>3,450,000</b>
<b>IPO Price</b>		<b>0.50</b>
		<b>RM</b>
- <b>Proforma consolidated NA per Share</b> (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM2.50 million)		<b>0.22</b>
- <b>Market capitalisation</b> (based on the IPO Price and enlarged issued and paid-up share capital after the IPO)		78,500,000

Further information on our IPO is disclosed under Section 3 of this Prospectus.

### 2.5 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM11.0 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose	RM'000	%	Time frame for utilisation
Repayment of bank borrowings	8,000	72.7	Within 12 months from the date of Listing
Working capital	500	4.6	Within 12 months from the date of Listing
Estimated listing expenses	2,500	22.7	Within 3 months from the date of Listing
<b>Total</b>	<b>11,000</b>	<b>100.0</b>	

Further details on the utilisation of proceeds are set out in Section 3.9 of this Prospectus.

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise total gross proceeds of approximately RM8.63 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses including registration and transfer fees, placement fee and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to an estimate of RM0.50 million on a pro-rated basis.

The proforma impact of the utilisation of proceeds on our proforma consolidated statements of financial position as at 31 December 2010 is reflected in Section 11.2 of this Prospectus.

## 2. INFORMATION SUMMARY (Cont'd)

### 2.6 PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME OF OUR GROUP

The Proforma Consolidated Statements of Comprehensive Income of our Group for the four (4) FYE 31 December 2007 to 2010 are provided for illustrative purposes, extracted from the audited financial statements of our Group assuming that our Group has been in existence throughout the financial years under review. Adjustments were made to the Proforma Consolidated Statements of Comprehensive Income to account for retrospective effects of the Share Split and the Acquisitions which were completed in the FYE 31 December 2010. The Proforma Consolidated Statements of Comprehensive Income should be read in conjunction with our management's discussion and analysis of financial conditions, results of operations and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information together with the basis of assumptions as set out in the accompanying notes in Section 11.2 of this Prospectus.

There has been no audit qualification and no exceptional or extraordinary items on the audited financial statements of APFTSB, APFT Services, APFT Engineering and APFT Express for the financial years under review and of APFT and APFT Maintenance Training for the FYE 31 December 2010. APFT and APFT Maintenance Training were incorporated in 2010, as such their financial results are only available for the FYE 31 December 2010.

	←-----FYE 31 December-----→			
	2007	2008	2009	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	20,114	34,370	38,074	38,095
Cost of services	(10,331)	(17,717)	(20,588)	(20,293)
Gross profit	9,783	16,653	17,486	17,802
Other income	263	74	1,270	322
Marketing expenses	(53)	(593)	(522)	(374)
Administration expenses	(2,695)	(4,580)	(3,550)	(4,196)
Other expenses	(586)	(1,788)	(2,421)	(2,989)
Finance cost	(771)	(1,705)	(1,514)	(1,676)
PBT	5,941	8,061	10,749	8,889
Taxation	(1,882)	(28)	264	(27)
PAT	4,059	8,033	11,013	8,862
EBITDA	7,576	11,254	14,636	14,250
Gross profit margin (%) <sup>1</sup>	48.64	48.45	45.93	46.73
PBT margin (%) <sup>2</sup>	29.54	23.45	28.23	23.34
PAT margin (%) <sup>3</sup>	20.18	23.37	28.93	23.27
Effective tax rate (%) <sup>4</sup>	31.68	0.35	-	0.31
Assumed number of ordinary shares in issue of RM0.20 each ('000)	135,000 <sup>#</sup>	135,000 <sup>#</sup>	135,000 <sup>#</sup>	135,000
Basic EPS (RM) <sup>5</sup>	0.03	0.06	0.08	0.07
EBITDA per share (RM) <sup>6</sup>	0.05	0.08	0.11	0.11

Notes:-

<sup>#</sup> Based on the issued and paid-up share capital of 135,000,000 Shares (number of shares assumed to be issued upon completion of the Share Split and Acquisitions but before the Public Issue).

1. Gross profit margin is calculated based on gross profit divided by revenue.
2. PBT margin is calculated based on PBT divided by revenue.
3. PAT margin is calculated based on PAT divided by revenue.
4. Effective tax rate is calculated based on income tax expense divided by PBT.
5. Basic EPS is calculated based on PAT divided by the number of ordinary shares assumed in issue.
6. EBITDA per share is calculated based on EBITDA divided by the number of ordinary shares assumed in issue.

**2. INFORMATION SUMMARY (Cont'd)****2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP**

The Proforma Consolidated Statements of Financial Position of our Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the Public Issue and Offer for Sale on the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010. We advise you to read the Proforma Consolidated Financial Information together with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set out in Section 11.2 of this Prospectus.

	As at 31 December 2010 RM	Proforma I After Public Issue and Offer for Sale RM	Proforma II After Proforma I and Utilisation of Proceeds RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	39,664,532	39,664,532	39,664,532
Goodwill on consolidation	12,241	12,241	12,241
<b>Total non-current assets</b>	<b>39,676,773</b>	<b>39,676,773</b>	<b>39,676,773</b>
<b>Current assets</b>			
Inventories	193,532	193,532	193,532
Trade receivables	12,296,286	12,296,286	12,296,286
Other receivables	4,308,636	4,308,636	3,462,205
Cash and bank balances	417,904	11,417,904	1,764,335
<b>Total current assets</b>	<b>17,216,358</b>	<b>28,216,358</b>	<b>17,716,358</b>
<b>TOTAL ASSETS</b>	<b>56,893,131</b>	<b>67,893,131</b>	<b>57,393,131</b>



## 2. INFORMATION SUMMARY (Cont'd)

## 2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

	As at 31 December 2010 RM	Proforma I After Public Issue and Offer for Sale RM	Proforma II After Proforma I and Utilisation of Proceeds RM
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to equity holders of the Company			
Share capital	27,000,000	31,400,000	31,400,000
Share premium	-	6,600,000	5,759,586
Merger deficit	(20,999,998)	(20,999,998)	(20,999,998)
Unappropriated profit	19,487,031	19,487,031	17,827,445
<b>Total equity</b>	<b>25,487,033</b>	<b>36,487,033</b>	<b>33,987,033</b>
<b>Non-current liabilities</b>			
Borrowings	11,241,398	11,241,398	11,241,398
Hire purchase creditors	81,606	81,606	81,606
<b>Total non-current liabilities</b>	<b>11,323,044</b>	<b>11,323,044</b>	<b>11,323,044</b>
<b>Current liabilities</b>			
Trade payables	1,685,869	1,685,869	1,685,869
Other payables	1,142,140	1,142,140	1,142,140
Amount due to a Director	6,295,033	6,295,033	6,295,033
Deferred income	1,257,199	1,257,199	1,257,199
Hire purchase creditors	9,554,647	9,554,647	1,554,647
Borrowings	121,178	121,178	121,178
Tax payable	27,028	27,028	27,028
<b>Total current liabilities</b>	<b>20,083,094</b>	<b>20,083,094</b>	<b>12,083,094</b>
<b>TOTAL LIABILITIES</b>	<b>31,406,098</b>	<b>31,406,098</b>	<b>23,406,098</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>56,893,131</b>	<b>67,893,131</b>	<b>57,393,131</b>

2. INFORMATION SUMMARY (Cont'd)

2.7 PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP (Cont'd)

	As at 31 December 2010	Proforma I After Public Issue and Offer for Sale	Proforma II After Proforma I and Utilisation of Proceeds
Number of ordinary shares in issue	135,000,000	157,000,000	157,000,000
Net Tangible Assets per ordinary share of RM0.20 each (RM)	0.19	0.23	0.22
Net Assets per ordinary share of RM0.20 each (RM)	0.19	0.23	0.22

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## 2. INFORMATION SUMMARY (Cont'd)

### 2.8 DIVIDEND POLICY

We currently do not have a formal dividend policy and have not declared or paid any dividends on our Shares since our incorporation. There can be no assurance that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future. The declaration and payment of future dividends will depend upon our operating result, financial conditions, other cash requirement including capital expenditure, the terms of borrowing arrangements (if any), dividend yield of comparable companies (if any) listed in Malaysia and other factors deemed relevant by our Directors.

Subject to the above, for FYE 31 December 2011, our Board intends to recommend and distribute a single-tier dividend of 1.6 sen per Share, representing a dividend yield of 3.2% based on the IPO Price per share, to our shareholders.

However, investors should note that the intention to recommend the dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There is no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value.

### 2.9 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may affect our future financial performance. The following is a summary of the key risks and investment considerations (which may not be exhaustive) that we are currently facing or that may develop in the future:-

#### 2.9.1 Risks relating to business and operations of our Group

- (a) Licence from the DCA;
- (b) Reliance on MASB;
- (c) Competition;
- (d) Fuel price and supply;
- (e) Foreign exchange risk;
- (f) Dependency on our Directors and key management;
- (g) Attracting and retaining qualified instructors and reliance on foreign instructors;
- (h) Short operating period of our Group;
- (i) Incurring significant amount of borrowings;
- (j) Insurance coverage;
- (k) Operation safety and health matters;
- (l) No long-term contracts with customers;
- (m) Revenue contribution from students recruited by airlines and under sponsorship; and
- (n) Adverse weather conditions.

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**2. INFORMATION SUMMARY (Cont'd)**

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**2.9.2 Risks relating to investing in our Shares**

- (a) No prior market for our Shares;
- (b) Share price volatility and volume of our Shares;
- (c) Ability to pay dividends and make distributions;
- (d) Ownership and control by our existing shareholders;
- (e) Failure or delay in our Listing; and
- (f) Forward looking statements.

Further information on our risk factors is disclosed under Section 4 of this Prospectus.

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### 3. PARTICULARS OF IPO

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#### 3.1 INTRODUCTION

This Prospectus is dated 24 February 2011.

We have registered a copy of this Prospectus together with the Application Forms with the SC. We have also lodged a copy of this Prospectus, together with the Application Forms with the ROC, and neither the SC nor the ROC takes any responsibility for its contents.

We have received the SC's approval for our IPO vide their letter dated 21 October 2010. However, the approval of the SC shall not be taken to indicate that the SC recommends the IPO and/or the listing of APFT on the Main Market of Bursa Securities. Investors are advised to make their own individual assessment on the merits and risks of the IPO.

On 30 July 2010, we have voluntarily submitted an application to the SC for a Shariah compliance review which has been carried out by the SAC of the SC as part of the process of determining our Shariah status at IPO. On 12 August 2010, the SAC of the SC has classified our shares as Shariah-compliant based on the audited financial statements of APFTSB, APFT Services, APFT Engineering and APFT Express for the FYE 31 December 2009. The classification will remain valid from the date of issue of this Prospectus until the next Shariah compliance review is conducted by the SAC of the SC. The new status will be released in the updated list of the Shariah-compliant securities on the last Friday of the month of May and November of each year.

We have obtained Bursa Securities' approval vide its letter dated 27 January 2011 for admission of our Company to the Official List of the Main Market of Bursa Securities and for the listing of and quotation for our Company's entire issued and paid-up share capital, including the IPO Shares which is the subject of this Prospectus, on the Main Market of Bursa Securities. Our Shares will be admitted to the Official List and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptances of Application for the IPO Shares will be conditional upon the permission being granted by Bursa Securities to deal in and for quotation and listing of our entire issued and paid-up share capital on the Main Market of Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned in full without interest within 14 days if the aforesaid permission for quotation is not granted within six (6) weeks from the date of issue of this Prospectus, or such longer period as may be specified by the SC, provided that we are notified by or on behalf of Bursa Securities within the aforesaid timeframe. If such monies are not repaid within the said period, the provision of sub-section 243(2) of the CMSA shall apply accordingly.

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed our Shares as a Prescribed Security. Therefore, we will deposit the IPO Shares directly with Bursa Depository. Any dealings in these Shares will be carried out in accordance with the Central Depositories Act and the Rules. We will not issue any share certificates to successful applicants.

Pursuant to the Listing Requirements, at least 25% of the total number of shares for which the listing is sought must be in the hands of a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon admission to the Main Market of Bursa Securities. In the event that the above requirement is not met pursuant to the IPO, we may not be allowed to proceed with our Listing on the Main Market of Bursa Securities. In such an event, we will return all the monies paid in respect of all applications without interest.

If you are submitting your application by way of an Application Form or Electronic Share Application or Internet Share Application, you **MUST** have a CDS account. If you presently do not have a CDS account, you should open a CDS account at an ADA prior to making an application for our IPO Shares. Please refer to **Section 15** of this Prospectus for further details on the procedures for application for the IPO Shares.

### 3. PARTICULARS OF IPO (Cont'd)

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of our Group since the date hereof.

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of our IPO Shares are subject to the Malaysian laws and we, together with Bank Islam as the Principal Adviser, Managing Underwriter, Underwriter and Placement Agent, take no responsibility for the distribution of this Prospectus and the offer of any part of our IPO Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation and/or offer to subscribe for our IPO Shares in any jurisdictions in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or expressed in this Prospectus. Admission to the Official List of the Main Market of Bursa Securities is not to be taken as an indication of the merits of our Company or Shares.

If you are in any doubt about any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

#### 3.2 INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:-

Event(s)	Tentative Date(s)
Issuance of this Prospectus/Opening of the application period for the IPO	24 February 2011
Closing of the application period for the IPO	8 March 2011
Balloting of the applications for the IPO Shares	10 March 2011
Allotment of Issue Shares/transfer of Offer Shares to successful applicants	16 March 2011
Listing date	18 March 2011

This timetable is tentative and is subject to changes which may be necessary to facilitate the implementation procedures. The application period for the IPO will close at the date stated above or for such further period or periods as our Directors, the Offerors together with the Managing Underwriter in their absolute discretion may mutually decide.

In the event the closing date of the application period is extended, we will advertise the notice of the extension in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia prior to the original closing date of the application period. Following this, we will extend the dates for the balloting of the applications, allotment of Issue Shares/transfer of Offer Shares and Listing accordingly.

### 3. PARTICULARS OF IPO (Cont'd)

#### 3.3 PURPOSES OF THE IPO

The purposes of the IPO are as follows:-

- (i) To obtain the listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Market of Bursa Securities, which is expected to enhance our business, profile and future prospects;
- (ii) To provide our Group with access to the capital market and allow us to raise funds for future expansion and growth;
- (iii) To enhance the stature of our Group in the marketing of our services, maintain our existing market position and to retain and attract new and skilled employees;
- (iv) To provide an opportunity for Malaysian investors (including all our eligible employees and persons who have contributed to the success of our Group) to participate in our equity and continuing growth; and
- (v) To assist our Group in expanding our customer base in Malaysia and abroad.

#### 3.4 SHARE CAPITAL AND RIGHTS ATTACHING TO THE IPO SHARES

	No. of Shares	Share Capital (RM)
<b>Authorised share capital</b>	250,000,000	50,000,000
<b>Issued and fully paid-up share capital as at the date of this Prospectus</b>	135,000,000	27,000,000
New shares to be issued pursuant to the Public Issue	22,000,000	4,400,000
<b>Enlarged share capital upon Listing</b>	<b>157,000,000</b>	<b>31,400,000</b>
<b>Offer for Sale</b>	<b>17,250,000</b>	<b>3,450,000</b>
<b>IPO Price</b>		<b>0.50</b>
		<b>RM</b>
- <b>Consolidated NA per Share</b> (based on the enlarged issued and paid-up share capital after the IPO and after deducting the estimated listing expenses of RM2.50 million)		0.22
- <b>Market capitalisation</b> (based on the IPO Price and enlarged issued and paid-up share capital after the IPO)		78,500,000

The IPO Price is payable in full upon application.

We only have one (1) class of shares, being ordinary shares of RM0.20 each, all of which rank equally with each other. The Offer Shares and the Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Shares.

Subject to special rights attaching to any share which may be issued by us in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members

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### 3. PARTICULARS OF IPO (Cont'd)

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in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association and provisions of the Act.

Each shareholder shall be entitled to vote at any of our general meetings in person or by proxy, and, on a show of hands, every person present who is a shareholder or a representative or proxy of a shareholder, shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or other duly authorised representative shall have one (1) vote for each of our Shares held. A proxy may but need not be a member.

#### 3.5 DETAILS OF THE IPO

##### 3.5.1 Public Issue

The Public Issue of 22,000,000 new Shares, representing approximately 14.01% of our enlarged issued and paid-up share capital, at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

**(i) Malaysian Public**

15,000,000 new APFT Shares, representing approximately 9.55% of our enlarged issued and paid-up share capital, to be made available for application by the Malaysian Public via balloting.

The basis of allocation shall take into account the desirability of distributing the Issue Shares to a reasonable number of applicants in view of broadening the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market in the Shares. Applicants will be selected in a manner to be determined by our Directors.

**(ii) Eligible employees and persons who have contributed to the success of our Group**

7,000,000 new APFT Shares, representing approximately 4.46% of our enlarged issued and paid-up share capital, reserved for the eligible employees and persons who have contributed to the success of our Group. Further details of our pink form share allocation are set out in Section 3.8 of this Prospectus.

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### 3. PARTICULARS OF IPO (Cont'd)

#### 3.5.2 Offer for Sale

The Offer for Sale of 17,250,000 Offer Shares, representing approximately 10.99% of our enlarged issued and paid-up share capital, at the Offer Price, payable in full on application upon such terms and conditions as set out in this Prospectus to identified investors.

The details of the Offer Shares offered by our Offerors and their respective material relationships with our Company since the date of incorporation are as follows:-

Shareholders	Material Relationship with our Company	Address	No. of APFT Shares as at the LPD	%	←-----After the IPO----->			
					No. of Offer Shares	% of existing issued and paid-up share capital as at the LPD	% of enlarged issued and paid-up share capital	
FHSB	Promoter /substantial shareholder	M2D/17, Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur	50,625,000	37.50	3,525,000	2.61	47,100,000	30.00
Dato' Faruk	Executive Chairman / promoter / substantial shareholder / Key management	No.11, Jalan Setia Murni 6 Bukit Damansara 50490 Kuala Lumpur	50,625,000	37.50	11,375,000	8.43	39,250,000	25.00
Arif Bin Faruk	Non-Independent Non-Executive Director / promoter / substantial shareholder	No.48, Jalan Seri Beringin 3 Bukit Damansara 50490 Kuala Lumpur	16,875,000	12.50	1,175,000	0.87	15,700,000	10.00
Aida Binti Faruk	Promoter / substantial shareholder	No.11, Jalan Setia Murni 6 Bukit Damansara 50490 Kuala Lumpur	8,437,500	6.25	587,500	0.44	7,850,000	5.00
Aisyah Binti Faruk	Promoter / substantial shareholder	No.11, Jalan Setia Murni 6 Bukit Damansara 50490 Kuala Lumpur	8,437,500	6.25	587,500	0.44	7,850,000	5.00
			<b>135,000,000</b>	<b>100.00</b>	<b>17,250,000</b>	<b>12.79</b>	<b>117,750,000</b>	<b>75.00</b>

### 3. PARTICULARS OF IPO (Cont'd)

All the 22,000,000 Issue Shares available for application by the Malaysian Public and our eligible employees and persons who have contributed to the success of our Group under Sections 3.5.1(i) and 3.5.1(ii) of this Prospectus have been fully underwritten. Any Issue Shares which are not taken up by our eligible employees or persons who have contributed to the success of our Group under Section 3.5.1 (ii) of this Prospectus will be reoffered to our Group's other eligible employees or persons who have contributed to the success of our Group. Subsequently, any of the unsubscribed Issue Shares reoffered which are not taken up will be offered for application by the Malaysian Public. Likewise, any Issue Shares not subscribed under Section 3.5.1(i) of this Prospectus will be offered to our eligible employees and persons who have contributed to the success of our Group.

In addition, any Issue Shares not subscribed for under Sections 3.5.1(i) and 3.5.1(ii) of this Prospectus will be made available to identified investors via private placement. Thereafter, any remaining re-offered Issue Shares that are not subscribed for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

The Offer Shares under Section 3.5.2 of this Prospectus are not underwritten as irrevocable written undertakings have been obtained from the respective identified investors. Please refer to Sections 3.10.2 and 3.10.3 of this Prospectus for further details on the underwriting and placement arrangements.

There is no over-allotment or 'greenshoe' option that will result in increase in the amount of IPO Shares.

#### 3.6 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and Bank Islam, as the Principal Adviser, Managing Underwriter, Underwriter and Placement Agent, had determined and agreed upon the Issue Price and Offer Price, after taking into consideration the following factors:-

##### (i) Financial and Operating History

Our Group through one of our key subsidiary companies, APFTSB, has been in operations since February 2006 and based on the proforma consolidated statements of comprehensive income of our Group for the FYE 31 December 2010, we recorded a PAT of approximately RM8.86 million representing a basic EPS of RM0.066 and the net PE multiple of approximately 7.58 times based on the existing issued and paid-up share capital of RM27,000,000 comprising 135,000,000 Shares. Our detailed operating and financial history is outlined in Sections 5 and 11 of this Prospectus.

##### (ii) Future Plans and Strategies

Going forward, our Group will provide a wider spectrum of aviation related services ranging from the provision of chartered commercial flight services and MRO services as we aim to become one of the region's leading integrated aviation service providers. We also intend to expand our domestic and regional markets and continue to develop strategic educational partnerships and new programmes and courses. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

##### (iii) Prevailing market condition and Prospects of our Group and Industry

The prevailing market condition of the regional and domestic stock markets as well as investors' response for the recent new IPO launchings. In addition, with support of the Malaysian Government for the nation's aviation industry as well as the captive demand for professionally trained pilots and the Malaysian Government's initiatives towards transforming Malaysia as a global aerospace nation by 2015 will augur well for providers of flight education and training in Malaysia (*Source: Independent Market Research Report*

### 3. PARTICULARS OF IPO (Cont'd)

*prepared by Protégé Associates*). The basis of arriving at the IPO price also takes into consideration the following competitive strengths of our Group:-

- (a) Established market reputation and track record;
- (b) APFTA being a reputable academy known for our strict discipline;
- (c) Continuously innovate and pioneer quality market-driven programmes and courses;
- (d) Large and modern fleet of aircraft, airspace and flight simulators;
- (e) Highly qualified and experienced flight and ground instructors; and
- (f) Experienced management team.

Further details of our competitive strengths and the prospects of our Group and the industry are set out in Sections 5.1.2 and 6 of this Prospectus.

#### (iv) Proforma Consolidated NA

The proforma consolidated NA per Share as at 31 December 2010 of RM0.22 based on our enlarged issued and paid-up share capital of RM31,400,000 comprising 157,000,000 Shares after the IPO and after adjusting for the net proceeds from the Public Issue.

You should also note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 4 of this Prospectus before deciding to invest in our Shares.

### 3.7 DILUTION

Our proforma NA per Share as at 31 December 2010 before adjusting for the net proceeds from the Public Issue and based on the proforma issued and paid-up share capital as at 31 December 2010 of RM27,000,000 comprising 135,000,000 Shares is RM0.19.

Pursuant to the Public Issue, our proforma consolidated NA per Share after adjusting for the net proceeds from the Public Issue and based on the enlarged issued and paid-up share capital after listing of 157,000,000 Shares, would have been RM0.22. This represents an increase in NA per Share of RM0.03 to our existing shareholders and a dilution in NA per Share of RM0.28 to our new investors. The following table illustrates such dilution on a per APFT Share basis:-

Issue price/Offer price	<b>RM</b> 0.50
NA per Share as at 31 December 2010	0.19
Increase in NA per Share attributable to existing shareholders	0.03
NA per Share after the IPO	0.22
Dilution in NA per Share to new investor	0.28

The following table summarises the total number of Shares received by our Directors, substantial shareholders and key management from the Acquisitions. Save as disclosed below, there is no acquisition of any existing equity securities in our Company by the substantial shareholders, directors or key management or persons connected with them during the past three (3) years, or which they have right to acquire:-

**3. PARTICULARS OF IPO (Cont'd)**

	Total number of Shares received	Total consideration RM	Effective cost per Share RM
<b>Directors/substantial shareholders</b>			
FHSB	50,625,000	10,125,000	0.20
Dato' Faruk <sup>^</sup>	50,625,000*	10,125,000	0.20
Arif Bin Faruk	16,875,000	3,375,000	0.20
Aida Binti Faruk	8,437,500	1,687,500	0.20
Aisyah Binti Faruk	8,437,500	1,687,500	0.20
Public Investors - Public Issue	22,000,000	11,000,000	0.50

Notes:

<sup>^</sup> Also a key management of our Group.

\* 50,624,990 Shares were issued arising from the Acquisitions while 10 Shares were transferred from our Company's previous shareholders.

**3.8 ALLOCATION OF THE ISSUE SHARES TO THE ELIGIBLE EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP**

The eligible employees and persons who have contributed to the success of our Group have been allocated a total of 7,000,000 new APFT Shares.

The total number of persons eligible for the allocation is 148 comprising the following:-

Eligibility	No. of persons	Number of Issue Shares allocated*
Employees <sup>(1)</sup>	124	2,730,000
Persons who have contributed to the success of our Group <sup>(2)</sup>	24	4,270,000
<b>Total</b>	<b>148</b>	<b>7,000,000</b>

Notes:-

(1) The criteria of allocation for the above mentioned Issue Shares to employees of our Group are based on, inter-alia, the following factors:-

(i) The employee must be a full time employee and on the payroll of our Group; and

(ii) The number of shares allocated to the eligible employees is based on the seniority, position, their length of service, their past performance and respective contribution made to our Group as well as other factors deemed relevant to our Board.

(2) The Issue Shares to be allotted to the persons who have contributed to the success of our Group shall be based on their contribution to our Group. The persons who have contributed to the success of our Group include business contacts, suppliers, customers and others.

\* Any Issue Shares which are not taken up by our eligible employees or persons who have contributed to the success of our Group will be reoffered to our Group's other eligible employees or persons who have contributed to the success of our Group.

### 3. PARTICULARS OF IPO (Cont'd)

#### 3.9 UTILISATION OF PROCEEDS FROM THE IPO

The total gross proceeds from the Public Issue will amount to RM11.0 million based on the Issue Price. We expect the proceeds to be utilised in the following manner:-

Purpose*	RM'000	%	Time frame for utilisation
Repayment of bank borrowings <sup>(i)</sup>	8,000	72.7	Within 12 months from the date of Listing.
Working capital <sup>(ii)</sup>	500	4.6	Within 12 months from the date of Listing.
Estimated listing expenses <sup>(iii)</sup>	2,500	22.7	Within 3 months from the date of Listing.
<b>Total</b>	<b>11,000</b>	<b>100.0</b>	

Pending the eventual utilisation of the proceeds raised from the Public Issue, the funds will be placed in short-term deposits with licensed financial institutions.

Notes:-

\* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be utilised for working capital purposes.

**(i) Repayment of bank borrowings**

In 2008, we obtained bank borrowings for the acquisition of aircraft, construction of hangar and for working capital purposes, of which RM15.5 million was for the purchase of 13 units of the Diamond aircraft (as defined in Section 4.1.4) and 7 units of Piper aircraft (as defined in Section 4.1.4) for the purpose of flight education and training, RM3.6 million was for the construction of hangar on the rented land at the Sultan Ismail Petra Airport in Kota Bharu and RM1.0 million for working capital purposes. The loan will mature in tranches, ranging from 2010 until 2016. The principal value of the loan that had already been settled as at the LPD is approximately RM2.2 million. We expect to enjoy interest savings of approximately RM0.64 million per annum or approximately RM3.54 million over the remaining tenure of the loan from this partial repayment of our bank borrowings assuming the proceeds from the Public Issue will be utilised by the first quarter of 2011. Further details of the bank borrowings are as follows:-

Lender	:	Kuwait Finance House (Malaysia) Berhad
Interest rate	:	Base Financing Rate plus 1.75% per annum
Term of repayment	:	180 days to 84 months
Amount to be settled using the proceeds raised from the Public Issue	:	RM8.00 million

**(ii) Working capital**

A total of RM0.50 million from our proceeds from the Public Issue will be set aside to finance our Group's day-to-day operations to support our existing business operations that include procurement of supplies, payment to creditors, salaries and operating expenses, and defrayment of other expenses which will improve our Group's liquidity and enable the smooth conduct of our operations.

**(iii) Estimated listing expenses**

Our listing expenses are estimated to be RM2.50 million, details of which are as follows:-

	RM'000
Professional fees	1,210
Fees to authorities	134
Estimated underwriting, placement and brokerage fees	627
Printing and advertising	300
Contingencies	229
<b>Total</b>	<b>2,500</b>

### 3. PARTICULARS OF IPO (Cont'd)

There is no minimum subscription to be raised from the IPO.

The Offer for Sale will raise total gross proceeds of approximately RM8.63 million. All the proceeds from the Offer for Sale will be credited to the Offerors and we will not receive any part of the proceeds. The Offerors shall bear all the expenses including registration and transfer fees, placement fee and miscellaneous expenses relating to their respective portion of the Offer for Sale amounting to an estimate of RM0.50 million on a pro-rated basis.

The financial impact of the utilisation of proceeds on our proforma consolidated statements of financial position as at 31 December 2010 is reflected in Section 11.2 of this Prospectus.

#### 3.10 BROKERAGE, UNDERWRITING AND PLACEMENT FEE

##### 3.10.1 Brokerage

We will bear the brokerage fee to be incurred on the issue of the 15,000,000 Issue Shares pursuant to the IPO under Section 3.5.1(i) of this Prospectus at the rate of one percent (1.0%) of the Issue Price in respect of successful applications which bear the stamp of participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

##### 3.10.2 Underwriting Commission

The Underwriters have agreed to underwrite the 22,000,000 Issue Shares as set out in Sections 3.5.1(i) and 3.5.1(ii) of this Prospectus. We will pay the Underwriters an underwriting commission at the rate of two percent (2.0%) of the total value of the Shares underwritten at the Issue Price. We will also pay the Managing Underwriter a managing fee at the rate of zero point five percent (0.5%) of the total value of the Shares underwritten at the Issue Price.

##### 3.10.3 Placement fee

The placement agent fee is payable by the Offerors to the Placement Agent for the private placement of 17,250,000 Offer Shares at a rate of two percent (2.0%) of the Offer Price for each Offer Shares successfully placed out by the Placement Agent. The Offerors will also pay a management fee at the rate of zero point two five percent (0.25%) of the total value of the Offer Shares at the Offer Price.

##### 3.10.4 Salient terms of the Underwriting Agreement

The salient clauses of the Underwriting Agreement which may allow the Underwriters to withdraw from its obligations under the agreement after the IPO as extracted from the Agreement, are set out below:-

Unless otherwise stated, all capitalised terms herein shall bear the same meanings as prescribed in the Underwriting Agreement.

##### **CONDITIONS PRECEDENT FOR UNDERWRITING**

*The obligations of the Underwriters under this Agreement shall further be conditional upon:*

- (a) *the approvals of the SC and Bursa Securities referred to in Recital D and E respectively remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;*

**3. PARTICULARS OF IPO (Cont'd)**

- (b) *the Managing Underwriter being reasonably satisfied that the listing of and quotation for the entire Ordinary Shares will be granted two (2) Market Days (or such other period as Bursa Securities may permit) after Bursa Securities has received all the necessary supporting documents and receipt of confirmation from the Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants;*
- (c) *the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;*
- (d) *there having been, as at any time hereafter up to and including the Closing Date, no material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise of Group Companies (which in the reasonable opinion of the Managing Underwriter is or will be material in the context of the Public Issue) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect an extent which is or will be material in any of the representations, warranties and undertakings contained in Clauses 3.1 and 3.2 hereof if they are repeated on and as of the Closing Date;*
- (e) *the issue and subscription of the Issue Shares in accordance with the provisions of this Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);*
- (f) *the Prospectus having been lodged with the ROC and registered with the SC together with all the required documents in accordance with the Capital Markets and Services Act, 2007, the Companies Act and the relevant laws and regulations;*
- (g) *all necessary approvals and consents required in relation to the Public Issue, Offer for Sale and the Listing including but not limited to governmental approvals having been obtained and are in full force and effect;*
- (h) *the Prospectus having been issued not later than three (3) months from the date of this Agreement or such other date as the Company and the Managing Underwriter may mutually agree in writing;*
- (i) *the Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 14.1 hereof;*
- (j) *all the required agreements/letters of undertaking in relation to the Offer for Sale in a form acceptable to the Managing Underwriter have been duly executed by the Offerors; and*
- (k) *the Listing within one (1) month from the Closing Date or any later date as may be approved by the authorities and agreed in writing by the Managing Underwriter.*

*In the event any of the conditions set out in Clause 4.1 hereof are not satisfied on or before the Closing Date, each Underwriter shall be entitled to terminate this Agreement by notice given to the Company not later than the Closing Date and upon such termination, the Company and each Underwriter shall be released and discharged from their respective obligations under this Agreement PROVIDED THAT the Company shall remain liable for the payment of the Managing Underwriter Fee and the Underwriting Commission and of all other costs and expenses including but not limited to those referred to in Clause 14 hereof. The Underwriters reserve the right to waive or modify*

### 3. PARTICULARS OF IPO (Cont'd)

*any of the conditions aforesaid and such waiver or modification shall not prejudice the Underwriters' rights under this Agreement.*

#### **FORCE MAJEURE**

*Notwithstanding anything contained in this Agreement, any Underwriter may at any time be entitled to terminate its obligations under this Agreement with a notice in writing delivered to the Company on the occurrence of all or any of the following matters, on or before the Closing Date if the success of the Public Issue and Offer for Sale is, in the opinion of the said Underwriter, seriously jeopardised by:*

- (a) *any Government requisition or other occurrence of any nature whatsoever which in the opinion of the said Underwriter seriously affects or will seriously affect the business and/or financial position of the Group Companies;*
- (b) *any change in national or international monetary, financial including stock market conditions and interest rates, political or economic conditions or exchange control or currency exchange rates as would in the reasonable opinion of the said Underwriter prejudice materially the success of the Public Issue and Offer for Sale and their distribution or sale (whether in the primary or in respect of dealings on the secondary market);*
- (c) *any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, which in the opinion of the said Underwriter has or is likely to have a material adverse effect on the condition (financial or otherwise) or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group Companies;*
- (d) *the imposition of any moratorium, suspension or material restriction on trading in securities generally on Main Market due to exceptional financial circumstances or otherwise;*
- (e) *there having been on or prior to the Closing Date and in the reasonable opinion of the said Underwriter, any adverse and material change or development reasonably likely to involve a prospective adverse and material change in the financial or business condition of the Group from that set out in the Prospectus which is material in the context of the offering of the Issue Shares and/or Offer Shares there under or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the warranties and representations in Clause 3.1 hereof as though given or made on such date;*
- (f) *any event or series of events beyond the reasonable control of the said Underwriter (including without limitation, acts of government, strikes, lockouts, fire, explosion, flooding, civil commotion, acts of war, sabotage, acts of God or accidents) which has or is likely to have the effect of making any material part of this Agreement incapable of performance with its terms or which prevents the processing of application, crediting of accounts and/or payments pursuant to the Public Issue or pursuant to the underwriting hereof; or*
- (g) *if the FTSE Bursa Malaysia KLCI Index ("Index") is, at the close of normal trading on Bursa Securities, on any Market Day:*
  - (i) *on or after the date of this Agreement; and*
  - (ii) *prior to the Closing Date,*



### 3. PARTICULARS OF IPO (Cont'd)

*lower than 85% of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) Market Days.*

*On delivery of such a notice by the said Underwriter to the Company and confirmation of such a notice by hand or facsimile, this Agreement shall be terminated and the Underwriters and the obligations of the Underwriters under this Agreement shall be discharged accordingly. In the event of any such termination under this Clause 13, the Company shall bear all the costs and expenses incurred under this Agreement.*

*In the event this Agreement shall be terminated or the obligations of the Underwriters shall be cancelled or terminated or withdrawn for any reasons whatsoever, then notwithstanding any provisions to the contrary herein, the Managing Underwriter Fee and the Underwriting Commission payable to the said Underwriter shall remain payable to the Managing Underwriter and Underwriters, unless such termination or cancellation or withdrawal is due to the default of the relevant Underwriter and in which event, the said Underwriter shall not be entitled to their portion of the Underwriting Commission.*

#### **TERMINATION**

*The Closing Date shall be a date not later than three (3) months from the date of this Agreement failing which the Underwriters shall be entitled to terminate this Agreement and in such event the Company shall bear all the costs and expenses which the Company and the Underwriters have incurred under this Agreement.*

### 3.11 FINANCIAL IMPACTS FROM THE IPO

The financial impacts from the utilisation of the proceeds of the Public Issue are envisaged to be as follows:-

#### 3.11.1 Interest savings

Our Group intends to utilise RM8.00 million from our proceeds from the Public Issue to repay bank borrowings. We expect to enjoy interest savings of approximately RM0.64 million per annum or approximately RM3.54 million over the remaining tenure of the loan from the partial repayment of our bank borrowings. Please refer to Section 3.9(i) of this Prospectus for further details.

#### 3.11.2 Enhance working capital

Our Group intends to utilise RM0.50 million of the proceeds from the Public Issue for our Group's working capital requirements, which includes procurement of supplies, payment to creditors, payment of salaries and operating expenses, and defrayment of other expenses, which will enhance our Group's working capital.

#### 3.11.3 Enhancement of capital structure

Flight education and training industry is capital intensive. At present, we are mainly relying on borrowings and internally generated funds to fund our operations. The increase in shareholders' funds and repayment of bank borrowings will enable us to lower our gearing ratio. This will provide us with the flexibility to adjust our capital structure and seek additional capital financing in the secondary market. Being publicly listed may also provide us with relatively favourable terms for alternative financing.

#### 4. RISK FACTORS

**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY NOT BE EXHAUSTIVE) THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE PERFORMANCE OF OUR GROUP. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED HEREIN IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.**

**THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY HAVE A MATERIAL ADVERSE EFFECT ON THE FINANCIAL PERFORMANCE OF OUR GROUP.**

#### 4.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP

##### 4.1.1 Licence from the DCA

The flight education and training market in Malaysia is subject to various regulations and licencing requirements. The key licence to operate our APFTA was issued by the DCA, and the issuance of the licence by the DCA is subject to annual audits and stringent quality tests. The licence from the DCA is valid for one (1) year and renewable upon satisfactory audit by the DCA. Our Group's operations could be adversely affected if our Group is unable to renew our existing licence from the DCA for whatever reasons.

However, since our Group commenced operations on 1 February 2006, we have successfully renewed the licence from the DCA. Our Group does not envisage that we would encounter difficulties in renewing licence from the DCA due to our strict adherence to the conditions of the licence.

##### 4.1.2 Reliance on MASB

Our Group has entered into tenancy agreements with MASB for the use of hangars at airports in Kuala Terengganu and Kota Bharu respectively to carry out our operations. The termination or expiry of the tenancy agreements and any non-renewal or extension of the tenancy agreements due to whatever reasons could adversely affect our Group's operations and financial performance.

Notwithstanding the above, our Group has been maintaining cordial relationship with MASB. We envisage that our Group would continue to gain their support for the smooth provision of our flight education and training services.

##### 4.1.3 Competition

Our Group faces competition from the existing and new entrants, both locally and overseas. As at the LPD, our Group faces competition from seven (7) local AFTOs within Malaysia, some of which may have longer operating history. In addition, our Group also competes with approximately 26 aviation training institutions within the Association of Southeast Asian Nations (ASEAN) excluding Malaysia, of which 13 of them are offering fixed wing aircraft – CPL (*Source: Independent Market Research Report prepared by Protégé Associates*). The principal elements of competition include, amongst others, pricing and quality of course offerings, reputation and track record especially with major airlines, quality of instructors, infrastructure and facilities. AFTOs differentiate their service offerings, quality and pricing from the rest of their competitors through the following:-

#### 4. RISK FACTORS (Cont'd)

- (a) Service offering – All flight courses offered by the AFTOs are subject to the DCA's approval. Some AFTOs may have the approval to offer more courses such as AFI Course and Flight Instructor's Rating. However, we are the only known AFTO in Malaysia to offer tertiary courses namely, the Diploma in Aviation (Pilot Training) and in collaboration with UTHM, the Bachelor of Aeronautical Engineering Technology (Professional Piloting) with Honours. In addition, we also offer Psychomotor and Psychometric tests utilising the Vienna Test System.

An AFTO which looks after the welfare of its students such as providing career advisory services and placement of students with airlines would also attract prospective students. Our good track records as a flight education and training school has established good relationship with various airlines and is able to assist with the placement of our students into these airlines;

- (b) Quality – In terms of quality, the differentiation between AFTOs can be deduced from the quality of training provided and the resulting standards of cadet pilots produced. Certain AFTOs, which include APFTSB, carry a better reputation with the airlines as these airlines prefer to recruit graduates from reputable AFTOs, testifying to their ability and quality which sets these AFTOs apart from the rest of the market participants; and
- (c) In terms of pricing, different AFTOs apply their own price structure and pricing is not necessarily the main element of competition as students would also take into consideration the reputation and track record of the flight schools, the quality of courses offered and instructors, infrastructure and facilities, amongst others.

The threats from new entrants are relatively low due to high barriers to entry in the industry which includes, but not limited to, the following:-

- (i) Regulatory barriers - Potential new entrance may face difficulty in getting licence from the government to operate a new flight training school;
- (ii) High capital requirement - The flight education and training market is a capital intensive industry. Any potential new entrants would require a huge amount of capital to invest in the setting up of a flight training school, purchasing of aircraft and flight simulators as well as maintaining a comfortable amount of money for working capital. Therefore, potential new entrants would need to have a long investment horizon as this initial capital outlay may not be recoverable in the short term; and
- (iii) Track record - The ability to attract prospective students and support from major airlines lies in the established and good track records of a flight education and training school. New entrants without an established track record will face difficulty in competing with established players in the market. In addition, new entrants will also face difficulties in getting favourable financing facilities without a proven track record, hence reducing their competitiveness in this capital-intensive flight education and training market.

Nevertheless, although we are confident of maintaining our competitive advantages, there can be no assurance that competitive pressures in the future will not materially affect our market share and consequently our financial results.

##### 4.1.4 Fuel price and supply

Our fleet of aircraft consists of aircraft from, among others, Piper Aircraft, Inc ("Piper") from the USA and Diamond Aircraft Industries ("Diamond") from Austria. Piper is fuelled by Aviation Gasoline ("AVGAS"), a high-octane fuel used in piston powered aircraft, while Diamond is fuelled by the Jet A-1 fuel. The availability of AVGAS and Jet A-1 fuel is subject to various economic and political factors and events occurring throughout the

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**4. RISK FACTORS (Cont'd)**

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world that we can neither control nor accurately predict. In addition, AVGAS and Jet A-1 fuel prices have been subject to volatility, fluctuating over the past several years. In this connection, access to adequate supplies of reasonably priced AVGAS and Jet A-1 fuel is crucial to our business and profitability and we are not able to predict both the future availability and cost of fuel supplies with any certainty.

Nevertheless, the suppliers of fuel are not limited within the industry. The Jet A-1 fuel can be sourced from major oil companies such as Petronas, Shell, Mobil and Caltex. AVGAS in Malaysia is only supplied by Petronas. However, AVGAS can also be directly sourced from countries such as the USA, Thailand and Australia should the need arises.

We do not enter into any hedging arrangement to hedge against fuel price fluctuations after taking into consideration the volume consumed which may not be cost effective to hedge. However, prior to 2010, in the event of any increase in fuel price over the threshold stipulated in the agreement with students, a surcharge was charged to the students with immediate effect. Going forward, in the event of significant fuel price hike, we may consider adjusting our fees to cover the increase in fuel cost.

At the moment, our Group obtains the supply of fuel from Petronas only as the latter has been supplying sufficiently and providing satisfactory services to our Group. Our Group has the option to source our supply of fuel, particularly Jet A-1 fuel, from other major oil companies should the need arises.

To mitigate supply uncertainty, in the event of any disruptions in the supply of the Jet A-1 fuel, our students may alternatively and temporarily fly Piper during their flight training which is powered by AVGAS and vice versa, hence bringing disruption to our training sessions to the minimum.

**4.1.5 Foreign exchange risk**

A significant portion of our purchases of spares for maintenance of our aircraft are paid in USD. Thus, any fluctuations in foreign exchange rates may have an adverse effect on our financial performance. However, as the RM is currently a managed float since the de-pegging of the RM, this may prevent any extreme fluctuations of the RM vis-à-vis USD, hence the effects of foreign currency risks are less significant and mitigated to a certain extent. In addition, it is also our Group's guidelines to minimise the exposure of foreign exchange risk by matching local currency income against local currency costs.

However, there is no assurance that any future significant fluctuations in foreign exchange rates will not have any impact on the earnings of our Group.

**4.1.6 Dependency on our Directors and key management**

To a large extent, our continued success will depend on the abilities and continued efforts of our existing Directors and key management team. We are managed by qualified personnel with experience in the flight education and training market. The loss of any of our Directors or key management could adversely affect our ability to compete effectively in the flight education and training market and in turn, our operational and financial performance.

We strive to minimise this risk by ensuring that we have the ability to retain our existing Directors as well as attract and retain our key management. This can be achieved by having in place human resource strategies and developing a human resource plan that includes suitable compensation packages, career development and human resource training and development for our key management. There is also a succession plan that identifies potential candidates for key positions in the organisation.

Although we seek to limit our dependence on our Directors or key management, there can be no assurance that the above measures will always be successful in retaining our

#### 4. RISK FACTORS (Cont'd)

Directors or key management or in ensuring a smooth transition or management succession plan should such key persons no longer be able to serve our Group.

##### 4.1.7 Attracting and retaining qualified instructors and reliance on foreign instructors

###### *Attracting and retaining qualified instructors*

Our Group's business model requires us to have highly skilled, dedicated and efficient instructors, who are mainly experienced pilots from the commercial or air force sectors. Our Group's growth plans will require us to hire, train and retain a significant number of new instructors in the future. Our Group's growth plans may be impeded by the inability to recruit qualified instructors as the DCA has set a ratio of 1:6 for the number of flying instructors to students who are flying to ensure the quality of training. As at the LPD, we maintain a ratio of 1:6 for the number of flying instructors to students who are flying. While we endeavour to ensure that the conduct of our training is within this ratio, our ability to recruit additional students depends on whether we are able to recruit the qualified instructors to ensure that we operate within the ratio imposed. From time to time, the airline industry has experienced a shortage of skilled personnel, especially pilots and our Group may face competition in attracting and retaining our instructors. The main factor that leads to the difficulty of attracting and retaining qualified instructors is wages. Qualified pilots prefer to be commercial pilots rather than flight instructors due to the higher pay package of a commercial pilot. We may have to increase wages and benefits to attract and retain our instructors or risk considerable employee turnover. If we are unable to hire, train and retain qualified instructors at a reasonable cost, our ability to increase our student enrolment will be affected or it may disrupt our operations, which would have a material adverse effect on our Group.

###### *Reliance on foreign instructors*

As at the LPD, our Group employs 13 foreign instructors from countries such as Singapore, India, Pakistan and Myanmar. Foreign instructors make up approximately 26.53% of the total number of instructors which we have employed at our academy. This is due to the fact that there is a shortage of qualified instructors locally in Malaysia.

Our growth and expansion is dependent on the number of qualified instructors that we employ at our academy. If for any reasons we are unable to procure additional qualified instructors due to a shift in government regulations or policies, it could potentially slow down our growth. In addition, if our existing key foreign instructors are unable to renew their work permits due to a shift in government regulations or policies, it could potentially have an adverse effect on our operations.

Our flight academy, APFTA, is approved to train flight instructors under our AFI Course (fixed wing). Our Company will bear the AFI Course fees of these flight instructors and in turn they would be bonded by our Company for four (4) years upon completing the course. With this, we are able to mitigate the difficulty in attracting and retaining qualified instructors and minimise our reliance on foreign instructors.

##### 4.1.8 Short operating period of our Group

Our Group started operations in February 2006 and during the course of approximately five (5) years, we have expanded our operations through the acquisition of more aircraft and setting up of additional training centres. It may be difficult to evaluate our Group's future prospects because of our short operating history. Our Group should be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies in their early stages of development.

With our proven track records, we believe that we will continue to be able to experience good growth through our competitive strengths and strategies. Please refer to Section 5.1.2 and 5.8.1 of this Prospectus for details on the competitive strengths and strategies of our Group.

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**4. RISK FACTORS (Cont'd)**

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**4.1.9 Incurring significant amount of borrowings**

Our Group has historically required financing to acquire aircraft and is likely to require further financing and incur significant amount of borrowings in the future to fund the acquisition of additional aircraft, operations, working capital and other anticipated capital expenditure. There is no assurance that our Group will be able to raise such financing on favourable terms, which could have a material adverse effect on our Group.

In addition, there can also be no assurance that our gearing level will remain the same in the future and our performance would remain favourable in the event of any adverse changes in interest rate in respect of the existing and new financing facilities that are procured or to be procured. Further, our Group's future credit facilities may contain covenants that limit our Group's operating and financing activities and require the creation of security interests over our assets. Our Group's ability to meet our repayment obligations and to fund planned capital expenditure will depend on the success of our business strategy and our ability to generate sufficient revenues to satisfy our obligations, which are subject to many uncertainties and contingencies beyond our control.

Notwithstanding the above, the interest rate exposure is managed through the use of fixed and variable rate instruments and our Directors shall evaluate and closely monitor the financial position of our Group prior to entering into any new credit facilities. In addition, our Group intends to utilise RM8.0 million of the proceeds from the Public Issue to repay our bank borrowings, and hence mitigating the above risks in the near future.

Our Directors believe that after taking into consideration the expected proceeds from the Public Issue and the existing banking facilities available, our Group has adequate liquidity and capital resources for our present requirements and the requirements for the next 12 months from the date of this Prospectus.

**4.1.10 Insurance coverage**

Our Group is involved in the provision of flight education and training services which involves heavy investments in items such as aircraft, simulators and buildings such as our hangar and accommodation facilities. Our academy is dependent on these equipment and facilities and any loss or incapacitation of these equipment and facilities could potentially impact our continuing operations. In ensuring such risks are kept to a minimum level, we review and ensure adequate coverage for our equipment and facilities on a continuous basis. The aircraft of our Group, which is the most valuable asset in terms of its value, has insurance coverage of approximately 96% (based on NBV as at 31 December 2010). Although we have taken necessary steps to ensure that our equipment and facilities are adequately insured, there can be no assurance that our insurance coverage would be adequate to compensate the replacement costs of the assets or any consequential losses arising thereof.

In addition, flight training service involves a certain degree of risk not only with our aircraft, but also with our cadets and instructors. Our cadets could potentially be injured whilst flying in, alighting from, or mounting into aircraft in the course of their flight training. Our instructors could potentially lose their licences due to ill health or accidents in the course of their flight training duties. Therefore, we place great importance on ensuring the quality and safety of our procedures and operations. We strive to continuously maintain high standards and quality in all our operations by conforming to industry best practices.

Notwithstanding the above, there can be no assurance that our operations will not suffer from accidents either due to negligence, omission or sabotage and this may subject our Group to lawsuits and/or liability claims. In such events, we may have to pay compensation and/or incur significant litigation costs. In addition, any complaints or liability claims by customers may also affect the reputation of our academy.

#### 4. RISK FACTORS (Cont'd)

Our Group has therefore insured our operations against potential loss through insurance coverage for all our aircraft, simulators and buildings facilities. Our Group also insured our cadets and instructors against personal accidents and loss of licence in respect of our instructors. We also take up medical insurance for our cadets and instructors.

In line with industry practice, some business risks to which our Group is subject to are uninsured. For example, our Group does not maintain insurance for loss of profit or revenue for mechanical breakdown. In addition, where our Group does maintain insurance coverage, it may not be fully reimbursed for all losses which it suffers due to policy terms and limitations. This could cause our Group to bear substantial losses which would directly impact our Group's financial position.

We believe that our current insurance coverage is consistent with industry practices and compliant with the regulator's requirements.

##### 4.1.11 Operation safety and health matters

Our Group's operations are subject to various laws and regulations, including those relating to operation safety and worker health. We believe that our existing operations are in compliance with the relevant laws and regulations and are not aware of any operation safety and health matters currently that may have a material adverse effect on our operations. However, there is no assurance that major accidents, which may adversely affect our revenue, will not occur in the future. Since the commencement of our operations, our Group has encountered three (3) aircraft incidents arising from aircraft engine-related problems, the details of which are as follows:-

Aircraft type	Diamond DA40 (Owned)	Eagle 150B (Leased)	Diamond DA40 (Owned)
Date of accidents	25 May 2008	9 March 2010	26 May 2010
Location	Kampung Kolam, Tok Uban Pasir Mas, Kelantan	Kampung Tualang Salak, Jelawat Bachok, Kelantan	Tok Jembal, Kuala Terengganu, Terengganu
Synopsis	Engine problem. Forced landing was executed. The cadet pilot escaped unhurt. No third party property was damaged.	Propeller problem. Forced landing was executed. The instructor and the cadet encountered minor injuries. The cadet and instructor have since recovered and resumed training and work respectively. No third party property was damaged.	After preliminary checks, it was found to be a high pressure pump failure. Forced landing was executed. No injuries were sustained by the instructor and cadet. No third party property was damaged.
Findings	Engine component defects, specifically the gearbox assembly which has been replaced with a new design by the engine manufacturer.	Failure of propeller due to the subject aircraft having history of propeller strike.	Engine failed due to malfunction of high pressure pump. The pump was returned to the manufacturer for further investigation.
Recourse	Claims of approximately RM580,000 has been made to the engine manufacturer for the damaged aircraft and is still pending settlement as at the LPD. The manufacturer has replaced the gearbox assembly for all the Diamond DA40 in the fleet.	The lessor has since checked all aircraft leased to APFTSB to ensure that there is no possible defect in the other aircraft leased to APFTSB.	Manufacturer has replaced the high pressure pump and is conducting further investigation.

#### 4. RISK FACTORS (Cont'd)

The above aircraft incidents did not have an impact on our Group's operations as our Group has 14 Diamond aircraft which is sufficient for the purpose of conducting scheduled flight training for students without any interruption in the event an aircraft is not functional. As for the aircraft incident involving the Eagle 150B, the lessor has provided a replacement aircraft to replace the damaged aircraft, hence not affecting the number of Eagle 150B aircraft available for use by our students. Furthermore, the Eagle 150B aircraft is only used for PPL course, where the number of flying hours involved is minimal. The aircraft incidents also did not impact our Group financially as the cost incurred on the damaged aircraft were borne by the manufacturer or lessor.

Our Group adheres to the following post incident procedures in the event of an accident:-

- (a) The PIC / duty instructor who is involved or is made aware of the incident/accident will inform the Principal, Chief Instructor ("CI"), Chief Flying Instructor and Flight Safety Officer ("FSO") immediately by any possible means.
- (b) Depending on the nature of the incident / accident, the Principal or CI or FSO will decide whether it is to be handled domestically or to be reported to DCA for necessary actions.
- (c) Depending on the nature of the incident / accident, legal or insurance requirement, the PIC or the company representative is to make a police report at the nearest police station.
- (d) The administrative head or the representative will take necessary actions for the requirements of insurances.
- (e) Depending on the nature of incident/accident the inquiry will be formalised either by the DCA or by the Principal.
- (f) The PIC or his representative to submit the written report in the format stipulated by the DCA to the management within 24 hours of the occurrence.
- (g) Any reportable accident or incident must comply with the requirements under the Mandatory Occurrence Reporting Scheme issued by the DCA.

As measures to mitigate the above incidents, our Group has been working closely with aircraft manufacturers such as Diamond and Piper to discuss on improvements and enhancements to the aircraft. In addition, we have stopped leasing and returned the Eagle aircraft when the ten (10) new Piper aircraft, which have been delivered and assembled, became operational in early October 2010 upon obtaining the certificate of airworthiness from the DCA.

Furthermore, our Group has mitigated some of these potential operation safety and health liabilities by purchasing, amongst others, employees' liability and workmen compensation insurance policies. However, the risks of operation safety and health costs and liabilities exist in our Group's operations, and there can be no assurance that claims for damages resulting from our Group's operations will not have any material adverse effect on our Group's financial condition or results of operations.

##### 4.1.12 No long-term contracts with customers

As at the LPD, we do not have long-term contracts with our customers as our direct customers comprise predominantly individual students who obtain funding from, amongst others, government agencies, private corporations and financial institutions, to take up our courses.

Despite the lack of formal long-term contracts, our Group has been continuously expanding our customer base since the commencement of our operations which include, inter-alia, the followings:-

- (i) Our Group has signed a memorandum of agreement with UTHM and MOU with UPM and Yayasan Terengganu whereby these parties will send students to our academy;



#### 4. RISK FACTORS (Cont'd)

- (ii) We have also previously entered into direct arrangements with local and overseas airlines ("Arrangements with Airlines"), such as MAS, AirAsia, Garuda Indonesia and Sri Wijaya Air of Indonesia, and Nepal Airlines of Nepal, to train students recruited by these airlines; and
- (iii) We have also signed a MOU with GHAL to jointly set up a flight training academy at the Rajiv Gandhi International Airport, Shamshabad in Hyderabad, India. With the setting up of this new flight training academy in India, we expect our customer base to expand further.

We have had good business relationships with the abovementioned parties and have not encountered any major problems in our past dealings with them. In addition, in line with our aim on quality enhancement, we continuously strive to enhance our training programme to suit customers' requirement. Furthermore, it is also part of our plan to further expand our presence in both the domestic and regional markets. Please refer to Section 5.8.1 of this Prospectus for further details on our future plans and strategies.

##### 4.1.13 Revenue contribution from students recruited by airlines and under sponsorship

Approximately 32.35%, 35.69%, 14.72% and 2.51% of our Group's revenue for the FYE 31 December 2007, 2008, 2009 and 2010 respectively are contributed by students recruited by airlines from the Arrangement with Airlines (as mentioned in Section 4.1.12 above) and approximately 14.40%, 38.52%, 43.95% and 19.30% for the same financial years under review respectively are contributed by students with scholarships or who are sponsored by third-party organisations, mainly MARA and Yayasan Terengganu.

Our Group's financial results may be adversely affected in the event of deterioration in the financial position and/or businesses of these airlines or that government bodies such as MARA or Yayasan Terengganu withdraw or reduce their funding or sponsorships to students.

In mitigation, our Group has been in discussion with other government bodies such as other educational bodies and foundations on possible tripartite arrangements with these government bodies whereby students who enrolled with APFTSB will be funded by these government bodies. In addition, our Group is also in discussion with certain financial institutions for similar arrangements. Further, our marketing strategy is aimed at getting students from countries in the region such as Indonesia.

##### 4.1.14 Adverse weather conditions

Adverse weather conditions can significantly impact our business operations. In particular, our flight training academy in Kota Bharu has, in the past, experienced heavy downpour during the Northeast monsoon season. Consequently, students are unable to practise flying and to log their required flying hours during bad weather. This may cause a backlog in flight training exercises for affected students and hence, may delay student's progression towards their scheduled completion date and may in turn affect our financial position accordingly.

To mitigate the above situation, in addition to the flight training academy in Kota Bharu, we also have the option to conduct flight training at our satellite aerodromes at the Sultan Abdul Aziz Shah Airport in Subang, Selangor and the Sultan Mahmud Airport in Terengganu to enable our students to continue their flight training exercises at any of these airports which are not affected by bad weather conditions, hence minimising disruptions to students' flight training schedule. We also intend to extend our flight education and training service offerings to the southern region of Malaysia through the opening of a satellite flight training academy in Tanjung Labuh, Batu Pahat, Johor. Upon its completion, we will have four (4) flight training centres catering to our flight education and training services.

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**4. RISK FACTORS (Cont'd)**

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**4.2 RISKS RELATING TO INVESTING IN OUR SHARES****4.2.1 No prior market for our Shares**

Prior to the IPO, there has been no public market for our Shares. Hence, there is no assurance that upon listing, an active market in our Shares will develop, or, if developed, that such a market can be sustained. The IPO Price was determined after taking into consideration various factors and we believe that a variety of factors could cause our Share price to fluctuate and such fluctuations may adversely affect the market price of our Shares.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the Main Market of Bursa Securities upon our Listing and the market price of our Shares will not decline below the IPO Price.

**4.2.2 Share price volatility and volume of our Shares**

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares. Nevertheless, the profitability of our Group is not dependent on the performance of Bursa Securities as the business activities of the Group have no direct correlation with the performance of securities listed on Bursa Securities.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:-

- (i) Variations in our results and operations;
- (ii) Success or failure in our key management team in implementing business and growth strategies;
- (iii) Changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (iv) Changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors;
- (v) Additions or departures of our key management;
- (vi) Fluctuations in stock market prices and volumes; or
- (vii) Involvement in litigation.

**4.2.3 Ability to pay dividends and make distributions**

Our Company's ability to pay dividends or make other distributions to our shareholders may be subject to restrictions contained in future loan agreements which may limit dividends without the prior written consent of the lenders, as well as to our Company having sufficient funds which are not needed to fund our Group's operations, business plans or other obligations. As our Company is a shareholder of our subsidiaries, our claims as such will generally rank junior to all other creditors and claimants against our subsidiaries. In the event of a subsidiary's liquidation, there may not be sufficient assets for our Company to recoup our investment.

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**4. RISK FACTORS (Cont'd)**

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**4.2.4 Ownership and control by our existing shareholders**

As disclosed in Section 7.1.1 of this Prospectus, our Promoters will directly and indirectly, own in aggregate 75% of our enlarged issued and paid-up share capital upon listing. As a result, they will still be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless it is required that they abstain from voting either by law and/or by the relevant guidelines or regulations.

Nevertheless, our Group has appointed three (3) independent directors and set up an Audit Committee to ensure that any future transactions involving related parties are entered into on arms-length basis or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and are not detrimental to our minority shareholders, and to facilitate good corporate governance whilst promoting greater corporate transparency.

**4.2.5 Failure or delay in our Listing**

The occurrence of any one or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:-

- (i) The placees under the private placement tranche of the Offer for Sale fail to acquire the Shares allocated to them;
- (ii) Our Underwriters exercising its rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder; and/or
- (iii) We are unable to meet the public spread requirement of the Listing Requirements, i.e. at least 25% of our issued and paid-up share capital for which listing is sought must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of our Listing.

In such event, investors will not receive any of our IPO Shares and we together with the Offerors will return in full, without interest, all monies paid in respect of any application for our IPO Shares in compliance with sub-section 243(2) of the CMSA.

**4.2.6 Forward-looking statements**

This Prospectus contains certain forward-looking statements that are based on historical data, which may not be reflective of the future performance of our Group and others are forward-looking in nature which is subject to uncertainties and contingencies. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially from future results.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies, the environment in which our present and future business strategies have been developed and the environment in which we will operate in the future.

Although our Group believes that the expectations reflected in such forward-looking statements are reasonable at this point in time, we can give no assurance that such expectations will be justifiable. Whether or not such statements prove to be accurate would be dependent upon a variety of factors that may have an effect on the business and operations of our Group.

In light of these uncertainties, the inclusion of such forward-looking statements in this Prospectus should not be regarded as a representation or warranty by us, the Offerors or our advisers, that our plans and objectives will be achieved.

## 5. INFORMATION ON OUR GROUP

### 5.1 INFORMATION ON APFT

#### 5.1.1 Background and history

Our Company was incorporated in Malaysia under the Act on 19 January 2010 as a private limited liability company under the name APFT Sdn Bhd. Our Company was subsequently converted to a public limited liability company and assumed our present name on 12 February 2010 to facilitate our listing on the Main Market of Bursa Securities.

Our Group currently owns and operates Malaysia's leading flight education and training academy, the APFTA, on the basis that our Group commands the largest market share of 37.8% of the flight education and training market in Malaysia based on number of students graduated from AFTOs in 2009 as stated in DCA's latest available Annual Report 2009 (*Source: Independent Market Research Report prepared by Protégé Associates*). As at the LPD, we have a fleet strength of 35 aircraft and a total of 49 qualified and experienced flight and ground instructors, and we operate out of three (3) major commercial airports in Malaysia. Our success in growing APFTA into Malaysia's leading flight education and training academy has enabled us to leverage on our expertise and expand into the following new and complementary areas within the aviation sector:-

- (i) Chartered commercial flight services (expected to commence operations by June 2011 under APFT Services);
- (ii) MRO services (expected to commence operations by June 2011 under APFT Engineering); and
- (iii) Maintenance training services (commenced operations on 4 July 2010 under APFT Maintenance Training).

Ultimately, we aim to become one of the leading regional integrated aviation service providers.

Our Group was founded by Dato' Faruk and his son Arif Bin Faruk, who first ventured into the flight education and training service business when they foresaw the huge potential and growth offered by this largely untapped market then, both locally and abroad. The rapid expansion enveloping the air travel industry at that time, which saw many airlines adding routes and expanding their services across the region, have resulted in soaring demand for pilots in countries such as Malaysia, Indonesia, Singapore and India. In addition, given the proactive promotion of the flight education and training market by the government of Malaysia then, our founders started APFTA in 2006 when APFTSB was issued with a licence effective from 1 February 2006 by the DCA.

Our establishment was one of humble beginnings. We began operations with our first academy, situated in Kota Bharu, Kelantan with only four (4) aircraft and a handful of dedicated staff and instructors. Today, APFTA is the leading flight education and training service provider in Malaysia. Our flight training courses are accredited by the DCA and consequentially, internationally recognised by the ICAO. Our pioneering, innovative and market-driven endeavours towards the provision of flight education and training services have allowed us to accomplish many firsts and exclusives within the flight education and training market in Malaysia.

#### *Our impressive credentials*

We were the first AFTO in Malaysia approved and accredited with the IPTS status by the MOHE which enabled us to offer the Diploma in Aviation (Pilot Training), making us the first AFTO to offer our own diploma. The addition of the abovementioned advanced tertiary course into our flight training programmes provides our cadet pilots with additional recognised paper qualification, and equips them with the necessary management knowledge. In July 2010, we collaborate with UTHM in the offering of a degree level programme, the Bachelor of Aeronautical Engineering Technology (Professional Piloting)

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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with Honours that enables APFTA to award degree programme credit for certain course work completed through APFTA's CPL/IR licensing course.

We are committed to the continued development and proliferation of human capital for the aviation industry through our strong focus on innovation and market-driven curriculum development, and the provision of internationally recognised, quality education and training programmes. Since the founding of our academy, we have signed various letters of intent, MOUs and agreements with parties such as UPM and Embry-Riddle, a US-based aviation and aerospace university, to collaborate in offering aeronautical related degrees.

Our prestige as the leading flight education and training service provider in Malaysia was further boosted, when we were given the privilege to collaborate and partner with Jeppesen, a Boeing company, who is also a leading global aviation player. We became the only flight education and training service provider in Malaysia authorised by Jeppesen to conduct the Aviation English Test, a requirement by the ICAO for pilot licensing. In addition, we are also their appointed representative for the marketing of Jeppesen's Licenced Dispatcher Course. The offering of the Jeppesen Licensed Dispatcher Course allows our Group to provide a wider spectrum of aviation related courses. By having a comprehensive range of aviation related course offerings, our Group is able to target a wider range of customers and further strengthen our position within the flight education and training market. Separately, as a value-added service to our cadets, we also conduct psychomotor and psychometric test utilising the Vienna Test System, a computerised assessment system designed to evaluate the ability and personality of cadet pilots.

We have an experienced and highly qualified team of instructors to ensure a consistent delivery of high quality education and training for our cadet pilots. Our qualified and experienced instructors possess an average of more than 20 years of professional flight experience. They are able to offer and share their industry experiences and exposures with our cadets. Our instructors come from various backgrounds which include former and retired career pilots with major commercial airlines such as MAS and retired military air force personnel from various countries such as Pakistan, Myanmar, India, Singapore and Malaysia.

We also pride ourselves in being one of the better equipped flight education and training service providers in Malaysia in terms of flight training infrastructure, in-campus ground training facilities and accommodation. As at the LPD, to the best of our knowledge, our fleet strength of 35 aircraft, which include state-of-the-art Diamond aircraft, is the largest within the flight education and training market in Malaysia. We have also purchased the Alsim flight training simulators which allow us to conduct MCC Training. In addition, our Group operates out of three (3) commercial airports providing our students with ample airspace for flight training. Our APFTA in Kota Bharu has seven (7) classrooms to conduct ground training and classes as well as lecture halls, discussion rooms, simulator room, flight planning room and library. Furthermore, our Group provides our full-time cadets with comfortable, safe and clean accommodation that is equipped with all the necessary amenities.

We are the first AFTO in Malaysia awarded the ISO9001:2000 Quality Management Systems certification, which was later upgraded to ISO9001:2008 on 12 May 2010, attesting to our commitment towards the provision of high quality flight education and training services. We have also put in place our own QMS in accordance with the DCA requirements. Dedicated personnel has been designated and allocated to oversee matters relating to compliance and quality, and this helps in maintaining the high quality of flight training standards in APFTA.

Our academy has experienced high growth over a short period of time since the commencement of our operations in 2006. As at the LPD, we have enrolled more than 750 students at our academy. We continue to enjoy support from our business partners and our customers which include local and overseas airlines such as MAS, AirAsia, Garuda

## 5. INFORMATION ON OUR GROUP (Cont'd)

Indonesia, Sri Wijaya Air and Nepal Airlines, all of which have sent their cadets to train at our academy. Their support represents an endorsement of the high quality of our academy.

We have been recognised and approved by the Indonesian aviation authority, the DGCA, to train Indonesian cadet pilots leading to the direct issuance of an Indonesian pilot licence for both the ab-initio and AFI courses. The recognition and approval from the DGCA to train Indonesian cadet pilots allows us to expand our penetration into the Indonesian market as cadet pilots from Indonesia who complete their flight education and training in APFT will be directly awarded an Indonesian pilot licence from the DGCA without being required to undertake a conversion course in Indonesia. The cadets who are trained at other flight schools which are not recognised and approved by the DGCA will be required to go through a conversion course back in Indonesia in order to be awarded the Indonesian pilot licence. As such, the recognition and approval by the Indonesian aviation authority gives us a strong competitive advantage. In addition, we will also benefit from the expected increase in demand for pilots within the Indonesian aviation market due to the lifting of the ban by the EC on several Indonesian airlines. Since EU lifted its ban, Garuda has announced an aggressive expansion plan known as the quantum leap where it plans to double its fleet to 116 aircraft by 2014. Meanwhile, Lion Air, Indonesia's largest private carrier will also be receiving up to 144 units of Boeing 737-900ER from 2007 to 2012 in anticipation of the lifting of ban by EC. (Source: Independent Market Research Report prepared by Protégé Associates)

### *Our new services in Malaysia and foreign venture in India*

Our Group's vision is to become one of the leading regional integrated aviation service providers and we have already put in place various plans and initiatives to achieve this via our Subsidiary Companies as set out below which has distinct business of its own with promising growth prospects. This will provide momentum towards sustainable growth in the revenue and earnings of our Group.

Subsidiary Companies	Plans and initiatives
APFT Services	We intend to provide chartered commercial flight services targeted at unscheduled flights requirements and leisure seekers who wish to travel by light aircraft to their desired destinations through APFT Services as our Group believes that there is a huge and untapped market in the provision of chartered commercial flight services. We believe that we are well positioned to offer chartered commercial flight services as we already have our own hangar. We have received an ASP which is a pre-requisite towards obtaining the AOC. We are currently in the midst of complying with the conditions set forth by the DCA in order for the AOC to be issued before APFT Services can commence its operations.
APFT Engineering	We intend to venture into the provision of MRO services through APFT Engineering. Synergistic values can be derived as it has performed MRO related services within our Group and in future will provide the MRO services to external clientele, ensuring another sustainable revenue generator for our Group. APFT Engineering has already submitted the application for Part-145 Maintenance Organisation Approval (to operate as a maintenance service provider) to the DCA and is currently in the midst of processing and complying with the regulations set forth by the DCA.

## 5. INFORMATION ON OUR GROUP (Cont'd)

Subsidiary Companies	Plans and initiatives
APFT Maintenance Training	<p>We operate a maintenance training centre with the aim of providing various maintenance training programmes through a newly incorporated subsidiary company, APFT Maintenance Training. Aircraft maintenance engineering students are required to undergo practical training as part of their stipulated training syllabus by their respective education providers.</p> <p>As at the LPD, a total of 20 students have undergone and completed on-the-job practical training with APFTSB. These practical training students spend up to six (6) months undergoing their training under the supervision of our Senior Technicians. We see an uptrend in the demand for engineering education and training services and intend to leverage on our experience and expertise in this area to further expand our scope of services and revenue streams.</p> <p>Currently, there is a global shortage of licensed aircraft engineers and technicians and we believe that there will be demand for our maintenance training services.</p>

In addition to the above, our Group currently also offers non-bank remittance services through APFT Express. This additional service further value-adds to the range of service offerings currently made available to our cadets in APFTA. Foreign cadets, who form a growing number of APFTA's cadets will be able to make foreign currency payments through APFT Express while APFTSB will also be able to remit funds to foreign counterparties for payment of aircraft and parts purchased.

Besides introducing new services in Malaysia and after having established our leading position in Malaysia, we have also embarked on overseas expansion into the India market. In October 2009, we signed a MOU with GHIAL, which will see us expanding our flight education and training services to India. We intend to establish a flight training school in collaboration with GHIAL. We intend that the proposed academy will conduct its courses using Jeppesen courseware. We believe that we will be able to capitalise on GHIAL's support to gain a strong foothold in the huge market in India where there is vast potential for pilot training and other aviation training services.

We are also ready to tap into new markets for our flight education and training services business. We have identified Jeppesen as one of the companies to assist us in developing our training systems and syllabus for MPL training. Meanwhile, we expect an increase in uptake of our helicopter training programme in view of the healthy growth in demand for helicopter chartering services in particular from offshore services companies based in the East Coast of Peninsular Malaysia. In addition, MHS has already sent their cadets to our APFTA for helicopter training.

Please refer to Section 5.7 of this Prospectus for further details of our Group's business.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.1.2 Our competitive strengths**

Our competitive strengths are as follows:-

**(a) Established market reputation and track record**

Our Group currently owns and operates Malaysia's leading flight education and training academy, the APFTA, on the basis that our Group commands the largest market share of 37.8% of the flight education and training market in Malaysia based on number of students graduated from AFTOs in 2009 as stated in DCA's latest available Annual Report 2009 (*Source: Independent Market Research Report prepared by Protégé Associates*). This was achieved in spite of our relatively short operating history.

We have an established reputation in the flight education and training market for producing highly competent and outstanding pilots. Cadets who graduated from our academy are highly sought after by major commercial airlines and other players in the aviation industry. They possess the necessary hard skills and also have the all-round qualities to succeed in their career including having strong sense of professionalism and discipline in carrying out their responsibilities as well as possessing the required soft skills. As a testament to the quality of our training programmes, we do not only cater to major airlines in Malaysia, such as MAS and AirAsia, but also regional airlines such as Garuda Indonesia and Sri Wijaya Air of Indonesia, and Nepal Airlines of Nepal and established good reputation with them.

Our industry reputation is further supported by a track record of excellence as evidenced by the many awards and pioneering achievements attained by us, one of which is our collaboration with Jeppesen, where we became their sole representative in conducting the Aviation English Test. We also became the first AFTO in Malaysia awarded the IPTS status, through which we are able to offer various recognised and accredited advanced tertiary courses. We are also the first AFTO awarded the ISO9001:2000 Quality Management Systems certification, which was later upgraded to the ISO9001:2008 on 12 May 2010. Our focus in ensuring the quality of our programmes has also served to help us maintain our outstanding track record amongst major airlines and prospective students.

Having an established market reputation and track record gives us a strong competitive advantage in the flight education and training market in Malaysia. It provides a big pull-factor in convincing prospective airlines and students, of our capabilities.

**(b) APFTA being a reputable academy known for our strict discipline**

Our APFTA places great importance in discipline and takes all matters relating to the breaking of rules and insubordination seriously. All our cadets are instilled with and are trained to follow a particular code of conduct.

Our academy does not allow students to have their own transport and we conduct random drug tests in each quarter of the year. We also conduct fortnightly inspections on cleanliness of uniforms and accommodation and on grooming standards on all cadets. Any cadet found guilty of flouting the rules or cited for insubordination is faced with the risk of being expelled from our academy based on the severity of the wrongdoing. This strict policy is enforced to instil a high level of discipline in our cadets as well as to mould them with the correct mindset especially on the high responsibilities of a professional pilot which will put them in good stead in their future careers.



## 5. INFORMATION ON OUR GROUP (Cont'd)

As such, discipline issues such as absenteeism are very low at our academy and the rate of our cadets successfully completing their training is high with the drop-out rate of our cadets almost non-existent.

### (c) Continuously innovate and pioneer quality market-driven programmes and courses

Since the founding of our APFTA, we have signed various letters of intent, MOUs and agreements with renowned institutions such as Embry-Riddle, UTHM and UPM to collaborate in offering aeronautical related degrees. We believe that our range of flight education and training programmes and courses are of high standards and we are continuously innovating and pioneering market-driven programmes in responding to the latest market demands.

To ensure that our Group continues to produce quality pilots, we constantly hold meetings and feedback sessions with our business partners and customers including major airlines to seek their feedback, if any. Many of the operational improvements and value added components of our courses as well as the structure and formulation of new courses and syllabuses are as a result of the continuous communication and feedback gathered from industry players. This continuous process of learning and improvements helps us to maintain our leading position within the flight education and training market in Malaysia.

Our programmes and courses are designed to produce all-rounded pilots who are competent in technical areas and non-technical areas such as management, English language skills and soft skills. All our cadets undergo psychological assessments such as the Vienna Test System (VTS) and psychomotor tests to evaluate reaction times and other psychomotor functions. We also have an ongoing development and innovation programme which study and analyse current market movements and trends. In turn, we are able to introduce new, innovative programmes and courses. Through this, we have managed to achieve the followings:

- (i) Developed our own diploma course, the Diploma in Aviation (Pilot Training), which incorporates English language training and management modules. This diploma course is included as part of our integrated ab-initio flight training course and is a value-added initiative by us which we provide to all our cadets;
- (ii) Became the first AFTO to incorporate a management diploma module as part of our flight training course. The management diploma further enhances the all-round quality of our graduates and provides them with a recognised academic qualification which can be used to gain entry with exemptions via credit transfers into degree level programmes. These credit transfers will be taken into consideration by UTHM and at the discretion of UTHM can be used to gain exemptions when undertaking their degree level programmes;
- (iii) Became the first AFTO to offer various recognised and accredited advanced tertiary courses. We are collaborating with UTHM in the offering of a degree level programme, the Bachelor of Aeronautical Engineering Technology (Professional Piloting) with Honours. The first batch of students for this degree programme has attended the introductory phase of the flight training at APFTA on 24 July 2010; and
- (iv) Became the sole representative in Malaysia appointed by Jeppesen to conduct the Aviation English test and course on their behalf.

Further, plans are already in place for us to be a pioneering force in the aviation industry via our expansion into complementary areas within the aviation industry, which will see us being transformed into an integrated aviation service provider.

## 5. INFORMATION ON OUR GROUP (Cont'd)

We believe that by continuously innovating while at the same time ensuring the quality of our range of programmes and courses, we are able to maintain a high level of competitiveness within the market and will in turn lead to sustainable revenue and profit growth of our Group.

### (d) Large and modern fleet of aircraft, airspace and flight simulators

The capacity of our APFTA is basically determined by the following three (3) factors:-

- (i) The availability of aircraft;
- (ii) The number of flight instructors; and
- (iii) The availability of airspace.

In comparison to all other flight education and training service providers in Malaysia, as at the LPD, to the best of our knowledge, we have the largest and most advanced fleet of flight training aircraft, with a fleet of 35 aircraft comprising 28 single-engine aircraft, six (6) twin-engine aircraft and one (1) helicopter. Majority of our aircraft are new hence, the serviceability level of our aircraft is high and aircraft downtime is minimised, enabling our cadets to efficiently log their mandatory flying hours and reduce downtime. By having a large fleet of modern aircraft, we are also able to take in and cater for more cadets without compromising on quality.

Meanwhile, a flight training aircraft is only allowed to fly and conduct its training maneuvers within an authorised area which has been specifically designated as flight training airspace. We currently operate out of three (3) major commercial airports in Malaysia with ample flight training airspace.

The airspace currently utilised by our Group lies within the Kota Bharu, Kuala Terengganu and Subang areas and these particular airspaces are comparatively less busy when compared with other flight airspace in the country. We are therefore able to take on more cadets as well as offer a higher availability of training airspace to our cadets ensuring that they are able to obtain better and more efficient training as compared to our other competitors.

Lastly, we currently own and operate two (2) flight simulators, the Alsim AL200 MCC and the Alsim AL200 DA42 which are both JAR-STD3 (A) compliant. These flight simulators are used for all aspects of the instrument rating flight syllabus and the MCC Course. Through the usage of these advanced flight simulators, our instructors are able to conduct training sessions by simulating various flight conditions and scenarios which provides an invaluable flying experience for our cadets. Cadets will be able to greatly enhance their flight handling skills through simulator training and this will be very useful for any future type rating or airline simulator assessment.

### (e) Highly qualified and experienced flight and ground instructors

Our ability to compete effectively in the flight education and training market in Malaysia lies, amongst others, with the strength of our team of instructors. As at the LPD, we have a total of 49 qualified and experienced flight and ground instructors.

We have an experienced team of instructors who are able to offer and share their industry-relevant experiences and exposures with our cadets. They come from various backgrounds which include former and retired career pilots with major commercial airlines such as MAS as well as retired military air force personnel from various countries including Pakistan, Myanmar, India, Singapore and Malaysia. Due to their experiences and exposures, they understand what is demanded of the cadets and, will accordingly ensure that they are well trained and equipped to succeed when they join the aviation industry upon graduating.

## 5. INFORMATION ON OUR GROUP (Cont'd)

Our team of ground and flight instructors are led by our principal and Executive Director, Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali, who possesses more than 40 years of experience in the aviation industry of which 25 years are spent on aviation management. Our instructors have an average of 20 years of professional flight experience and invaluable exposures gained from their employment within the aviation industry.

### (f) Experienced Management Team

Our past success and future growth have been and will always be influenced by the presence and leadership of several key personnel within our organisation. The expertise, experiences and competencies of our highly competent management team give us a strong and sustainable competitive strength over our competitors.

Our founder and Executive Chairman, Dato' Faruk is an accomplished businessman, with sound business acumen drawn from over 30 years of experience in the stock broking and banking industries. Much of our Group's success today is attributed to Dato' Faruk, whose ability as a skilled strategist, is instrumental in setting the business direction and managing the resources of our Group. Dato' Faruk is also able to leverage on his vast network of business contacts which has played a significant role in advancing the profile of APFT as well as our Group's local and overseas ventures.

Our co-founder and Non-Independent Non-Executive Director, Arif Bin Faruk is a career pilot with tremendous experience gained from his years of working in the aviation industry. He is a qualified aeronautical engineer and has over 12 years experience in the aviation industry, with experience as both a pilot and an aeronautical design engineer. He obtained his pilot licence in 2006 and is currently attached with Jet Premier One Sdn Bhd as a pilot for the Government of Malaysia's Airbus Corporate Jet.

Our Group is run by a highly competent management team who has had many years of experience in the areas of aviation, financial services and engineering.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.1.3 Share capital and changes in share capital

As at the LPD, our authorised and issued and paid-up share capital is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	250,000,000	0.20	50,000,000
Issued and paid-up	135,000,000	0.20	27,000,000

Details of the changes in our issued and paid-up share capital since incorporation until the date of this Prospectus are as follows:-

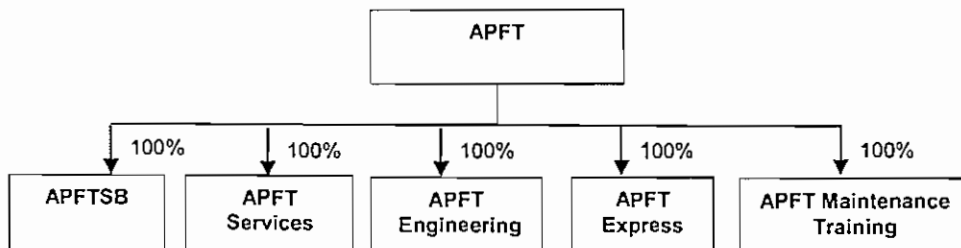
Date of Allotment / Subdivision	No. of shares allotted	Par value (RM)	Consideration	Cumulative No. of Issued and Paid-up shares	Cumulative Issued and Paid-up Share Capital (RM)
19.1.2010	8	0.25	Cash	8	2
13.5.2010	-	0.20	Share split	10	2
22.6.2010	134,999,990	0.20	Shares issued pursuant to the Acquisition of APFTSB and the Acquisition of APFT Services	135,000,000	27,000,000

As at the LPD, our Company does not have any outstanding warrants, options, convertible securities and uncalled capital.

### 5.1.4 Subsidiary and associated companies

To facilitate the listing of APFT Berhad, the Acquisition of APFT Maintenance Training was completed on 29 April 2010 whilst the Acquisition of APFTSB, Acquisition of APFT Services, Acquisition of APFT Engineering and Acquisition of APFT Express were completed on 22 June 2010.

Our existing corporate Group structure is as follows:-



**5. INFORMATION ON OUR GROUP (Cont'd)**

Details of our subsidiary companies are set out below:-

Subsidiary company	Date and Place of Incorporation	Date of Commencement of Business	Issued and Paid-Up Share Capital (RM)	Effective Equity Interest (%)	Principal Activities
APFTSB	13.12.2000 Malaysia	1.2.2006	3,000,000	100.00	Provision of flight education and training services.
APFT Services	4.1.2007 Malaysia	N/A	3,000,000	100.00	APFT Services is currently renting out aircraft and helicopter within our Group and is expected to commence the provision of chartered flight services by June 2011.
APFT Engineering	4.1.2007 Malaysia	N/A	150,000	100.00	Provision of MRO services for aircraft and helicopter. It is currently dormant and is expected to commence operations by June 2011.
APFT Express	27.9.1984 Malaysia	12.5.2010	200,000	100.00	Provision of non-bank remittance services.
APFT Maintenance Training	27.4.2010 Malaysia	N/A	2	100.00	Provision of maintenance training services for the aviation industry.

Further details on our Subsidiary Companies are set out in Section 5.2 below. As at the LPD, we do not have any associated companies.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2 INFORMATION ON SUBSIDIARY COMPANIES

#### 5.2.1 APFTSB

##### i. Background, history and principal activity

APFTSB was incorporated in Malaysia under the Act on 13 December 2000 as a private limited liability company under the name of Flight Training Systems Sdn Bhd. It subsequently underwent several name changes from Flight Training Systems Sdn Bhd to Forad Systems Sdn Bhd on 11 July 2005, then to Subang Flight Training Sdn Bhd on 15 September 2005, subsequently to Forad Aerospace Sdn Bhd on 11 November 2005 and finally to its present name on 26 July 2006. APFTSB commenced operations as an AFTO on 1 February 2006.

APFTSB is principally involved in the provision of flight education and training services through the operation of an approved AFTO namely, APFTA, with its main operation located at Old Terminal Building, Sultan Ismail Petra Airport, Kota Bharu, Kelantan Darul Naim.

APFTSB is our core operating subsidiary that has met the requirements for the Listing.

##### ii. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of APFTSB is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	3,000,000	1.00	3,000,000

Details of the changes in the issued and paid-up share capital of APFTSB since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid- up share capital (RM)
13.12.2000	2	Cash	2
11.1.2006	999,998	Cash	1,000,000
13.4.2006	1,000,000	Cash	2,000,000
13.10.2008	1,000,000	Cash	3,000,000

As at the LPD, APFTSB does not have any outstanding warrants, options, convertible securities and uncalled capital.

##### iii. Substantial Shareholder

APFTSB is our wholly-owned subsidiary company. On 22 June 2010, APFT acquired the entire equity interest of APFTSB, comprising 3,000,000 ordinary shares of RM1.00 each in APFTSB for a purchase consideration of RM24,194,577 satisfied by the issuance of 120,972,885 APFT Shares. The purchase consideration was derived after taking into consideration, inter alia, the NTA of APFTSB as at 31 December 2009 of RM13,819,810 and the earnings potential of APFTSB.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### iv. Subsidiary and Associated Companies

As at the LPD, APFTSB does not have any subsidiary or associated companies.

### 5.2.2 APFT Services

#### i. Background, history and principal activity

APFT Services was incorporated in Malaysia under the Act on 4 January 2007 as a private limited liability company under the name of APFT Services Sdn Bhd. APFT Services is currently renting out aircraft and helicopter within our Group and is expected to commence the provision of chartered flight services by June 2011.

#### ii. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of APFT Services is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	3,000,000	1.00	3,000,000

Details of the changes in the issued and paid-up share capital of APFT Services since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital (RM)
4.1.2007	2	Cash	2
12.3.2007	1,999,998	Cash	2,000,000
26.3.2007	1,000,000	Cash	3,000,000

As at the LPD, APFT Services does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### iii. Substantial Shareholder

APFT Services is our wholly-owned subsidiary company. On 22 June 2010, APFT acquired the entire equity interest of APFT Services, comprising 3,000,000 ordinary shares of RM1.00 each in APFT Services for a purchase consideration of RM2,805,421 satisfied by the issuance of 14,027,105 APFT Shares. The purchase consideration was derived after taking into consideration the NTA of APFT Services as at 31 December 2009 of RM2,805,421.

#### iv. Subsidiary and Associated Companies

As at the LPD, APFT Services does not have any subsidiary or associated companies.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2.3 APFT Engineering

#### i. Background, history and principal activity

APFT Engineering was incorporated in Malaysia under the Act on 4 January 2007 as a private limited liability company under the name of APFT Maintenance Sdn Bhd. Subsequently, it changed its name to Kota Bharu Flying Club Sdn Bhd on 28 December 2007 and assumed its present name on 16 February 2009. It is currently dormant and is expected to commence operations for the provision of MRO services for aircraft and helicopter to both APFTSB and external clientele by June 2011.

#### ii. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of APFT Engineering is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	150,000	1.00	150,000

Details of the changes in the issued and paid-up share capital of APFT Engineering since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid- up share capital (RM)
4.1.2007	2	Cash	2
3.3.2010	149,998	Cash	150,000

As at the LPD, APFT Engineering does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### iii. Substantial Shareholder

APFT Engineering is our wholly-owned subsidiary company. On 22 June 2010, APFT acquired the entire equity interest of APFT Engineering, comprising 150,000 ordinary shares of RM1.00 each in APFT Engineering for a cash consideration of RM142,359. The purchase consideration was derived after taking into consideration the adjusted NTA of APFT Engineering as at 31 December 2009 of RM142,359 (after adjusting for the issuance of 150,000 new shares in APFT Engineering subsequent to 31 December 2009).

#### iv. Subsidiary and Associated Companies

As at the LPD, APFT Engineering does not have any subsidiary or associated companies.



## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2.4 APFT Express

#### i. Background, history and principal activity

APFT Express was incorporated in Malaysia on 27 September 1984 as a private limited liability company under the name of K-Farm Vet (Malaysia) Sdn Bhd. It subsequently underwent several name changes from K-Farm Vet (Malaysia) Sdn Bhd to Intest Sdn Bhd on 15 August 1987, then to Forad Consult Sdn Bhd on 15 August 1991 and finally to its present name on 2 April 2008. APFT Express commenced operations for the provision of non-bank remittance services on 12 May 2010.

#### ii. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of APFT Express is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	500,000	1.00	500,000
Issued and paid-up	200,000	1.00	200,000

Details of the changes in the issued and paid-up share capital of APFT Express since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital (RM)
27.9.1984	2	Cash	2
3.3.2010	149,998	Cash	150,000
23.7.2010	50,000	Cash	200,000

As at the LPD, APFT Express does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### iii. Substantial Shareholder

APFT Express is our wholly-owned subsidiary company. On 22 June 2010, APFT acquired the entire equity interest of APFT Express, comprising 150,000 ordinary shares of RM1.00 each in APFT Express for a cash consideration of RM108,938. The purchase consideration was derived after taking into consideration the adjusted NTA of APFT Express as at 31 December 2009 of RM108,938 (after adjusting for the issuance of 150,000 new shares in APFT Express subsequent to 31 December 2009).

#### iv. Subsidiary and Associated Companies

As at the LPD, APFT Express does not have any subsidiary or associated companies.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.2.5 APFT Maintenance Training

#### i. Background, history and principal activity

APFT Maintenance Training was incorporated in Malaysia under the Act on 27 April 2010 as a private limited liability company under the name of APFT Maintenance Training Sdn Bhd. It commenced the provision of maintenance training services for the aviation industry on 4 July 2010.

#### ii. Share Capital

As at the LPD, the authorised and issued and paid-up share capital of APFT Maintenance Training is as follows:-

	No. of shares	Par value (RM)	Amount (RM)
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

Details of the changes in the issued and paid-up share capital of APFT Maintenance Training since incorporation are as follows:

Date of allotment	No. of shares allotted	Consideration	Cumulative issued and paid-up share capital (RM)
27.4.2010	2	Cash	2

As at the LPD, APFT Maintenance Training does not have any outstanding warrants, options, convertible securities and uncalled capital.

#### iii. Substantial Shareholder

APFT Maintenance Training is our wholly-owned subsidiary company. On 29 April 2010, APFT acquired the entire equity interest of APFT Maintenance Training, comprising 2 ordinary shares of RM1.00 each in APFT Maintenance Training for a cash consideration of RM2.00. The Acquisition of APFT Maintenance Training was completed on 29 April 2010. The purchase consideration was derived after taking into consideration the issued and paid-up capital of APFT Maintenance Training of RM2 since date of incorporation.

#### iv. Subsidiary and Associated Companies

As at the LPD, APFT Maintenance Training does not have any subsidiary or associated companies.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.3 LISTING SCHEME**

In conjunction with and as an integral part of our listing of and quotation for the entire enlarged issued and paid-up share capital of our Company on the Main Market of Bursa Securities, we undertake the following Listing Scheme:-

**(i) Public Issue**

Our Company will undertake a public issue of 22,000,000 new Shares, at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:-

- (a) 15,000,000 new APFT Shares, representing approximately 9.55% of our enlarged issued and paid-up share capital, to be made available for application by the Malaysian Public via balloting; and
- (b) 7,000,000 new APFT Shares, representing approximately 4.46% of our enlarged issued and paid-up share capital, reserved for the eligible employees and persons who have contributed to the success of our Group.

Upon completion of the Public Issue, the issued and paid-up share capital of our Company will increase to RM31,400,000 comprising 157,000,000 Shares.

**(ii) Offer for Sale**

Our Offerors will also undertake an offer for sale of 17,250,000 Offer Shares, representing approximately 10.99 % of our enlarged issued and paid-up share capital, at the Offer Price, payable in full on application upon such terms and conditions as set out in this Prospectus, to identified investors.

Pursuant to the Offer for Sale, the Offerors are expected to raise RM8.63 million based on the Offer Price.

The Offer Shares and the Issue Shares will, upon allotment and issue, rank equally in all respects with our existing issued Shares which are fully paid-up including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Shares.

**(iii) Listing**

The admission and the listing of and quotation for our entire enlarged issued and paid-up share capital of RM31,400,000, comprising 157,000,000 Shares on the Main Market of Bursa Securities.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.4 LOCATION OF OPERATIONS

The locations of our Group's operational and administrative premises are as follows:-

Location	Facilities	Purpose of Location
Suite 50-5-5, 5th Floor Wisma UOA Damansara 50, Jalan Dungun Bukit Damansara 50490 Kuala Lumpur	<ul style="list-style-type: none"> <li>▪ Corporate office</li> </ul>	<ul style="list-style-type: none"> <li>▪ Corporate office</li> </ul>
Old Terminal Building Sultan Ismail Petra Airport Pengkalan Chepa 16100 Kota Bharu Kelantan Darul Naim	<ul style="list-style-type: none"> <li>▪ Fully functional commercial airport equipped with Radar, Instrument Landing System and other approach aids.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Main flight training academy with both ground school and flight school.</li> <li>▪ All cadets begin their training at this location.</li> </ul>
Sultan Mahmud Airport 21300 Kuala Terengganu Terengganu Darul Iman	<ul style="list-style-type: none"> <li>▪ Fully functional commercial airport equipped with Radar, Instrument Landing System and other approach aids.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Satellite flight training academy to main flight training academy in Kota Bharu.</li> <li>▪ Training of advanced cadets who are close to completing their training, providing them with more flight hours.</li> </ul>
Sultan Abdul Aziz Shah Airport 47200 Subang Selangor Darul Ehsan	<ul style="list-style-type: none"> <li>▪ Fully functional commercial airport equipped with Radar, Instrument Landing System and other approach aids.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Satellite flight training academy to main flight training academy in Kota Bharu.</li> <li>▪ Training of advanced cadets who are close to completing their training, providing them with more flight hours.</li> </ul>

### 5.5 KEY ACHIEVEMENTS / MILESTONES / AWARDS

The key achievements/ milestones / awards of our Group are as follows:-

Date	Achievements / Milestones
February 2006	APFTSB received approval from the DCA to operate as an AFTO.
August 2006	APFTA received delivery of first Alsim flight simulator.
February 2007	Official opening ceremony of APFTA by His Highness Duli Yang Maha Mulia Tuanku Ismail Petra, the Sultan of Kelantan.  Graduation ceremony of the first batch of cadets trained at APFTA.
August 2007	Graduation ceremony of the second and third batch of APFTA cadets.  APFTSB was awarded the IPTS status by the MOHE.  APFTSB was also awarded the ISO9001:2000 Quality Management Systems certification by SIRIM.
September 2007	APFTA received delivery of its own Diamond DA40 single-engine and Diamond DA42 twin-engine aircraft.
March 2008	APFTSB signed a cooperation and marketing agreement with Jeppesen GmbH (a unit of Boeing USA) for APFTA to act as a representative for Jeppesen to conduct the Aviation English test and course in addition to other Jeppesen training systems.
June 2008	Graduation ceremony of the fourth to sixth batch of APFTA cadets.  APFTSB signed an agreement with MAS and MARA whereby students chosen by MAS will be funded by MARA to undergo training at APFTA. Upon graduation, these students will be employed by MAS.
August 2008	Graduation ceremony of initial batch of Nepal Airline cadets who trained at APFTA.

**5. INFORMATION ON OUR GROUP (Cont'd)**

Date	Achievements / Milestones
February 2009	Graduation ceremony of the seventh to tenth batch of APFTA cadets. APFTA's new hangar at Sultan Ismail Petra Airport officially opened by Tuan Guru Dato' Haji Nik Abdul Aziz, the Menteri Besar of Kelantan.
May 2009	APFTSB signed a MOU with Yayasan Terengganu. Under the MOU, Yayasan Terengganu will fund Terengganu youths to undertake aviation related courses at APFTA where they will be employed by MAS upon their graduation.
July 2009	APFTSB received approval to operate a satellite flight training academy at the Sultan Abdul Aziz Shah Airport, Subang in Selangor. APFTSB signed a MOU with UTHM whereby APFTSB will provide ground school and flight training to UTHM students as part of their Bachelor of Aeronautical Engineering Technology (Professional Piloting) degree at UTHM.
August 2009	Our Executive Chairman, Dato' Faruk was awarded the Asia Pacific Entrepreneurship Award (APEA) For Most Promising Entrepreneur in recognition of his outstanding accomplishment in the past and present and his vision to drive our Group as a leading business in the near future.
September 2009	APFTA participated in the New Straits Times Press (Malaysia) Berhad School Sponsorship Programme by sponsoring 10,000 copies of the New Straits Times newspaper to ten (10) schools in Kelantan per annum. Each school, which are mostly in rural areas, will receive five (5) copies of the newspaper on each school day.
October 2009	APFTSB signed a MOU with GHAL to jointly set up a flight training academy at the Rajiv Gandhi International Airport, Shamshabad in Hyderabad, India.
November 2009	APFTA's flight training courses recognised and approved by the DGCA, enabling APFTA to train Indonesia cadets.
December 2009	Graduation ceremony of the eleventh to sixteenth batch of APFTA cadets. APFTA Alumni Committee was formed to take charge of administering the affairs of the APFTA Alumni Association. The APFTA Alumni Association is established with the aim of assisting APFTA graduates in keeping touch with their alma mater as well as fellow students.
January 2010	APFTSB was awarded the Global Award (Diamond Winner) in recognition of its excellent achievements.
February 2010	APFTSB signed a letter of intent with Embry-Riddle to collaborate in offering aeronautical related degrees. Embry-Riddle Aeronautical University a US-based aviation and aerospace university. APFTSB signed a MOU with UPM to collaborate in education, research and development of aviation related courses.
April 2010	APFTSB received approval to operate a satellite flight training academy at the Sultan Mahmud Airport, Kuala Terengganu in Terengganu.
May 2010	APFTSB was awarded the Productivity Award 2009 (Open Category) by the Malaysia Productivity Corporation in recognition of its excellence in its quantitative and qualitative enhancement within its organisation. APFTSB was awarded the ISO9001:2008 QMS certification by SIRIM.
August 2010	APFTSB was awarded the Star Outstanding Business Award 2010 by The Star Newspaper for people's choice of outstanding Malaysian brand.
November 2010	APFTSB was awarded the 2nd Malaysia Independence Award 2010 by the Selangor Petaling Business & Industry Association in recognition of APFTSB's achievements and contributions towards nation building.
December 2010	APFTSB was awarded the SME 100 Award 2010- Fast Moving Companies by Business Media International in recognition of APFTSB being one of Malaysia's fast moving companies.
January 2011	APFTSB was awarded the Asia Pacific International Honesty Enterprise - KERIS Award 2010 by Asia Pacific International Honesty Enterprise in recognition of its contribution towards the education and training sector in Malaysia.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.6 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES

Save as disclosed below, our Group did not incur any other material capital expenditure for the past three (3) FYE 31 December 2008 to 2010:-

Expenditure	Transaction value for FYE 31 December								
	2008	Internal fund	Borrowings	2009	Internal fund	Borrowings	2010	Internal fund	Borrowings
	RM'000			RM'000					
Building in progress*	4,108	58%	42%	2,105	12%	88%	1,026	23%	77%
Leasehold building	-	-	-	-	-	-	172	100%	-
Aircraft	-	-	-	5,830	50%	50%	8,910	46%	54%
Aircraft Engine	-	-	-	1,560	100%	-	590	100%	-
Simulator	1,160	15%	85%	27	100%	-	-	-	-
Others^	365	100%	-	485	28%	72%	338	100%	-
<b>Total</b>	<b>5,633</b>			<b>10,007</b>			<b>11,036</b>		

Notes:

\* Building in progress for the FYE 31 December 2008 and 2009 is related to the construction of hangar while for the FYE 31 December 2010, it is related to construction of students' accommodation and hangar at the Sultan Mahmud Airport in Kuala Terengganu.

^ Others comprise the following:-

Expenditure	2008	2009	2010
	RM' 000	RM' 000	RM' 000
<b>Others</b>			
- Computers	131	20	35
- Electrical installation and renovation	41	40	121
- Air-conditioner, signboard, furniture and fittings	70	68	32
- Motor vehicles	-	300	-
- Flying equipment and office equipment	60	57	150
- Refueler and skid tank	63	-	-
<b>Total</b>	<b>365</b>	<b>485</b>	<b>338</b>

Our Group had no material divestitures for the past three (3) FYE 31 December 2008 to 2010. The above capital expenditure was financed through a combination of internally generated funds and bank borrowings.

As at the LPD, we have not undertaken any material capital expenditure and material divestitures that is currently in progress.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.7 BUSINESS OVERVIEW****5.7.1 Our services and courses offered**

Our Group is principally a flight education and training service provider. Moving forward, our vision is to become one of the leading regional integrated aviation service providers.

APFTA is an AFTO that complies with all the strict requirements set out by the DCA in order to maintain safety and standards of professional pilot training in Malaysia. Accordingly, the flight training courses run by APFTA are also accredited by the DCA and consequentially internationally recognised by ICAO. APFTA is also an IPTS, and is fully accredited by the MOHE.

**5.7.1.1 Flight education and training services**

We offer courses in flying both fixed wing and helicopter (rotary wing). Most cadets train to become commercial pilots and subscribe to our fixed wing courses.

Flight training courses offered by us include basic ab-initio training which involves training of cadets assuming that they have no prior knowledge and experience in flying any type of aircraft whatsoever. Ab-initio integrated courses are intended for full time cadets. Ab-initio integrated training refers to a completely uninterrupted training course where a cadet obtains a CPL/IR and multi-engine rating simultaneously upon completion of an approved flight training course.

PPL is the basic licence required to take up recreational flying. The PPL allows its holder the privilege of flying a single-engine piston aircraft. Our PPL offering helps in promoting the general aviation industry in Malaysia and it provides aviation enthusiasts with the opportunity to take up recreational flying rather than pursuing a career as a commercial pilot.

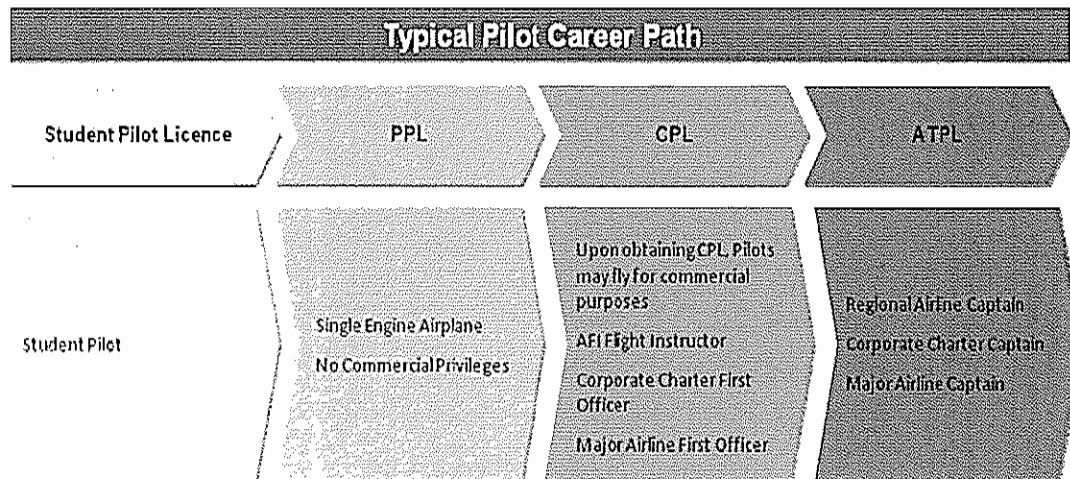
Meanwhile, the CPL is the minimum licence required for commercial flying. It is the first step towards becoming a professional pilot with a commercial airline. All cadets undergoing the integrated flight training at APFTA are required to pass mandatory examination papers set by the JAA. All flight cadets in Malaysia sit for the same examination papers administered by UKCAA to obtain a DCA frozen ATPL. In addition to the CPL, cadets will train in APFTA to obtain certain ratings such as IR and multi-engine rating. The IR allows them to fly under meteorological instrument conditions (in bad visibility and at night), while a multi-engine rating will allow them to fly an aircraft with more than one engine.

After graduating from a flying academy and once attached with an airline, the cadet will continue to add ratings to his licence depending on the type of aircraft the cadet is required to operate by the airline, for example, ratings to operate Boeing 737 or 747, Airbus A320 or A330 etc. In order to obtain these additional specific ratings, the cadet will undergo additional specific training provided by the airline. He may then proceed to obtain his TRI or TRE ratings. After logging a minimum of 1,500 hours of flight time with certain restrictions imposed, a co-pilot may apply for a full ATPL (i.e. the frozen ATPL will be unfrozen). Once issued with a full ATPL (unfrozen ATPL), the holder of the full ATPL may then be considered for promotion to the rank of Captain.

## 5. INFORMATION ON OUR GROUP (Cont'd)

The illustration below depicts the pilot training progression and pathway chart.

### Pilot Training Progression and Pathway Chart



In addition to the above, we have started offering helicopter flight training courses and it has garnered interest from various parties including MHS, who has sent cadets to train with us. In addition, it is envisaged that there will be a significant increase in demand for helicopter pilots from offshore oil and gas companies which will need to transport equipment and staff to offshore platforms using helicopters.

#### 5.7.1.2 Academic Courses

As a dynamic and forward looking company, we constantly strive to improve the quality of our course content, training and teaching practices as well as our facilities in order to enhance the quality of our cadets.

To this end, and as a direct result of continuous discussions with our commercial airlines business partners, especially MAS, a diploma course was proposed and developed. We became the first AFTO in Malaysia to develop our own diploma programme – the Diploma in Aviation (Pilot Training) that is recognised by the MOHE through the MQA. Thus, all our cadet pilots will not only become professional pilots but also obtain recognised paper qualifications upon completion of their training.

Continuing on with this academic initiative, our Group, in collaboration with UTHM, has developed a new degree programme that started in July 2010. This new undergraduate degree course, the Bachelor in Aeronautical Engineering Technology (Professional Piloting) is a four (4) year degree programme in which the student will undergo an initial two (2) years of academic studies at UTHM and a further two (2) years of flight training at APFTA. At the end of this undergraduate degree course, the student will be conferred with a professional pilot licence (CPL/IR frozen ATPL) as well as a Bachelor in Aeronautical Engineering Technology (Professional Piloting). The first batch of students has attended the introductory phase of the flight training at APFTA on 24 July 2010.

Key programme courses offered by our APFTA are as follows:-

- (i) PPL Course Fixed Wing;
- (ii) PPL Course (PPL-H) Rotary Wing;
- (iii) Ab-initio Integrated Course (fixed wing);
- (iv) Ab-initio Integrated Course (rotary wing);
- (v) Diploma in Aviation (Pilot Training) offered in conjunction with (iii) and (iv);
- (vi) AFI Course (fixed wing);
- (vii) Aircraft maintenance engineering licence course;



## 5. INFORMATION ON OUR GROUP (Cont'd)

- (viii) Bachelor of Aeronautical Engineering Technology (Professional Piloting) with Honours\*;
- (ix) Aviation English (Jeppesen)\*\*; and
- (x) Licensed Dispatcher course\*\*.

**Notes:**

\* Offered in collaboration with UTHM in Batu Pahat, Johor.

\*\* Offered in collaboration with Jeppesen.

### 5.7.1.3 Course Structure

#### A) PPL Course Fixed Wing

Minimum Entry Requirements
<ul style="list-style-type: none"> <li>• Minimum age of 17 years.</li> <li>• Pass medical examination (Class II) by a DCA approved medical practitioner.</li> <li>• Adequate competency in the English language.</li> </ul>
Ground Training
<ul style="list-style-type: none"> <li>• PPL ground training covers a minimum of 80 hours of tutorials and lectures on aviation theory subjects:               <ul style="list-style-type: none"> <li>• Air Law, Flight Rules and Procedures;</li> <li>• Navigation &amp; Meteorology;</li> <li>• Aircraft General Knowledge;</li> <li>• Radio Telephony Theory;</li> <li>• Radio Telephony – Practical;</li> <li>• Human Performance and Limitation; and</li> <li>• All examination papers are set and evaluated by the DCA.</li> </ul> </li> </ul>
Flight Training
<ul style="list-style-type: none"> <li>• Flight training consists of 45 hours single-engine flying.</li> </ul>
Course Duration
<ul style="list-style-type: none"> <li>• The duration of the course is 12 weeks.</li> </ul>

#### B) Ab-initio Integrated Course (Fixed Wing)

Minimum Entry Requirements
<ul style="list-style-type: none"> <li>• Letter of approval from the DCA.</li> <li>• Minimum age of 18 years.</li> <li>• Successful completion of Sijil Pelajaran Malaysia, O' Levels or equivalent for overseas cadet pilots with five (5) credit passes (Compulsory subjects of English, Mathematics and Physics plus any two (2) other subjects).</li> <li>• Pass medical examination (Class I) by a DCA approved medical practitioner.</li> <li>• Good eyesight (visual acuity of at least 6/60 without optical aid, correctable to 6/6) and not colour blind.</li> </ul>

#### CPL/IR and Frozen ATPL

Ground Training
<ul style="list-style-type: none"> <li>• The course will be conducted in two phases:-               <ul style="list-style-type: none"> <li>• PPL Phase</li> <li>• 80 hours of tutorials and lectures, covering the following subjects:-                   <ul style="list-style-type: none"> <li>• Air Law, Flight Rules and Procedures;</li> <li>• Navigation &amp; Meteorology;</li> <li>• Aircraft General Knowledge;</li> <li>• Radio Telephony Theory;</li> <li>• Radio Telephony – Practical;</li> <li>• Human Performance and Limitation;</li> <li>• All examination papers are set and evaluated by the DCA;</li> </ul> </li> </ul> </li> </ul>

**5. INFORMATION ON OUR GROUP (Cont'd)**

Ground Training
<ul style="list-style-type: none"> <li>• CPL/IR and ATPL Phase; and</li> <li>• 750 hours of tutorials and lectures, making a total of 830 hours for the Integrated Course. All subjects are as per JAA guidelines. The examination papers are set and evaluated by the UKCAA.</li> <li>• The subjects covered are: <ul style="list-style-type: none"> <li>• Air Law;</li> <li>• Human Performance and Limitation;</li> <li>• Airframe Systems;</li> <li>• Principles of Flight;</li> <li>• VFR Communications;</li> <li>• IFR Communications;</li> <li>• Navigation;</li> <li>• Radio Navigation;</li> <li>• Instruments and Electronics;</li> <li>• Flight Planning;</li> <li>• Meteorology;</li> <li>• Performance;</li> <li>• Mass and Balance;</li> <li>• Operational Procedures; and</li> <li>• Type Technical.</li> </ul> </li> </ul>

Flight Training*
<ul style="list-style-type: none"> <li>• Flight training consists of 200 hours flying: <ul style="list-style-type: none"> <li>• 145 hours on single-engine aircraft;</li> <li>• 20 hours on the simulator (single-engine);</li> <li>• Ten (10) hours on the simulator (twin-engine); and</li> <li>• 25 hours in twin-engine aircraft.</li> </ul> </li> </ul>

Note:-

\* *The breakdown in the flight training hours for the single-engine aircraft, twin-engine aircraft and simulators are consistent with the directive of the DCA. According to the DCA's directive, the training hours for a professional pilot license (CPL/IR) course shall consist of not less than 200 hours of which 35 hours shall be on multi-engine aircraft and the credit hours on a flight and navigation procedures trainer (simulators) shall be 30 hours.*

Course Duration
<ul style="list-style-type: none"> <li>• The duration of the course is 72 weeks.</li> </ul>

**C) Diploma in Aviation (Pilot Training) Course\***

Diploma in Aviation (Pilot Training)
<ul style="list-style-type: none"> <li>• In addition to the ground school subjects and flight training, cadets are required to sit for additional seven (7) subjects which include: <ul style="list-style-type: none"> <li>• Management: <ul style="list-style-type: none"> <li>• Essentials of Management;</li> <li>• Human Resource Management;</li> <li>• Organisational Behaviour; and</li> <li>• Interpersonal Communication;</li> </ul> </li> <li>• MQA: <ul style="list-style-type: none"> <li>• Islam/Moral, Pengajian Malaysia;</li> <li>• Bahasa Kebangsaan I &amp; II; and</li> <li>• Project Paper.</li> </ul> </li> </ul> </li> </ul>

Note:

\* *Offered and awarded in conjunction with the ab-initio Integrated Course (Fixed Wing and Rotary Wing).*

**5. INFORMATION ON OUR GROUP (Cont'd)****D) PPL Course (PPL-H) Rotary Wing****Minimum Entry Requirements**

- Minimum age of 17 years.
- Pass medical examination (Class II) by a DCA approved medical practitioner.
- Adequate competency in the English language.

**Ground Training**

- PPL(H) Ground training covers a minimum of 80 hours of tutorials and lectures on aviation theory subjects:
  - Air Law, Flight Rules and Procedures;
  - Navigation & Meteorology;
  - Aircraft General Knowledge;
  - Radio Telephony Theory;
  - Radio Telephony – Practical;
  - Human Performance and Limitation;
  - Helicopter Aerodynamics; and
  - Helicopter Technical.
- All examination papers are set and evaluated by the DCA.

**Flight Training**

- Flight training consists of 45 hours helicopter single-engine flying.

**Course Duration**

- The duration of the course is 12 weeks.

**E) Ab-initio Integrated Course (Rotary Wing)****Minimum Entry Requirements**

- Letter of approval from the DCA.
- Minimum age of 18 years.
- Successful completion of Sijil Pelajaran Malaysia, O' Levels or equivalent for overseas cadet pilots with five (5) credit passes (Compulsory subjects of English, Mathematics and Physics plus any two (2) other subjects.
- Pass medical examination (Class I) by a DCA approved medical practitioner.
- Good eyesight (visual acuity of at least 6/60 without optical aid, correctable to 6/6) and not colour blind.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### Ground Training

- CPL(H) is conducted in two (2) phases:
  - PPL Phase
  - 80 hours of tutorials and lectures, covering the following subjects:
    - Air Law, Flight Rules and Procedures;
    - Navigation & Meteorology;
    - Aircraft General Knowledge;
    - Radio Telephony Theory;
    - Radio Telephony – Practical;
    - Human Performance and Limitation;
    - Helicopter Aerodynamics; and
    - Helicopter Technical.
- All examination papers are set and evaluated by the DCA.
  - CPL Phase
  - 750 hours of tutorials and lectures, making a total of 830 hours for the Integrated Course. All subjects are as per JAA guidelines. The examination papers are set and evaluated by the UKCAA. The subjects covered are:
    - Air Law;
    - Human Performance and Limitation;
    - Airframe Systems;
    - Principles of Flight;
    - VFR Communications;
    - IFR Communications;
    - Navigation;
    - Radio Navigation;
    - Instruments and Electronics;
    - Flight Planning;
    - Meteorology;
    - Performance;
    - Mass and Balance;
    - Operational Procedures; and
    - Helicopter Type Technical.

### Flight Training

- Flight training consists of 150 hours helicopter single-engine flying.

### Course Duration

- The duration of the course is 72 weeks.

## F) AFI Course

### Minimum Entry Requirements

- Malaysian Citizen.
- Holder of CPL/IR License.
- 200 hours of flight time, of which not less than 150 hours should be as PIC if the candidate holds a CPL or ATPL.
- Meet the DCA requirements for CPL level knowledge.
- Hold an ICAO level four (4) aviation English certificate recognised by the DCA.
- 30 hours on single-engine piston aircraft of which five (5) hours should have been during the six (6) months preceding the pre-entry test.
- Ten (10) hours of Instrument Flying ("IF") instruction of which not more than five (5) hours may be in a simulator (FNPT 2).
- Letter of approval from the DCA.
- Pass medical examination (Class I) by a DCA approved medical practitioner.

**5. INFORMATION ON OUR GROUP (Cont'd)****Ground Training**

- 40 hours of tutorials, 75 hours of teaching practice and seven (7) hours of progress tests.

**Flight Training**

- Flight training consists of 35 hours on single-engine aircraft. This includes 29 hours dual instruction, five (5) hours of mutual flying and one (1) hour of tests.

**Course Duration**

- The duration of the course is 12 weeks.

**G) Aviation English (Jeppesen)**

Competency in speaking, reading and writing in the English language is essential for all pilots and ATC. As part of their licensing requirements, all pilots and ATC are required to demonstrate ICAO level four (4) (Operational) English language proficiency.

The Jeppesen English proficiency evaluation is designed to assess a candidate's ability to understand and use ICAO phraseologies as well as common English. The ICAO Aviation English Test is intended to measure the six (6) sub skills in the ICAO proficiency scale, namely: Pronunciation, Structure, Vocabulary, Fluency, Comprehension and Interactions.

The ICAO Aviation English Test is split into eight (8) parts:-

<b>Part A</b>	Aviation Reading	Reading out aviation related messages loudly, smoothly and naturally.
<b>Part B</b>	Common English Reading	Reading out common English messages loudly, smoothly and naturally.
<b>Part C</b>	Repeat	Listening to sentences one at a time, and repeating each sentence exactly as heard.
<b>Part D</b>	Short Answer Question	Answering of questions using only a single word, or a short phrase of two to three words.
<b>Part E</b>	Readback	Listening to ICAO radio messages and saying in return an appropriate readback using ICAO phraseologies.
<b>Part F</b>	Correction and Confirmations	Responding to, or correcting a radio communication exchange between two speakers.
<b>Part G</b>	Story-Retelling	Listening to four stories and retelling each story as heard, in the person's own words.
<b>Part H</b>	Open Questions	Listening to two questions, and providing an opinion and supporting reasons in response to the two questions.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

## H) Bachelor of Aeronautical Engineering Technology (Professional Piloting) with Honours

Conducted at UTHM
<b>Year 1</b> <b>Semester 1</b> <ul style="list-style-type: none"> <li>▪ English for Academic Purpose</li> <li>▪ Technical Writing</li> <li>▪ Islamic Civilization and Asia</li> <li>▪ Technology Engineering Mathematics I</li> <li>▪ Computer programming</li> <li>▪ Introduction: The Airport</li> <li>▪ Engineering drawings</li> <li>▪ Practices Aeronautical Engineering Technology</li> </ul>
<b>Year 1</b> <b>Semester 2</b> <ul style="list-style-type: none"> <li>▪ Co-Curriculum I</li> <li>▪ Islamic Studies / Moral Studies</li> <li>▪ Effective Communication</li> <li>▪ Technology Engineering Mathematics II</li> <li>▪ Thermo-Fluid</li> <li>▪ Mechanical Engineering</li> <li>▪ Materials Engineering Technology</li> <li>▪ Engineering Technology Lab I</li> </ul>
<b>Year 1</b> <b>Semester 3</b> <ul style="list-style-type: none"> <li>▪ Engineering Technology Lab II</li> <li>▪ Airport Aircraft Aerodynamics</li> <li>▪ Electrical and Electronic Technology</li> </ul>
<b>Year 2</b> <b>Semester 1</b> <ul style="list-style-type: none"> <li>▪ Co-Curriculum II</li> <li>▪ Technology Engineering Mathematics III</li> <li>▪ Airport Aircraft Structure</li> <li>▪ The impetus Airport</li> <li>▪ Electro-Mechanical System and Control</li> <li>▪ The Airport System</li> <li>▪ Aeronautical Engineering Technology Practice II</li> </ul>
<b>Year 2</b> <b>Semester 2</b> <ul style="list-style-type: none"> <li>▪ Ethnic Relations</li> <li>▪ Creativity and Innovation</li> <li>▪ Nationalism &amp; Development Malaysia Update</li> <li>▪ Principles of Management and Ethics</li> <li>▪ Aviation Mechanics</li> <li>▪ Aircraft design</li> <li>▪ Bachelor Project I</li> </ul>

## 5. INFORMATION ON OUR GROUP (Cont'd)

<b>Conducted at UTHM</b>
Year 2 Semester 3
▪ Industrial Training
Year 3 Semester 1
▪ Foreign Language ▪ Bachelor Project II ▪ Airport Management ▪ Aviation Economics and Management ▪ Entrepreneur
<b>Conducted at UTHM</b>
Year 3 Semester 2 and 3
▪ Ab initio integrated course
Year 4
▪ Ab initio integrated course

I) **Aircraft maintenance engineering licence course**

Aircraft maintenance engineering licences fall in broad categories of the following:

- A - Aeroplane (One (1) or two (2) depending on maximum takeoff weight of aircraft)
- C - Engines (Gas turbine or/and piston engine)
- D - Engine Overhaul
- X - Avionics with Autopilot rating
- R – Radio

A combination of the above licences may be held depending on the examinations taken from the subjects listed below along with a DCA aural examination.

Common Modules	Basic	Radio
Regulations	Electrical Equipment and systems	Communication and navigation
Basic engineering practices	Electronic	Radar
Common Aircraft	Gyroscopes	-
Piston Engine	Servo-mechanism	-
Propeller	-	-
Turbine engines	-	-
Rotorcraft	-	-
Airships	-	-
Engine overhaul	-	-
Human performance	-	-
Compass compensation	-	-

J) **Licensed Dispatcher Course**

We work together with Jeppesen, in offering their licensed dispatcher course to all those interested in this career path to obtain the necessary applied knowledge. Our licensed dispatcher course meets all necessary ICAO requirements and also the stringent standards which are set by Jeppesen. As the airlines industry grows and regional and private aircraft increase in the region, so do the requirement to train licensed dispatchers as this is a mandatory job specification requirement in order to run any commercial or charter flight operation.

## 5. INFORMATION ON OUR GROUP (Cont'd)

Currently, our Group is the only flight school in Malaysia offering the Licensed Dispatcher Course in collaboration with Jeppesen. In Malaysia, other alternative course to the Licensed Dispatcher Course offered by us is the DCA FOO/FD (Flight Operation Officer/Flight Dispatcher) License which is also offered by Aviation Management College.

The Licensed Dispatch Course cover the duties and responsibilities of aircraft dispatcher and in-depth knowledge of commercial aviation dispatch procedures, work rules, local and international regulations and the use of sophisticated electronic flight planning systems, flight following and weather software. Upon completion of this course, applicants will be proficient in the following subject areas:-

Meteorology, Aeromedical, Emergency, Security, Communications, Air Traffic Control, Navigation Principles, Navigation Systems, Instrument Approach Procedures, Charts and Airspace, Aerodynamics, Aircraft Systems, Weight and Balance, Aircraft Performance, Aircraft MEL/CDL, Regulations, Special Navigation & International Ops, Deicing and Anti-icing, Manual Flight Planning, Dispatch Resource Management, and Practical Dispatching.

### 5.7.2 Our Principal Markets

For the FYE 31 December 2010, most of our revenue is derived within Malaysia. As at the LPD, we have a student population of 390 students of whom approximately 96.41% are Malaysians, while approximately 3.59% are foreigners.

Our goal is to augment our leadership position within the flight education and training market in Malaysia and to expand our business both locally and regionally.

Moving forward, it is our intention to expand our presence in the regional markets particularly Indonesia, Myanmar and India as we can further leverage on our current capabilities and competencies to become one of the region's leading integrated aviation service providers.

### 5.7.3 Seasonality

Our business does not experience any material seasonality.

### 5.7.4 Capacity, aircraft fleet, instructors and accommodation

Over the years, we have been steadily expanding and increasing our operational capacity by purchasing and leasing new aircraft and hiring additional instructors. We also have at our disposal, sophisticated and advanced flight simulators, as well as ample flight training airspace for us to provide our cadets with high quality training in addition to enabling us to train our cadets more efficiently and effectively.

Listed below is our total number of aircraft and instructors as at the end of the past three (3) FYE 31 December 2008 to 2010 and its year-on-year percentage of growth:-

	Aircraft	Instructors
2008	23	30
% growth	5%	36%
2009	29	43
% growth	26%	43%
2010	35	50
% growth	21%	16%



## 5. INFORMATION ON OUR GROUP (Cont'd)

Students' capacity of our APFTA for the past three (3) FYE 31 December 2008 to 2010 is set out below:

Capacity based on number of students	2008	2009	2010
Maximum	294	354	420
Actual	291	336	390
Percentage of utilisation (%)	99%	95%	93%

The basis of calculation for the optimal student capacity takes into consideration the following:-

- (i) The ratio of instructor to students;
- (ii) The ratio of students to a classroom; and
- (iii) The number of aircraft available;

on the assumption that the APFTA has the liberty to mobilise and schedule its resources between ground training and flight training throughout the course. Currently, the existing large allocation of training airspace granted to APFTSB does not pose a restriction on the maximum capacity above.

### Aircraft Fleet

In comparison to all other flight education and training service providers in Malaysia, as at the LPD, to the best of our knowledge, we have the largest and most advanced fleet of flight training aircraft in Malaysia, with a fleet of 35 aircraft in total, comprising 28 single-engine aircraft, six (6) twin-engine aircraft and one (1) helicopter.

A list of all our aircraft as at the LPD is tabled below:-

Aircraft Type	Number of Units	
	Owned	Leased
<b>Single-Engine</b>		
Diamond DA40	10	-
Piper PA28 Warrior	18	-
<b>Twin-Engine</b>		
Diamond DA42	4*	-
Piper Seneca PA34	1	1
<b>Helicopter</b>		
Robinson R44	1	-
<b>Total Units:</b>	<b>34</b>	<b>1</b>
<b>Grand Total:</b>	<b>35</b>	

Note:

- \* As at the LPD, the ownership of APFTA for one (1) unit of the aircraft is in the process of being registered with the DCA.

Ab-initio flight training uses light general aviation aircraft and fixed based simulators for instructional purposes. These aircraft fall under small aircraft category (a maximum takeoff weight of 5,700 kg and below with a seating of nine (9) persons or less).

## 5. INFORMATION ON OUR GROUP (Cont'd)

Our fleet of aircraft consists of multiple types of aircraft built by different manufacturers such as Piper from the USA and Diamond from Austria.

Typically, our aircraft is expected to have perpetual life span subject to scheduled maintenance of airframe parts and engine. However, the aircraft is depreciated over a period of 25 years.

We expect the disposal of our aircraft to take place after approximately seven (7) years of usage taking into consideration the following:-

- (i) The total cost of maintaining aircraft vis-à-vis the cost of purchasing new aircraft; and
- (ii) The expiry of the financing period for the aircraft.

By having a large fleet of modern aircraft means that our cadets will be able to efficiently log their mandatory flying hours. Having a large and modern fleet of aircraft also translates to less downtime for cadets, through less faulty aircraft or unavailability of aircraft due to scheduled maintenance. Cadets stand to benefit from this as well, as they are able to log flying hours efficiently without having to experience unnecessary delays caused by unavailability of aircraft due to servicing and maintenance requirements.

More importantly, by having a large fleet of modern aircraft, we are able to take in and cater for more cadets. The capacity of our APFTA is basically determined by three (3) factors as follows:-

- (i) The availability of aircraft;
- (ii) The number of flight instructors; and
- (iii) The availability of airspace.

As at the LPD, to the best of our knowledge, we have the largest fleet of flight training aircraft in Malaysia. As such, we are able to take in and cater to a larger number of cadets without compromising on quality. We have purchased an additional ten (10) new Piper PA28 aircraft in 2010 which have been delivered, assembled and became operational in early October 2010. We also have the option of purchasing another ten (10) Piper PA28 aircraft in 2011.

### **Diamond DA40/DA42**

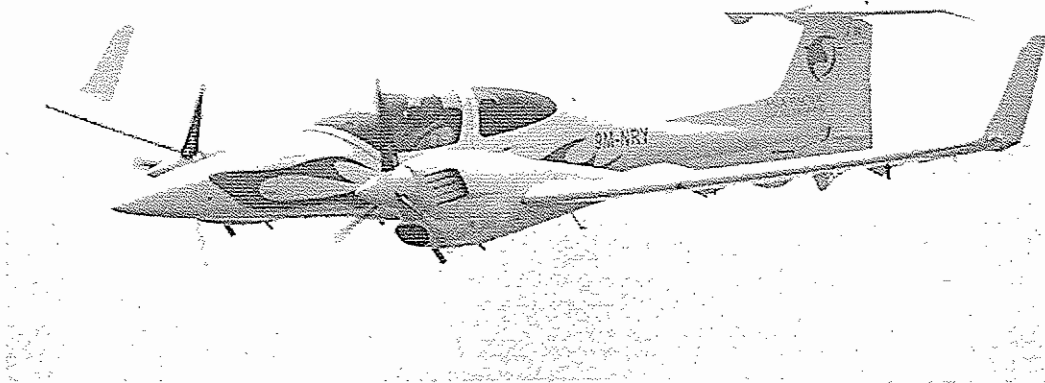


The most modern and advanced general aviation aircraft built by Diamond are used in APFTA. The DA40, a single-engine piston aircraft capable of speeds of up to 178 knots (330kmh) is a sleek and maneuverable training aircraft.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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The DA42, its twin-engine sibling, is used for multi-engine and instrument training. Along with its great outward visibility, the Diamond DA42 or Diamond Twin Star is equipped with the most advanced array of navigational and flight instruments (the Garmin G1000) rivalling even the most advanced modern airliner. As at the LPD, we own ten (10) units of the DA40 and four (4) units of the DA42 for our flight training activities.

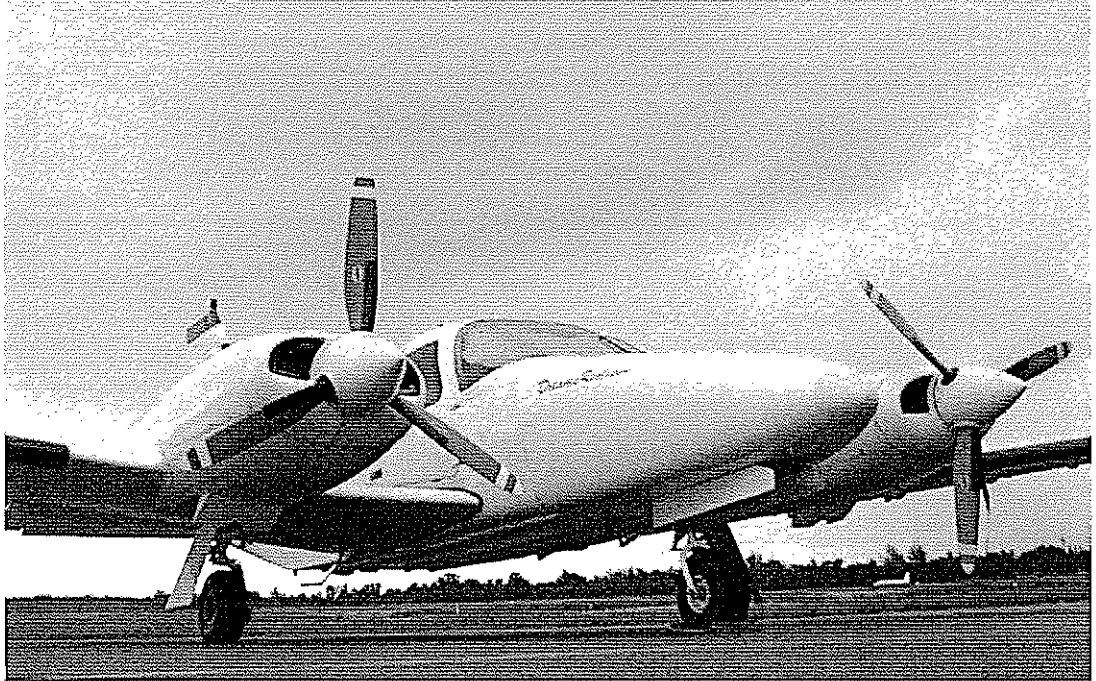
Asian Aerospace Services Ltd which is an authorised agent for Diamond aircraft in this region and Thielert Aircraft Engines GmbH (the engine manufacturer) work closely with us with regards to the maintenance of our Diamond aircraft and the handling of spare parts and supplies for our Diamond aircraft. In addition, we also deal directly with Diamond in Austria on spare part orders for our in-house inventory so that we are able to maintain the maximum possible serviceability of our fleet of aircraft.

**Piper PA28 Warrior**

The Piper PA28 Warrior is a durable and dependable aircraft which makes it a perfect flight trainer. Basic handling characteristics and stability of the aircraft eases the transition of our cadets from land borne to airborne. As at the LPD, we own 18 units of the Piper PA28 Warrior.

5. INFORMATION ON OUR GROUP (Cont'd)

**Piper PA34 Seneca**



The Piper PA34 Seneca is a six (6) seater twin-engine aircraft which we currently use for flight training which is also suitable for light aircraft chartering services. We have two (2) of these aircraft in our fleet, whereby one (1) is owned and the other leased.

**Robinson R44**



The R44 is a single-engine helicopter with a semi-rigid two-bladed main rotor and a two-bladed tail rotor and a skid landing gear. It has an enclosed cabin with two rows of side-by-side seating for a pilot and three passengers.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### Instructors

All our instructors are highly qualified, possess an average of 20 years of professional flight experience and invaluable exposures gained from their employment within the aviation industry. On average, each of our flying instructor has more than 4,000 flying hours and each of our ground instructor has more than 27 years of working experience either in the air force or commercial sectors. Six (6) of our flying instructors are approved DCA Authorised Examiners. Most of our instructors have served either the armed forces or commercial airlines for many years and are experienced pilots. Please refer to Section 7.2.2 of this Prospectus for the profiles and qualifications of our Principal and chief instructors.

In accordance with DCA's directive, a flight instructor is allowed to fly up to a maximum of 800 hours for each 12month period, a weekly limit of 20 hours and a daily limit of four (4) hours except for navigation training where the limit is six (6) hours per day. For flight training session, there will usually be one (1) instructor to a maximum of two (2) students in an aircraft. The student will undergo solo flying after the required hours with instructors, normally between 10 and 15 hours.

As at the LPD, we have a total of 49 qualified and experienced flight and ground instructors out of which 36 are flight instructors and 13 are ground instructors. The wealth of experience of our flight instructors will no doubt provide our cadets with excellent guidance and training in the course of their studies at our APFTA.

### Accommodation

Our full-time cadets are provided with comfortable, safe and clean accommodation which is equipped with various amenities such as a gymnasium, a lounge with television and DVD player, a café, and a dining hall. Our crew residence in Kota Bharu consists of 36 villas with each villa capable of housing six (6) students each. The villas provide a private room to each cadet and have common amenities such as a bathroom, kitchenette, lounge area, dining area and ironing equipment.

Our villas have been designed to provide our cadets with a conducive environment to study, rest and participate in recreational activities.

### Training Airspace

Our Group operates out of three (3) major commercial airports in Malaysia which has a large allocation of flight training airspace.

Allocated flight training airspace in three (3) of our primary areas of operations is as follows:-

Kota Bharu	Kuala Terengganu	Subang
Uban	Batu Rakit	Hulu Langat
Bachok	Rusila	Port Klang
	Kerengga	Tanjung Karang
	Mercang	

The details of the tenancy arrangements for the office, flying academy and hangar space at Sultan Ismail Petra Airport, Kota Bharu and Sultan Mahmud Airport, Kuala Terengganu are set out in Section 9.1.2 of this Prospectus. Additionally, APFTSB has also rented an office space and hangar at Sultan Abdul Aziz Shah Airport, Subang from Systematic Aviation Services Sdn Bhd ("SAS") pursuant to a monthly rental arrangement with SAS.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.5 Quality control procedures

As an organisation involved in the provision of flight education and training services and aviation related services, our Group places high emphasis on safety and quality procedures. We strive to continuously maintain high standards and quality in all our operations by conforming to industry best practices. In addition, the key licence to operate our APFTA was issued by the DCA, and the issuance of the licence by the DCA is subject to annual audits and stringent quality tests. As such, quality control forms a very critical aspect of our Group. We have established, documented and implemented a QMS in accordance with the requirements of the AFTO Manual by the DCA.

The key parties involved in the quality control procedures include, amongst others, the following:-

- (i) Manager of Pilot Training is responsible for coordinating and monitoring the development of each batch of cadets to ensure that the cadets finish their course in the stipulated timeframe of 20 months;
- (ii) Chief Instructor is responsible for overseeing both the flying and ground schools to ensure that all instructors meet the required standards of academic teaching when conducting their duties. He is also responsible for maintaining the standard of instruction and flight procedures at APFTA to ensure that all the required academic standards are met or exceeded;
- (iii) Chief Flying Instructor is responsible for the standard of academic teaching of the flying school to ensure that all required standards are met. He is also the safety officer, responsible for making sure that all staff members are made fully aware of any shortcomings in the pursuit of high training performances without compromising on safety standards;
- (iv) Chief Ground Instructor is responsible for the standard of academic teaching of the ground school to ensure that all required standards are met;
- (v) Chief Simulator Instructor is responsible for the standard of academic teaching of simulator training to ensure that all required standards are met;
- (vi) QMS manager is responsible for auditing and reporting on all our QMS activities and reports his findings directly to our Board. He is responsible for checking and making sure that all activities carried out by APFTA meet the required standards; and
- (vii) Publication Officer is responsible for compiling all documentation and manuals pertaining to APFTA's flying school and ground school operations.

The auditing aspect of our QMS involves the inspection and analysis of records to establish if procedures and requirements are up to standard in accordance with the requirements of the AFTO Manual by the DCA. Our auditing process follows a flexible timetable to cater for unscheduled audits which have proven to be more effective in identifying potential performance issues in our area of operations. Findings contained in our audit reports are reviewed by our executive and senior management at QMS review meetings. Our QMS review meetings focus on assessing the suitability, adequacy and effectiveness of our continuing QMS procedures. Our definitive goal of conducting these meetings is to provide us with an opportunity to identify areas which are underperforming, and to take the appropriate corrective action to ensure that we comply with or exceed the standards in accordance with the requirements of the AFTO Manual by the DCA.

Our commitment to high standards, safety and quality is further enhanced as we are subjected to annual audits by major commercial airlines that send their cadets to train with us. Thus, it is evident that we need to ensure compliance with stringent requirements as well as satisfy the high standards expected by these major commercial airlines.

**5. INFORMATION ON OUR GROUP (Cont'd)**



In recognition of our QA efforts, we obtained our ISO9001:2000 QMS certification from SIRIM in 2007, which was later upgraded to ISO9001:2008 on 12 May 2010.

**5.7.6 Technology used and R&D**

**Flight Simulators**

Our Simulator Centre operates two (2) flight simulators, the Alsim AL200 MCC and the Alsim AL200 DA42 which are both compliant with JAR-STD3 (A). These flight simulators are used for all aspects of the instrument rating flight syllabus as well as the MCC Course. Training sessions are conducted by experienced instructors who can adjust or replicate various flight conditions and scenarios which might not be replicable under normal flying conditions. These training sessions provide invaluable experience to our cadet pilots on various potential real-life emergency scenarios. Simulator training also contributes to developing the cadet's aircraft handling skills which will be useful for any future type rating or airline simulator assessment.

As at the LPD, we owned the following two (2) flight simulators:-

Simulator Type	Description	Number of Units
Alsim AL200MCC	A high tech flight training device with full visual simulation. It also has accurate handling forces of multiple types of aircraft from single-engine pistons to multi-engine jet aircraft. This simulator is a valuable asset for training normal and abnormal procedures.	1
		
Alsim DA42	A state-of-the-art flight training device which is fully representative of the DA 42 aircraft providing maximum fidelity and ease of transfer from simulator to aircraft training. The DA 42 allows the cadet to become familiar with the aircraft systems, Garmin 1000 dynamic and aircraft dynamics.	1
		



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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Our Group does not carry out any specific R&D activities.

**5.7.7 Mode of marketing**

Since commencement of operations in 2006, the marketing activities of our Group are led by the Executive Chairman, Principal of our APFTA, the Chief Instructor and Registrar. In 2010, we recruited a Business Development and Marketing Manager to assist our Group in marketing activities. Marketing activities are undertaken by them who leveraged on their network and contacts established through the many years they have been in the industry. The principal method through which our Group sources most of our students is through the networking activities undertaken by our Group focusing on airline companies and government agencies such as MARA and Yayasan Terengganu. Furthermore, our Group has also entered into collaboration with institutions of higher learning such as UTHM, to provide flight training to UTHM students as part of their Bachelor of Aeronautical Engineering Technology (Professional Piloting) degree at UTHM, and UPM to collaborate in education, research and development of aviation related courses.

Our marketing approach and activities are implemented through various channels which are aimed at increasing awareness of APFTA as the leading flight education and training service provider in Malaysia. Our mode of marketing includes the following:-

**(a) APFT web site**

Our Group has a website on the World Wide Web located at: <http://www.apft.edu.my/>. It provides accurate, comprehensive and up-to-date information with regards to APFTSB's course offerings and information pertaining to our Group.

The APFT website also has an integrated forum where cadets, instructors and staff participate in active discussion on various topics. The forum is an effective and quick communication platform that serves to keep all its participants informed and up-to-date on all aspects associated with our APFT Group.

**(b) Participation in career and educational fairs**

As part of our marketing drive to spread awareness of our academy as well as to highlight our course offerings and services, we participate in career and educational fairs within Malaysia and Indonesia.

Education exhibitions aim to be a one-stop-centre for applicants to find out more about education options in Malaysia and also provide them with opportunities to speak to educators and fellow students alike. Education exhibitions also offer advice to aspiring students via talks and forums for discussion on various educational options and career paths. Career counselling and guidance are also provided free of charge to all aspiring students.

In January 2010, we participated in the Karnival Jom Masuk U education exhibition held in Selangor. By participating in this exhibition, we met a host of potential applicants and their parents who were seeking the latest information with regards to flight training and education options in Malaysia. Potential applicants and their parents also had the opportunity to discuss in more detail, with some of our instructors, about our APFTA and the courses which we offer.

Among the other career fairs and educational exhibitions we have participated in are the Indonesia Education Fair and the MATRADE educational exhibition. The exposure and response gained from our participation in career and educational fairs have raised our profile considerably and we have had many applicants to our academy linked to our participation in these fairs.



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**5. INFORMATION ON OUR GROUP (Cont'd)**

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In September 2010, we participated in the Asia Pacific Airline Training Symposium 2010 held in Kuala Lumpur in which topics discussed include technology development and its effect on training and operations, training methods for the new generation pilots, Competency Based Training, Evidenced-Based Training, regulator training and results from several multi-crew pilot licensing programs. Our participation in this symposium enables us to keep abreast with new training methods for pilots and meet with various participants who are within the aviation industry, adding to our network of contacts.

**(c) School visits and career guidance talks**

We have also visited schools in Kuala Lumpur to give career talks and career guidance advice to their students. These talks and guidance advice are conducted by our instructors to highlight career prospects as well as to answer any queries the students might have pertaining to the aviation industry.

These school visits and career guidance talks have raised the awareness of the flight training courses available at our academy as well as APFT's profile among potential students.

**(d) Indonesian representative**

As part of our strategy to tap the regional market, our Group has also engaged a representative in Indonesia to assist in marketing our flight training and education programmes in Indonesia.

The market potential is huge in Indonesia due to the sheer pool of potential students. Funding is also readily available as each province in Indonesia is an autonomous state and has its own allocations to fund residents of its province to undertake flight training programmes.

In addition, our qualifications are recognised and approved by the DGCA. Indonesian cadets who graduate from our academy are issued an Indonesian pilots licence upon completion of their training and passing the requisite exam papers at our academy. This recognition is extended to both our ab-initio and AFI courses. As such, we have a significant selling point in our recruitment drive for more Indonesian cadets.

**(e) Establishment of the APFTA alumni association**

APFTA has established an alumni association to assist the growing number of APFTA graduates to keep in touch with their alma mater and fellow students. Newsletters are circulated to all alumni members on a regular basis to keep former students informed of the various activities and developments that are happening at APFTA.

The APFTA Alumni Association will also enable our current students to tap into and learn from the experiences of their seniors. In addition, the APFTA Alumni Association will also be able to assist current and former students in seeking job placements.

The APFTA Alumni Association will no doubt bring a sense of pride to all our former students and foster in them a sense of belonging and affinity to the academy long after they have graduated. For us, being associated with our former students who are now successful career pilots provides APFTA with a good marketing tool. This is due to the fact that the former students will act as effective ambassadors who will espouse the quality of APFTA's flight training course offerings.

**5. INFORMATION ON OUR GROUP (Cont'd)**

**(f) Publication of an internal newsletter**

Publishing a newsletter gives us a wider audience in our bid to create awareness on the various flight education and training programmes and courses we offer. Print media is a cost effective and convenient medium which is used for its mass appeal and allows for comprehensive coverage and communication of our marketing messages. It allows us to broaden APFTA's appeal both internally as well as externally.

APFTA publishes an in-house semi-annual newsletter known as "The Aviator". The newsletter highlights major developments in APFTA such as the signing of agreements or MOUs and the purchase and arrival of new aircraft. In addition, the newsletter also features the various events that have been organised by APFTA which includes graduation ceremonies, training seminars as well as carrying articles of APFTA which have been published in the mainstream media. The newsletter also publishes articles contributed by cadets and instructors alike sharing their past and present experiences in flying.

The newsletter creates a sense of camaraderie not only between the cadets and instructors but also within the APFTA establishment in general as the newsletter keeps everyone informed on the latest developments at APFTA in addition to giving cadets and staff a platform to share their thoughts and experiences.

**(g) Event sponsorship**

One of the marketing activities conducted by APFTA is the sponsorship of newspapers to various schools in Kelantan. Our involvement in this sponsorship programme generated publicity for APFTA as various news articles and pictures highlighting the sponsorship, was carried and published in major national newspapers.

Presently, APFTA is sponsoring 10,000 copies of the New Straits Times ("NST") newspaper per annum to ten (10) schools in Kelantan under the New Straits Times Press (Malaysia) Berhad School Sponsorship Programme. Under this sponsorship programme, each school, which are mostly in rural areas, will receive five (5) copies of the NST newspaper on each school day.

APFTA is participating in this sponsorship programme as part of our community outreach programme to instil good reading habits in students from a young age in addition to encouraging students to read more and improve their command of the English language.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

## 5.7.8 Approvals, major licences and permits obtained

Details of major business licences, permits and approvals applicable to our Group as at the LPD are as follows:-

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
APFTSB	DCA	Approval for the course of instruction in flying training	31.1.2011 Effective From 1.2.2011 to 31.1.2012	(i) The training must be conducted in accordance with AIC 25/2005 with the approved syllabus and Operations Manual for the purpose of the issuance of the flight crew licences and ratings:  (a) Private pilot (aeroplane/helicopter) licence; (b) Commercial pilot (aeroplane / helicopter) licence; (c) Night VFR rating (aeroplane/helicopter); (d) IR (aeroplane); (e) AFI's rating (aeroplane); and (f) Flying instructor rating (aeroplane).  (ii) The course shall be conducted at Kota Bharu Aerodrome, Satellite Aerodrome Operations^ are at Kuala Terengganu and Subang Airport.  (iii) The principal and staff under whose direction the courses are to be conducted shall be persons whose qualifications and experience meet the requirements of the DCA@.	Complied
		Certification that Flight Simulation Training Device Serial No. AL42 18 has met the qualification requirements of AIC 01/2009 for a flight and navigation procedures trainer level II	7.9.2010 Effective from 7.9.2010 to 21.8.2011	N/A	N/A
		Certification that Flight Simulation Training Device Serial No. A2MG30 has met the qualification requirements of AIC/01/2009 for a flight and navigation procedures trainer level II	27.12.2010 Effective from 27.12.2010 to 23.12.2011	N/A	N/A

## 5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
APFTSB	MOHE	Establishment of APFTA	13.8.2007	<u>Chief Executive</u> (i) Section 31 of the PHEIA in relation to the appointment and registration of the chief executive shall be complied with. The Registrar General of IPTS may refuse to register a chief executive pursuant to Section 31(3) of the PHEIA. (ii) Section 32 of the PHEIA in relation to the regulations on registration of chief executive shall be complied with. (iii) Section 37 of the PHEIA in relation to the powers of the Registrar General under Section 31(3) to deal with the chief executive shall be complied with.	Complied
			N/A	<u>Lecturers</u> (i) Priority shall be given to Malaysians citizens who are qualified and experienced in the programmes of study taught. (ii) All the lecturers shall have updated valid permits to teach and shall comply with Section 51 of the PHEIA. (iii) Foreign lecturers shall have valid teaching passes and comply with the conditions required by Immigration Department of Malaysia.	Complied  To be Complied* Complied

## 5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
				<p>(iv) The number of lecturers shall be increased with the increase in the number of students according to the lecturer-student ratio set by MQA.</p> <p><u>Compulsory subjects pursuant to PHEIA</u></p> <p>All IPTS shall teach the following subjects:</p> <p>(i) Malaysian education;  (ii) Islam Religion education for students professing the Islamic religion; and  (iii) Moral education for non-Muslim students.</p> <p><u>Medium of Instruction</u></p> <p>(i) All IPTS shall conduct its courses in the national language; and  (ii) If any courses or substantial part of the course conducted by the IPTS in English or Arabic, the national language shall be taught as compulsory subject for the student who undertakes such course.</p> <p><u>Registration of the Institution</u></p> <p>To enable the institution to be registered, the conditions which have to be complied with include the following:</p> <p>(i) If the company has not been incorporated, the institution is required within one (1) year from the date of the approval letter to establish a company in this country:</p> <p>(a) to have a paid up capital of not less than RM200,000.00;  (b) the Bumiputera shareholdings have to be at least 30%;  and</p>	Complied
					Complied
					Complied
					Complied
					Complied
					Complied

## 5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
				(c) the Memorandum & Articles of the company stating that sole object of the company is to establish and operate an institution for private higher education.	Complied
				(ii) The constitution of the institution cannot be changed without the prior approval of the Director General in accordance with Section 30(2) of the PHEIA.	Complied
				(iii) The Director General has to be satisfied with the suitability of the location of the premises, safety aspect for purposes of the institution for registration in accordance with Section 27(a)(I-V) of the PHEIA.	Complied
				<u>Additional conditions</u>	
				(i) The approval for the institution may be revoked if the conditions of the approval letter are not complied with in accordance with Section 54 of the PHEIA.	Noted
				(ii) The approval from the MOHE shall be obtained prior to any changes to the conditions of approval.	Noted
				(iii) All the conditions stated in the approval letter shall be valid and applicable to APFTA.	Noted
		Registration of APFTA as an IPTS	13.7.2009 Effective from 15.8.2007 to 14.8.2012	<u>Approved premises</u> Sultan Ismail Petra Airport, Pengkalan Chepa, 16100 Kota Bharu, Kelantan Darul Naim.	Complied
				<u>Registration Conditions</u>	
				(i) The number of rooms which has been approved and registered (18 in total).	Complied
				(ii) The teaching course and training program which has been approved (Diploma in Aviation Management-KN 8739). **	Complied

## 5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
				<p><b>Special Conditions</b></p> <p>(i) The Registration Certificate is not transferable.</p> <p>(ii) Any changes or transfer of any conditions require the prior approval of the Director General.</p> <p>(iii) A copy of the Registration Certificate must be displayed at a place where it can be easily be seen at APFTA's premise.</p> <p>(iv) APFTA shall comply with directions from Ministry of Education issued from time to time such as amendments to PHEIA and regulations made pursuant thereto.</p> <p>(v) The Registration Certificate is valid for the above mentioned premises only.</p> <p>(vi) APFTA is required to comply with conditions imposed by local authorities and other government agencies.</p>	<p>Noted</p> <p>Noted</p> <p>Complied</p> <p>Noted</p> <p>Complied</p> <p>Noted</p>
		Approval for Diploma in Aviation Management**	3.3.2008 Effective from 3.3.2008 to 2.3.2013	<p>(i) The approved conditions for the course based on the recommendation of MQA shall be observed.</p> <p>(ii) APFTSB is responsible to invite MQA to assess whether the minimum standard is achieved after the course has been conducted for the following period:</p> <p>(a) semester for certificate /bachelor degree level;  (b) 4 semester for diploma/degree level; or  (c) 1 year for doctorate level.</p> <p>(iii) All certificates, diploma and degrees of the institutions can only be awarded when minimum standard is achieved, failure to do so may result in the course approved to be revoked and APFTSB may be subject to legal action pursuant to Section 77 of PHEIA.</p> <p>(iv) The validity period of the course is five (5) years from the date of approval.</p> <p>(v) In the event that APFTSB wishes to re-offer the course (after the expiry of the five (5)-year period), APFTSB is required to renew the approval within one (1) year prior to the expiry of the validity period of the course.</p>	<p>Complied</p> <p>Complied*</p> <p>Noted</p> <p>Noted</p> <p>Noted</p>

5. INFORMATION ON OUR GROUP (Cont'd)

Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
APFTSB	MQA	Approval to conduct Diploma in Aviation Management (KN8739)**	21.2.2008	<p>(i) APFTSB is responsible to invite MQA to assess whether the minimum standard is achieved before the end of the semester for the first cohort of students intake.</p> <p>(ii) APFTSB is required to conduct the course following the semester system not more than 2½ semesters (35 weeks) a year in accordance with the Circular LAN Bit:8 of 1999.</p> <p>(iii) To ensure that equipment relating to the course for the first year is ready and that there are sufficient number of such equipment before the course commences.</p> <p>(iv) To ensure that reference books, journals and magazines related to the course are sufficient in number and are updated.</p> <p>(v) To ensure that all instructors possess basic qualification of "Instructional Technique" which is stipulated by the DCA for instructors who teach the main subjects, for example, radio, meteor etc.</p>	Complied <sup>¶</sup>  Complied  Complied  Complied  Complied

Notes:

<sup>^</sup> Satellite Aerodrome Operations is an alternate base aerodrome which may be used by our APFTA for flying training.

<sup>@</sup> Pursuant to Regulation 45(4) of the Civil Aviation Regulation 1996, the Director General of Civil Aviation Malaysia or an authorised person may, at anytime, for the purpose of the regulation including the determination of the standards of instruction and facilities provided by the applicant or holder of the certificate of approval and the authorisation (in relation to provision of instruction in flying), enter upon any of its premises:

- (a) to inspect and examine the state of such premises or any building or facility therein; and
- (b) to inspect any record maintained by it or any document in its possession in connection with the activities to which the certificate and the authorisation relate.

<sup>\*</sup> As at the LPD, the teaching permits for 42 out of 47 instructors and lecturers who require teaching permit to teach at our APFTA have been obtained. Of the five (5) outstanding teaching permits, four (4) are for the instructors who started their role as instructors at APFTA recently, in December 2010 and January 2011 and their applications have been submitted and pending issuance by MOHE. The remaining one (1) outstanding teaching permit is for an instructor whose teaching permit has recently expired in December 2010 and his application for the renewal has also been submitted and is pending for approval by MOHE.

<sup>\*\*</sup> The course name "Diploma in Aviation Management" was subsequently changed to "Diploma in Aviation (Pilot Training)" pursuant to the approval letter dated 3 April 2008 from MQA.

<sup>¶</sup> At the invitation of APFTSB, the representatives from MQA had attended APFTA for the assessment on whether the minimum standard is achieved for the programme. A report dated 14 January 2011 on the assessment has been issued for APFTSB's feedback which was submitted to MQA on 28 January 2011. As at the LPD, the decision on the accreditation of the programme by MQA is still pending.



## 5. INFORMATION ON OUR GROUP (Cont'd)

Registration of our aircraft with the DCA and issuance of Certificate of Airworthiness by the DCA

(a) Diamond Aircraft Industries GmbH DA 40D and GmbH DA 42

	Registration marks of aircraft	Certificate of Registration* No. (Date of Issue)	Certificate of Airworthiness** No. (Date of Issue)	Validity Period of Certificate of Airworthiness
1	NRA	M1399 (18.9.2007)	M1193 (12.11.2007)	10.1.2011 - 11.11.2011
2	NRB	M1400 (18.9.2007)	M1194 (12.11.2007)	10.1.2011 - 11.11.2011
3	NRC	M1401 (18.9.2007)	M1203 (26.12.2007)	16.12.2010 - 25.12.2011
4	NRD	M1402 (18.9.2007)	M1195 (12.11.2007)	10.1.2011 - 11.11.2011
5	NRE	M1403 (18.9.2007)	M1199 (21.01.2011)	21.1.2011 - 22.11.2011
6	NRF <sup>^</sup>	M1415 (22.11.2007)	M1210 (11.2.2009)	14.4.2010 - 10.2.2011
7	NRG	M1404 (18.9.2007)	M1200 (11.10.2010)	11.10.2010 - 10.10.2011
8	NRH <sup>^</sup>	M1416 (22.11.2007)	M1209 (10.2.2009)	11.4.2010 - 10.2.2011
9	NRJ <sup>^</sup>	M1417 (22.11.2007)	M1212 (10.2.2009)	14.4.2010 - 9.2.2011
10	NRK <sup>^</sup>	M1418 (22.11.2007)	M1211 (10.2.2009)	14.4.2010 - 9.2.2011
11	JAQ <sup>v</sup>	M1446 (13.6.2008)	M1242 (16.11.2009)	9.8.2010 - 17.8.2011
12	NRX	M1420 (11.12.2007)	M1258 (16.1.2009)	13.01.2011 - 15.1.2012
13	NRZ	M1390 (6.8.2007)	M1188 (9.11.2009)	6.10.2010 - 9.10.2011
14	NRZ	M1391 (6.8.2007)	M1189 (9.11.2009)	6.10.2010 - 9.10.2011

(b) Piper Aircraft Corporation PA-28-161 and PA-34-220T

	Registration marks of aircraft	Certificate of Registration* No. (Date of Issue)	Certificate of Airworthiness** No. (Date of Issue)	Validity Period of Certificate of Airworthiness
1	NRS	M1549 (18.11.2009)	M1318 (19.11.2009)	9.8.2010 - 17.8.2011
2	NRT	M1297 (27.5.2010)	M1091 (27.05.2010)	27.5.2010 - 2.4.2011
3	NRL	M1496 (16.2.2009)	M1276 (02.04.2009)	2.4.2010 - 1.4.2011
4	NRM <sup>^</sup>	M1479 (9.1.2009)	M1266 (20.02.2009)	20.4.2010 - 19.2.2011
5	NRN	M1501 (11.3.2009)	M1280 (04.05.2009)	4.7.2010 - 3.5.2011
6	NRP	M1497 (16.2.2009)	M1275 (31.03.2009)	31.3.2010 - 30.3.2011
7	NRQ	M1519 (4.5.2009)	M1315 (02.11.2009)	27.12.2010 - 1.11.2011
8	NRR	M1520 (4.5.2009)	M1312 (30.10.2009)	26.10.2010 - 29.10.2011
9	NRW <sup>#</sup>	M1509 (14.10.2009)	M1325 (06.01.2010)	21.01.2011 - 5.01.2012
10	ANU <sup>@</sup>	M1178 (2.9.2008)	M0993 (25.08.2010)	25.11.2010 - 24.8.2011
11	NKA	M1593 (24.08.2010)	M1367 (11.10.2010)	11.10.2010 - 10.10.2011
12	NKB	M1594 (24.08.2010)	M1368 (11.10.2010)	11.10.2010 - 10.10.2011
13	NKC	M1595 (24.08.2010)	M1369 (11.10.2010)	11.10.2010 - 10.10.2011
14	NKD	M1596 (24.08.2010)	M1370 (11.10.2010)	11.10.2010 - 10.10.2011
15	NKE	M1597 (24.08.2010)	M1371 (11.10.2010)	11.10.2010 - 10.10.2011
16	NKF	M1598 (24.08.2010)	M1372 (11.10.2010)	11.10.2010 - 10.10.2011
17	NKG	M1599 (24.08.2010)	M1376 (11.10.2010)	11.10.2010 - 10.10.2011

5. INFORMATION ON OUR GROUP (Cont'd)

	Registration marks of aircraft	Certificate of Registration* No. (Date of Issue)	Certificate of Airworthiness** No. (Date of Issue)	Validity Period of Certificate of Airworthiness
18	NKH	M1600 (24.08.2010)	M1373 (11.10.2010)	11.10.2010 - 10.10.2011
19	NKJ	M1601 (24.08.2010)	M1374 (11.10.2010)	11.10.2010 - 10.10.2011
20	NKK	M1602 (24.08.2010)	M1375 (11.10.2010)	11.10.2010 - 10.10.2011

(c) Robinson Helicopter Company R44

	Registration marks of aircraft	Certificate of Registration* No. (Date of Issue)	Certificate of Airworthiness** No. (Date of Issue)	Validity Period of Certificate of Airworthiness
1	NRV <sup>***</sup>	M1548 (18.11.2009)	M1319 (12.4.2010)	12.4.10 - 15.2.2011

Notes:

- \* The condition imposed in the Certificate of Registration is that (i) the registration is not transferable and (ii) no entries or endorsements may be made in the certificate except by the DCA which we have complied.
- \*\* The condition imposed in the Certificate of Airworthiness is that no entries or endorsements may be made in the certificate except by the DCA which we have complied.
- # Registered under APFT Services.
- @ Registered under Perfect Aviation Sdn Bhd whom we leased the aircraft from.
- ^ The application for the renewal of these certificates of airworthiness are in process.
- ∇ The ownership of APFTA for the aircraft is in the process of being registered with the DCA.

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5. INFORMATION ON OUR GROUP (Cont'd)




Company	Approving / Issuing Authority	Type of approvals / licences / permits	Date of Issuance / Validity	Equity and other major conditions imposed	Status of compliance
APFT Express	BNM	Remittance service provider	14.9.2009 / 4.5.2010 Expires on 3.5.2011	<p>(i) APFT Express is required to commence its remittance business on or before 13.05.2010 failing which the approval will be cancelled.</p> <p>(ii) APFT Express shall maintain at all times, a minimum shareholders' funds, unimpaired by losses of RM100,000 at any one time.</p> <p>(iii) APFT Express shall ensure at all times, that the directors, shareholders, chief executive officer and senior management officer comply with the "Fit and Proper" criteria as determined by the Controller of Foreign Exchange ("Controller").</p> <p>(iv) APFT Express shall notify the Controller at least 14 days before the occurrence of any changes of the directors, shareholders, chief executive officer and senior management officer. APFT Express must ensure that the new candidates for directors, shareholders, chief executive officer and senior management officer satisfy the "Fit and Proper" criteria as determined by the Controller.</p>	Complied

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**5. INFORMATION ON OUR GROUP (Cont'd)**

**5.7.9 Intellectual properties, patents, trademarks and registrations**

Save for the trade mark registration and application for registration of our logo and trademarks below with the Intellectual Property Corporation of Malaysia, we do not hold any other patents or registrations.

	Issuing Authority	Trade mark No. / Application No.	Issuing Date/ Submission Date	Class	Validity	Services
	Intellectual Property Corporation of Malaysia	07021867	5.1.2010	41	6.11.2007 to 6.11.2017	Aerospace training and teaching, arranging and conducting of training through workshop and provision of education.
	Intellectual Property Corporation of Malaysia	2010008839	20.5.2010	41	(Pending registration)	Aerospace training and teaching, arranging and conducting of training through workshop and provision of education, aviation ground and flight schools.
	Intellectual Property Corporation of Malaysia	09016216	3.9.2009	16	(Pending registration)	Magazine, newsletter, printed matter; paper, cardboard and goods made from these materials; bookbinding materials and stationery all included in Class 16.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.10 Salient terms of the contracts/arrangements on which our Group is highly dependent

Save as disclosed below, we have not entered into any other contracts/arrangements for which our Group is highly dependent as at the LPD:

#### Premises at Sultan Ismail Petra Airport, Kota Bharu

Pursuant to the tenancy agreement dated 12 October 2010 between MASB and APFTSB ("KB Tenancy Agreement"), MASB agreed to rent the part of the general aviation area at Sultan Ismail Petra Airport, Kota Bharu of approximately 87,995 square feet of land for purposes of hangar space, parking apron, aircraft shade and taxiway. The salient terms of the KB Tenancy Agreement include the following:

- (i) the tenancy period is for a period of three (3) years commencing 1 August 2009 with an extension of three (3) years plus three (3) years with an option of further period at the sole and absolute discretion of MASB.
- (ii) monthly rental payable by APFTSB (after offsetting cost incurred by APFTSB in improvements made to the runway) is as follows:-
  - (a) first three (3) years : RM17,493.00
  - (b) second optional three (3) years : RM26,292.00
  - (c) third optional three (3) years : RM35,092.00
- (iii) MASB or APFTSB may terminate the tenancy any time by giving not less than two (2) months notice in writing to the other without assigning any reason and upon termination of the KB Tenancy Agreement, APFTSB shall vacate the premise on or before the notice period provided always that in the event that APFTSB is in breach of any terms of the KB Tenancy Agreement, APFTSB shall not be entitled to terminate the KB Tenancy Agreement pursuant to this clause.
- (iv) MASB shall be entitled at any time thereafter to serve a notice on APFTSB pursuant to section 235 of the National Land Code 1965 (notice before forfeiture of the tenancy) in the following events:
  - (a) if any rent reserved or any other monies payable to MASB under the KB Tenancy Agreement remains unpaid after it has become due and payable; or
  - (b) APFTSB omits or fails to observe or perform any of its covenants or obligations under the KB Tenancy Agreement; or
  - (c) a winding up order is presented against APFTSB or its holding company which is not discharged within 14 days or a resolution for winding up has been passed by APFTSB or its holding company; or
  - (d) if a distress or execution or attachment or other process of a court of competent jurisdiction is levied or issued against any of its properties of APFTSB, the effect of which, in the opinion of MASB, would materially and adversely affect APFTSB; or
  - (e) APFTSB makes any assignment for the benefit of its creditors for liquidation of its debts by composition or otherwise to be levied upon its goods or in any event shall happen by reason whereof the renewal of any licence in respect of its business shall be refused; or
  - (f) the composition of shareholders and their respective shareholdings in APFTSB or the management or control of APFTSB is changed, altered or amended in any way (*not applicable if APFTSB becomes a public listed company*); or

## 5. INFORMATION ON OUR GROUP (Cont'd)

- (g) in the event MASB considers that the performance of APFTSB in running its business is not satisfactory; or
- (h) the revocation of or the refusal by the appropriate Malaysian Authority to renew the relevant licences or permits; or
- (i) in the event that MASB is in the opinion that APFTSB has assigned, underlet or parted with the actual or legal possession of the land or any part thereof without the prior written consent of MASB and APFTSB has in the opinion of MASB failed to discharged its burden of proving otherwise within 14 days from the date of notice in writing by MASB to do so.

It is mutually agreed that a reasonable time which to remedy the breach of the subject matter of the said notice is 14 days and upon expiration of the said period without the breach being remedied to MASB's satisfaction, then MASB shall be at liberty to re-enter the premises and the tenancy shall terminate without prejudice to MASB's rights in respect of any breach of APFTSB's covenant under the KB Tenancy Agreement.

### **Premises at Sultan Mahmud Airport, Kuala Terengganu**

Pursuant to the tenancy agreement dated 10 June 2010 between MASB and APFTSB ("KT Tenancy Agreement"), MASB agreed to rent the part of the general aviation area at Sultan Mahmud Airport, Kuala Terengganu of approximately 11,162.20 square feet of land for purposes of hangar space for office, garage, shelter and related services. The salient terms of the KT Tenancy Agreement include the following:

- (i) the tenancy period is for a period of three (3) years commencing 1 August 2009 with an extension of three (3) years plus three (3) years with an option of further period at the sole and absolute discretion of MASB.
- (ii) monthly rental payable by APFTSB is RM8,929.76.
- (iii) MASB or APFTSB may terminate the tenancy any time by giving not less than two (2) months notice in writing to the other without assigning any reason and upon termination of the KT Tenancy Agreement, APFTSB shall vacate the premise on or before the notice period provided always that in the event that APFTSB is in breach of any terms of the KT Tenancy Agreement, APFTSB shall not be entitled to terminate the KT Tenancy Agreement pursuant to this clause.
- (iv) MASB shall be entitled at any time thereafter to serve a notice on APFTSB pursuant to section 235 of the National Land Code 1965 (notice before forfeiture of the tenancy) in the following events:
  - (a) if any rent reserved or any other monies payable to MASB under the KT Tenancy Agreement remains unpaid after it has become due and payable; or
  - (b) APFTSB omits or fails to observe or perform any of its covenants or obligations under the KT Tenancy Agreement; or
  - (c) a winding up order is presented against APFTSB or its holding company which is not discharged within 14 days or a resolution for winding up has been passed by APFTSB or its holding company; or
  - (d) if a distress or execution or attachment or other process of a court of competent jurisdiction is levied or issued against any of its properties of APFTSB, the effect of which, in the opinion of MASB, would materially and adversely affect APFTSB; or

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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- (e) APFTSB makes any assignment for the benefit of its creditors for liquidation of its debts by composition or otherwise to be levied upon its goods or in any event shall happen by reason whereof the renewal of any licence in respect of its business shall be refused; or
- (f) the composition of shareholders and their respective shareholdings in APFTSB or the management or control of APFTSB is changed, altered or amended in any way (*not applicable if APFTSB becomes a public listed company*); or
- (g) in the event MASB considers that the performance of APFTSB in running its business is not satisfactory; or
- (h) the revocation of or the refusal by the appropriate Malaysian Authority to renew the relevant licences or permits; or
- (i) in the event that MASB is in the opinion that APFTSB has assigned, underlet or parted with the actual or legal possession of the land or any part thereof without the prior written consent of MASB and APFTSB has in the opinion of MASB failed to discharged its burden of proving otherwise within 14 days from the date of notice in writing by MASB to do so.

It is mutually agreed that a reasonable time which to remedy the breach of the subject matter of the said notice is 14 days and upon expiration of the said period without the breach being remedied to MASB's satisfaction, then MASB shall be at liberty to re-enter the premises and the tenancy shall terminate without prejudice to MASB's rights in respect of any breach of APFTSB's covenant under the KT Tenancy Agreement.

**5.7.11 Interruptions in business**

Our Group has not experienced any material interruption to the business of our Group in the past 12 months preceding the date of this Prospectus.

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## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.7.12 Major customers

The major customer that contributed 10% or more to our Group's total revenue for the past three (3) FYE 31 December 2008 to 2010 is listed below:-

Name	Country of origin	Length of relationship as at the LPD (Years)	FYE 31 December					
			2008		2009		2010	
			RM '000	%	RM '000	%	RM '000	%
MAS	Malaysia	5	7,398	21.53	2,995	7.87	252	0.67

Initially, from the commencement of APFTSB's operations in February 2006 until June 2008, APFTSB had direct arrangement with MAS whereby APFTSB entered into contract with MAS for MAS to send their trainee pilots to APFTSB for flight education and training. MAS was the responsible party for payment of the fees to APFTSB under this arrangement. Subsequently, this direct arrangement with MAS ceased in mid 2008 after MAS and APFTSB entered into tripartite agreements with MARA and Yayasan Terengganu in 2008 and 2009 respectively whereby:-

- (i) APFTSB enters into direct enrolment contract with the students selected by MAS and MARA (under the tripartite arrangement involving MARA) and students selected by MAS from candidates provided by Yayasan Terengganu (under the tripartite arrangement involving Yayasan Terengganu) whereby the students is the billing party. These students fall under the category of students with scholarships or who are sponsored by third-party organisations as disclosed in Section 11.4.1(a)(iv) of this Prospectus;
- (ii) the students would in turn obtain funding from Yayasan Terengganu or MARA; and
- (iii) MAS would employ the students upon graduation and deduct the salary of the employed students for repayment of funding provided by MARA and Yayasan Terengganu.

As a result of this arrangement, MAS's contribution to the Group's turnover, representing spill over revenue from the previous years, has reduced to less than 10% in the FYE 31 December 2009 and 2010.

Our target customers are primarily secondary school leavers while our existing customer base as at the LPD is our currently enrolled students. Our students may be classified into the following groups:-

- Private students;
- Students with scholarships or who are sponsored by third-party organisations; and
- Students who are recruited by airlines pursuant to the Arrangement with Airlines (as mentioned in Section 4.1.12(ii) of this Prospectus).

Please refer to Section 11.4.1 of this Prospectus for further details on the above.



## 5. INFORMATION ON OUR GROUP (Cont'd)

## 5.7.13 Major suppliers

The major suppliers that contributed 10% or more to our Group's total purchases for the past three (3) FYE 31 December 2008 to 2010 are listed below:-

Name	Country of origin	Length of relationship as at the LPD (years)	Supply	FYE 31 December					
				2008		2009		2010	
				RM'000	%	RM'000	%	RM'000	%
Petronas Dagangan Berhad	Malaysia	5	Supply of aviation fuel	2,065	20.60	2,333	23.67	2,354	25.92
Asian Aerospace Services Ltd	Thailand	4	Supply of aircraft parts	2,330	23.25	1,788	18.14	926	10.19
Essence Food Parcel	Malaysia	5	Provision of student food	1,083	10.81	1,639	16.65	309	3.41
CTRM Aviation Sdn Bhd	Malaysia	5	Rental of aircraft	1,083	10.81	1,353	13.73	1,434	15.79
ADMAL Sdn Bhd	Malaysia	4	Rental of aircraft	1,900	18.96	-	-	-	-
Serving Platter Sdn Bhd	Malaysia	1	Provision of student food	-	-	-	-	1,417	15.60

Our key costs of services include supply of fuel and rental of aircraft. Over the years, our Group is able to engage and secure good relationship with our various suppliers and our Group does not rely heavily on any single supplier as there are alternatives available to our Group in sourcing for our supplies. In addition, going forward, our Group does not foresee to encounter any significant problem in obtaining supplies from and continuing the relationship with our suppliers. Our Group also does not expect to face difficulties in sourcing quality service at competitive price from alternative suppliers.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### 5.8 FUTURE PLANS, STRATEGIES AND PROSPECTS

#### 5.8.1 Future plans and strategies

Our Group is a dynamic, forward looking and a market driven organisation which constantly strives to reinvent ourselves by continuously improving our current offerings and innovating new services. We are currently the leading flight education and training service provider in Malaysia and we want to further leverage on our current capabilities and competencies to become one of the region's leading integrated aviation service providers, and have accordingly put in place the following development plans to help us achieve this:-

**(a) We intend to venture into new, complementary businesses to become one of the leading regional integrated aviation service providers**

We currently own and operate Malaysia's leading flight education and training academy, the APFTA. Our success in growing APFTA into Malaysia's leading flight education and training academy has spurred us to leverage on our expertise and expand into new, complementary areas and eventually become one of the leading regional integrated aviation service providers. We have acquired the following subsidiary companies to achieve these:-

#### **APFT Services**

Our Group believes that there is a huge, untapped market in the provision of chartered commercial flight services. Our growing fleet of both fixed wing aircraft and helicopter puts us in a comfortable position to expand into the area of aircraft chartering services. APFT Services will be used to provide chartered commercial flight services targeted at meeting the huge demand for unscheduled flight requirements.

We have already identified the following target groups for our chartered commercial flight services:-

- (i) Organisations which require regular flights to remote areas as part of their servicing of their utilities or facilities (substation and power lines or communications tower monitoring activities, surveillance of pipelines etc.);
- (ii) Leisure group intending to go for a joyride in Kota Bharu; and
- (iii) Tourists going for island-hopping to islands such as Perhentian Island and Redang Island.

We have received an ASP which is a pre-requisite towards obtaining the AOC. We are currently in the midst of complying with the conditions set forth by the DCA in order for the AOC to be issued before APFT Services can commence its operations. As at the LPD, APFT Services owns four (4) aircraft which is sufficient upon commencement of business.

Our bases in Kota Bharu and Kuala Terengganu are fully-equipped with supporting infrastructure. With such established ground assets and human resources, we are well-poised to embark on the provision of chartered commercial flight services.

As at the LPD, APFT Services currently renting out of aircraft and helicopters within our Group and we expect to commence the operations in the provision of chartered flight services for unscheduled flight requirements by June 2011.

## 5. INFORMATION ON OUR GROUP (Cont'd)

### APFT Engineering

We intend to venture into the areas of MRO service provision for aircraft and helicopter through APFT Engineering. Our Group, through our subsidiary APFTSB, currently employs a team of skilled aircraft maintenance engineers and technicians to maintain our fleet of aircraft.

A total of 40 staff inclusive of engineers, technicians and ground handlers will be transferred from APFTSB to APFT Engineering. Currently, the priority for APFT Engineering is to service the aircraft for APFTSB. Upon the part-145 Maintenance Organisation Approval being obtained, the Company will further expand its workforce in order to cater the demand of its aircraft servicing business.

We therefore believe that synergistic values can be derived from the inclusion of APFT Engineering into our Group as it will not only perform all MRO related services for APFTSB but also to external clientele, ensuring another sustainable revenue generator for our Group by leveraging on existing core competencies. We will also benefit from the economies of scale and attain the required leverage to venture into the business of providing aircraft MRO services.

APFT Engineering has already submitted the application for Part-145 Maintenance Organisation Approval (to operate as a maintenance service provider) to the DCA and it is in the midst of processing and complying with the regulations set forth by the DCA.

Piper Aircraft Asia Sdn Bhd, in Brunei, has indicated its intention to appoint APFT Engineering as an authorised service centre for Piper products upon our obtaining the part-145 Maintenance Organisation Approval. In addition, we have also approached Diamond for us to be appointed as authorised service centre for Diamond aircraft.

As at the LPD, APFT Engineering has not commenced operations and we expect to commence operations by June 2011.

### **(b) We will expand our domestic and regional market**

Our Group intends to increase and further expand our presence in both the domestic and regional markets as follows:-

#### Purchasing additional aircraft

We purchased an additional ten (10) new Piper PA28 aircraft in 2010, for a total cost of RM8.8 million, which were delivered, assembled and became operational in October 2010. We also have the option to purchase another ten (10) new Piper PA28 aircraft in 2011. We will also be hiring more instructors in order to cater to our increased intake of cadets. Our student capacity will be projected to increase by a total of approximately 98 students with the additional aircraft in 2010 and 2011. The cost of purchasing the additional aircraft in 2011 will be approximately RM8.3 million. The 10 new aircraft acquired in 2010 was financed through internally-generated funds and advances from directors while those intended to be acquired in 2011 be financed through internally-generated funds and bank borrowings.

#### Opening of new academy in Batu Pahat, Johor

We intend to extend our flight education and training offerings to the southern region of Malaysia through the opening of another satellite flight training academy in Tanjung Labuh, Batu Pahat, Johor in partnership with UTHM. This satellite flight training academy at Tanjung Labuh will be jointly maintained and

## 5. INFORMATION ON OUR GROUP (Cont'd)

shared with UTHM to conduct aviation related courses and programmes. Upon its completion, we will have three (3) satellite flight training academies in addition to our main academy in Kota Bharu catering to the flight education and training market in Malaysia. The new academy is expected to be completed within two (2) years. The cost of opening up the new satellite flight training academy for training is estimated at between RM5 million and RM7 million comprising mainly the cost of constructing hangar and upgrading of runway. It will be financed through internally generated funds.

### **Setting-up of a new joint venture in India**

We will be expanding into the promising flight education and training market in India. We signed a MOU with GHIAL in October 2009 where we and GHIAL have expressed our intention to jointly set up a flight training academy at the Rajiv Gandhi International Airport, Shamshabad in Hyderabad, India. We believe that we will be able to capitalise on GHIAL's support to gain a strong foothold in the huge market in India where there is a huge potential for pilot training as well as other aviation training services.

The expansion into India is expected to jumpstart our ambition to become one of the leading regional integrated aviation service providers. This is also in line with our objective to further grow our student base beyond Malaysia. Our Group believes that given our established reputation and track record in the flight education and training market in Malaysia, our foray into the Indian flight education and training market would be a fruitful one.

Our Group will also expand into other markets around the region in the near future subject to market conditions and suitability.

### **(c) We will continue to develop strategic educational partnerships and new programmes and courses**

Our Group intends to introduce and offer newer, more market-driven and high quality flight education and training related programmes and courses. We will continuously review and improve upon our existing programmes and courses offerings to meet market as well as our customers' ever changing demands.

To this end, we will continuously seek out potential partners for strategic collaboration in addition to our on-going efforts to develop new programmes and courses.

We are currently looking at the following initiative for this purpose:-

### **Strategic collaboration with Embry-Riddle**

In February 2010, we signed a letter of intent with Embry-Riddle to collaborate in offering aeronautical related degrees.

We are in the midst of structuring various courses for Embry-Riddle's approval and to ensure that it complies with the MQA standards and requirements. We target to finalise the various courses and expect to offer those courses in the second half of 2011.

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**5. INFORMATION ON OUR GROUP (Cont'd)**

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**5.8.2 Prospects**

Our Board is of the view that our Group will enjoy positive and promising growth and favourable prospects in the long-term premised on the following:-

- (i) Our competitive strengths as highlighted in Section 5.1.2 of this Prospectus;
- (ii) The prospects and outlook of the flight education and training market as set out in Section 6 of this Prospectus; and
- (iii) Future plans as set out in Section 5.8.1 above.

In addition, as mentioned in Section 6 of this Prospectus, with the support of the Malaysian Government for the nation's aviation industry as well as the captive demand for professionally trained pilots, it is suggested that the well-timed policy and international aviation developments as stated below will augur well for providers of flight education and training in Malaysia:-

- (i) The Malaysian Government's initiatives towards transforming Malaysia as a global aerospace nation by 2015; and
- (ii) Asia Pacific will see the delivery of an estimated 16,000 new planes for the period 2009 to 2028.

*(Source: Independent Market Research Report prepared by Protégé Associates)*

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6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

PROTEGE ASSOCIATES SDN BHD  
SUITE C-03-06, PLAZA MONT' KIARA  
2 JALAN KIARA, MONT' KIARA  
50466 KUALA LUMPUR, MALAYSIA  
TEL: +603 6201 9301 FAX: +603 6201 7302  
www.protege.com.my

Protégé  
ASSOCIATES

BRAND | FINANCE | MARKET

**THE BOARD OF DIRECTORS**

**APFT BERHAD**

**SUITE 50-5-5, WISMA UOA DAMANSARA**

**50 JALAN DUNGUN, DAMANSARA HEIGHTS**

**50490 KUALA LUMPUR, MALAYSIA.**

31 JAN 2011

Dear Sirs/Madam:

**Executive Summary of the Flight Education & Training Market in Malaysia**

This Executive Summary of the Flight Training Education & Training Market in Malaysia is prepared by Protégé Associates Sdn. Bhd. for APFT Berhad for inclusion in the Prospectus of APFT Berhad in relation to its listing on the Main Market of the Bursa Malaysia Securities Berhad.

**Global and Malaysian Economic Overview**

The global economy endured a challenging year in 2009 against the backdrop of the deepest global downturns in recent history that dragged the world output growth into negative territory. Nevertheless, the drop in world output was cushioned by the implementation of extraordinary amount of policy stimulus that helped to drive the rebound in confidence and global economy particularly in the second half of 2009. The rebound in global economy was mainly supported by highly expansionary fiscal policies and monetary policies such as record lows interest rates in most advanced and in emerging economies. There were also unprecedented levels of expansion in the central bank balance sheets in key advanced economies. As a result, the world output in 2009 contracted by only 0.6 percent year-on-year based on the latest economic indicators released by the International Monetary Fund ("IMF").

Nevertheless, IMF has indicated that the global recession has appeared to be ending. The IMF expects the global economy to bounce back in 2010 with an output growth projection of 4.8 percent. According to IMF, the impetus for the rebound in global economic growth for 2010 is

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**6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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Protégé

expected to come from comprehensive policy steps to stabilise financial conditions, sizeable fiscal support, gradual improvement in credit conditions, a rebound in manufacturing, a turn in the inventory cycle, stabilising retail sales and firmer housing markets.

Meanwhile, the Malaysian Government acknowledges that it has been a challenging year for the Malaysian economy in 2009 as it faced the full impact of the global recession, although its macroeconomic support through monetary and fiscal policies such as the announced additional RM60 billion stimulus packages has mitigated the severity of the economic downturn by boosting domestic demand. The government has committed to continued vigilance in the economy, promising continued supportive and accommodative macroeconomic policies as the economy seeks to return to high gear in 2010.

Thus far in 2010, the Malaysian economy has exhibited the potential of realising government-set growth forecasts. The Malaysian economy had continued its growth ascension in the third quarter of 2010 albeit at a more moderate pace. Its growth moderated to 5.3 percent year-on-year in the quarter in the face of a weakening external demand. Its economic expansion was supported by the growth in both private consumption and capital spending that helped to spur domestic demand. All the major economic sectors except mining managed to register further expansion in the quarter. In another development, the Malaysian Government had officially launched the Economic Transformation Programme (“ETP”) on 26 October 2010 in an effort to propel Malaysia towards becoming a high-income developed nation with a RM1.7 trillion gross national income (“GNI”) economy by 2020. Under the ETP, private-sector driven projects with investment value of RM1.3 trillion are to be undertaken to spearhead Malaysia’s economic growth over the next ten years. In the near future, the growth in the Malaysian economy is expected to be driven by higher private investment from the implementation of the ETP and robust domestic demand. The IMF has projected Malaysia’s real GDP to grow by 6.7 percent in 2010 and 5.3 percent in 2011.

#### **Overview of the Flight Education and Training Market in Malaysia**

The operation of a flight training school in Malaysia is a regulated activity in that its activities come within the jurisdictional ambit of the Civil Aviation Act 1969 and Civil Aviation Regulation 1996 – such that persons or organisations conducting any aviation activities are required to be accordingly compliant with the provisions of the said legislation. Ensuring its compliance and the administering of all aviation-related activities is the Department of Civil Aviation (“DCA”) – an organisation of the Ministry of Transport Malaysia (“MoT”).

The Government of Malaysia recognises that the nation’s aviation industry is highly critical to national development and global integration, and is therefore fully supportive of aviation as a key

**6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

# Protégé

sector of business and commerce as well its significant role in nation building. To this end, the National Aerospace Blueprint (launched in 1997) followed by the August 2005 launching of Malaysia International Aerospace Centre (“MIAC”), and the re-designation of Lapangan Terbang Sultan Abdul Aziz Shah as an aerospace park to further develop the Malaysian aerospace industry – are key Government initiatives towards transforming Malaysia as a global aerospace nation by 2015.

Global delivery of new aircraft is projected to increase to more than 50,000 new aircrafts for the period 2009 to 2028. The Asia Pacific region has the greatest demand for passenger aircraft with projected delivery of more than 16,000 new aircrafts or 32 percent of new aircrafts delivery (Figure 1). Regional developments such as these would spur the demand for more pilots – providing a boon for the Malaysian flight education and training market.

**Figure 1: New Aircraft Deliveries by Region, 2009 – 2028**

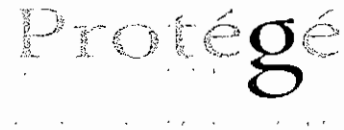
Region	New Aircraft
Asia Pacific	>16,000
Europe	>13,000
North America	>13,000
Latin America	>3,000
Middle East	>3,000
Russia and Central Asia	>1,000
Africa	>1,000

*Source: Protégé Associates*

With the support of the Malaysian government for the nation’s aviation industry as well as the captive demand for professionally trained pilots, it is suggested that these well-timed, policy and international aviation developments augur well for providers of flight education and training in Malaysia.

The flight education and training market is still relatively young. The Malaysian Flying Academy (“MFA”) was established in 1982 while the remaining seven approved flying/flight training organisations (“AFTO”) were only established within the last decade. Between its commencements to the emergence of another flying school in 2004, the flight education and training market was monopolised by MFA alone.



**6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)****Market Segment**

The flight training of pilots in Malaysia is of two (2) main categories, viz.:

- Civil (Commercial and Private Recreational) AND;
- Military

The training can further be segmented into two sub categories according to the aircraft type, as follows:

- Fixed Wing – Propeller and/or Jets i.e. aeroplanes (“A”) AND;
- Rotor-wing craft i.e. helicopters (“H”)

The flight education and training are provided by the following three (3) grouping:

- AFTOs;
- Local Flying Clubs;
- The government via, the Royal Malaysian Air Force, the Royal Malaysian Navy, the air wing of the Royal Malaysian Police, including, the air unit of the Fire & Rescue Services Department

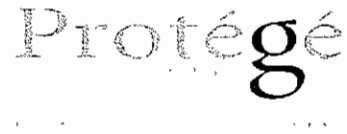
Meanwhile the supply source of cadet pilots (non-military) for these respective flight education and training providers come from two (2) main sources, namely:

- **Local** – (i) school leavers with SPM qualification, (ii) local universities and colleges where cadet pilots graduate with a degree in aviation/aerospace engineering. These include Universiti Teknologi Mara (“UiTM”), UPM and Universiti Sains Malaysia (“USM”) and; (ii) local airlines such as MAS and AirAsia.
- **Foreign** – (i) school leavers or private individuals with O’ Levels or its equivalent subject to DCA’s approval and (ii) student pilots from regional airlines such as Garuda Indonesia, Nepal Airlines, Silk Air, etc.

Fixed-wing flight training in Malaysia is determined by the type of flight training sought, and in turn divided into two main categories as follows:

- **Commercial** – as in CPL; ATPL; Multi-Engine & IR; and, AFI. These courses and type ratings are usually provided by DCA-AFTOs;

6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- **Non-commercial** – as in private recreational flying conducted by local flying clubs. Outcomes of private recreational flight training by flying clubs would be the award of a DCA recognised PPL.

Figure 2 provides a schematic representation synopsis of the flight education and training market structure for civil segment (commercial and private recreational) in Malaysia.

**Figure 2: Market Structure of the Flight Education and Training Market in Malaysia**

<b>Flight Education and Training of Pilots in Malaysia</b>	
<b>Civil</b>	
<ul style="list-style-type: none"> <li>• Commercial via, simulators &amp; actual aircraft;</li> <li>• Private Recreational via, actual aircraft;</li> </ul>	
<b>Aircraft Type</b>	
<ul style="list-style-type: none"> <li>• Fixed Wing – Propeller &amp;/or Jets</li> <li>• Rotor-wing – Helicopters</li> </ul>	
<b>Sources of Flight Training</b>	
AFTOs	Local Flying Clubs
<b>Supply Sources of Student Pilots</b>	
<b>Local</b>	<b>Foreign</b>
<ul style="list-style-type: none"> <li>• SPM school leavers</li> <li>• Local Airlines – MAS; AirAsia;</li> <li>• Local Universities &amp; Colleges – e.g. UiTM, UPM, USM, etc.;</li> </ul>	<ul style="list-style-type: none"> <li>• School leavers or private individuals with O’Levels or its equivalent subject to DCA’s approval</li> <li>• Regional Airlines – e.g. Garuda Indonesia, Nepal Airlines, Silk Air;</li> </ul>
<b>Types &amp; Outcomes of Fixed-Wing Flight Training</b>	
<b>Commercial</b>	<b>Private Recreational</b>
<ul style="list-style-type: none"> <li>• CPL;</li> <li>• ATPL;</li> <li>• Multi-Engine &amp; IR;</li> <li>• AFI and;</li> <li>• FI</li> </ul>	<ul style="list-style-type: none"> <li>• PPL;</li> </ul>

*Source: Protégé Associates*

**Market Dynamics Indicators**

A snapshot of the overall flight education and training market characteristics in Malaysia based on selected key market indicators and its respective measurements and trends are as shown in the Market Dynamics Scorecard below (Figure 3).

## 6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Figure 3: Market Dynamics Scorecard for the Flight Education and Training Market in Malaysia, 2010

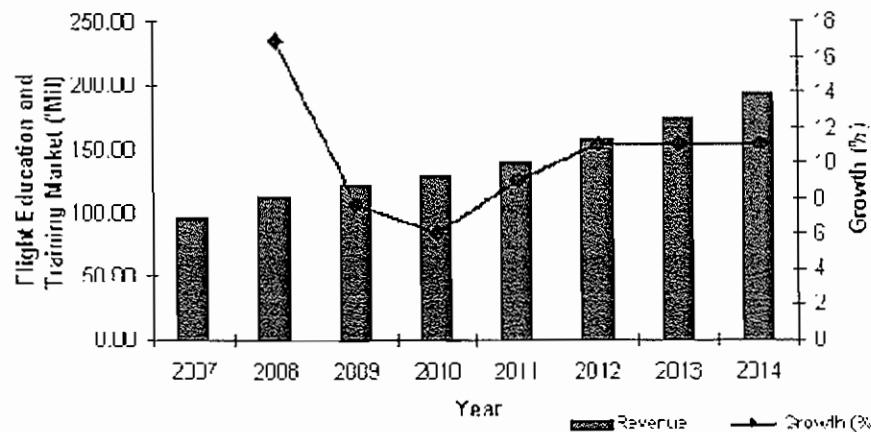
Key Market Indicator	Measurement	Trends
Market Age	Young	Upwards
2010 Market Size (RM million)	129.4	Increasing
2010 Growth Rate (%)	6	-
2014 Forecast Market Size (RM million)	193	Increasing
Forecast Period Market CAGR (2009 – 2014)	10	-
Estimated Number of Market Players	8	Stable

Source: Protégé Associates

### Market Size and Growth Forecast

The outlook for the flight education and training market in Malaysia remains positive, and steady growth is projected for the forecasted period of 2010 to 2014 as illustrated in Figure 4. The flight education and training market in Malaysia is expected to grow from its current size of RM 129.4 million in 2010 to RM 193 million in 2014, registering a CAGR of 10 percent.

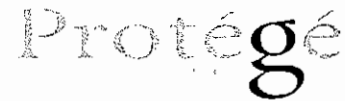
Figure 4: Market Size and Revenue Forecast for the Flight Education and Training Market in Malaysia, 2007 – 2014



Source: Protégé Associates

The flight education and training market in Malaysia experienced strong growth in 2008 mainly due to a combination of cost-pushed and demand driven factors. The sharp spike in oil prices pushed AFTOs to increase their course fees and this has helped pushed up market revenue. Meanwhile, demand for pilots from major airlines remained unabated during the same period.

More importantly, the wide availability of multiple financing options for students wanting to pursue a career as a professional pilot has resulted in a sharp increase in uptakes of flight courses



in the country. Government agencies such as MARA and Yayasan Terengganu in collaboration with airlines such as MAS have funded many deserving students to pursue their flight courses. This has helped created a push factor for many prospective students who took opportunity of the situation to pursue a flight course; which would otherwise be unlikely due to the prohibitively high cost necessary to do so.

The market however registered slower growth in 2009 and this is projected to extend until 2010 in view of the global financial crisis which has resulted in the government bodies withdrawing or reducing funding for flight courses. This has also caused a number of prospective students to either abort or delay their plans to pursue flight training courses. Nevertheless, the market is forecasted to rebound and continue registering healthy growth as the economy improves and funds become more readily available moving forward. In addition, the market will also benefit from a direct result of higher cost-push input as market participants are expected to raise their price in 2010. Demand for pilots in Malaysia and throughout the region remained intact as seen in forecasted delivery of aircraft by both Boeing and Airbus.

The flight education and training market in Malaysia is also expected to benefit from the growing internationalisation of the market through aggressive promotion and marketing by certain AFTOs such as APFTSB who have successfully tapped into the Indonesian demand for pilots and is venturing into India soon. Malaysia with its competitive price advantage as well as its quality of flight training which is recognised internationally could potentially attract more foreign students and subsequently become a regional hub for flight education and training in the longer term.

### **Demand Conditions**

Demand conditions arise as a combination of the market drivers and market restraints operating within the market, as discussed below.

The flight education market will continue to be driven by the following market drivers:-

#### **1. Rising demand from major airlines in Malaysia**

In 2008, AirAsia via, AirAsia Academy expects to produce 5,000 pilots yearly which involve type rating training not limited to demands from Malaysia alone. This serves to highlight the potentials in demand for pilots and accordingly, the opportunities presented to flight education and training providers in tapping the needs for ab-initio training.

## 6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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Figure 5 provides a perspective of AirAsia's pilot needs via, its fleet expansion program. The total AirAsia fleet (including Thai AirAsia, AirAsia X and Indonesia AirAsia) consists of the following aircraft as of 31 October 2010.

**Figure 5: Status of AirAsia's Expanding Fleet Strength as of 31<sup>st</sup> October 2010**

Aircraft Type	In-Fleet	Orders	Options	Notes
Airbus A320-200	84	91	50	Operated by AirAsia including Thai AirAsia and Indonesia AirAsia.
Boeing 737-300	3	0	0	To be removed in fleet by 2010;
Airbus A330-300	8	18	0	Operated by AirAsia X.
Airbus A340-300	2	0	0	Operated by AirAsia X.
Airbus A350-900	0	10	5	Operated by AirAsia X. Entry in service 2016
<b>Total</b>	<b>97</b>	<b>119</b>	<b>55</b>	

*Source: Protégé Associates*

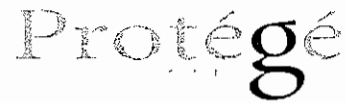
Meanwhile, MAS conducts recurrent training program and type rating training for an estimated 1,400 pilots. Each pilot needs to undergo recurrent training twice a year. Similar to AirAsia, MAS's intake of cadet pilots is only after the cadet has completed their ab-initio training with a flight school. After this, cadet will then go through MAS's Type Rating Training program using the company's infrastructure. This time-cost effective training model is similar to that of AirAsia, and it provides opportunity for local flight education and training school to train (i.e. ab-initio) and supply pilots to MAS.

Figure 6 provides a perspective of MAS's pilot needs via, its fleet expansion program.

**Figure 6: MAS's Airlines Passenger Fleet as of 31<sup>st</sup> July 2010**

Aircraft Type	In-Fleet	Orders	Options	Notes
Airbus A330-200	3	0	0	
Airbus A330-300	9	15	10	
Airbus A380-800	0	6	0	Entry into service: 2012
Boeing 737-400	37	0	0	
Boeing 737-800	6	35	20	
Boeing 747-400	10	0	0	
Boeing 777-200ER	17	0	0	
<b>Total</b>	<b>82</b>	<b>56</b>	<b>30</b>	

*Source: Protégé Associates*



## 2. Pro-aviation policies and measures by the Malaysian government

Pro-aviation policies and measures by the Malaysian government is expected to have a high impact on the flight education and training market in Malaysia throughout the forecast period as the continued support for the overall aviation industry will help spur the demand for more educated, skilled workers and accordingly, boost growth for the flight education and training market.

## 3. Strong regional growth in aviation activities

New aircraft purchases and correspondingly, the need for more pilots in this region would have positive spill-over effects for the flight education and training market in Malaysia. This also translates to more regional opportunities for local flight and education providers to cater to the rise in demand throughout Southeast Asia. As a matter of fact, there are already candidates from Southeast Asian countries currently doing their flight training in Malaysia.

The Indonesian aviation industry is also expected to be boosted in the immediate term by the lifting of ban by the European Commission on its selected airlines to fly again to Europe. Since EU lifted its ban, Garuda has announced an aggressive expansion plan known as the quantum leap where it plans to double its fleet to 116 aircraft by 2014. Meanwhile, Lion Air, Indonesia's largest private carrier will also be receiving up to 144 units of Boeing 737-900ER from 2007 to 2012 in anticipation of the lifting of ban by EC.

## 4. Competitive pricing advantage

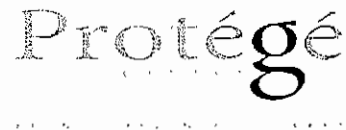
The competitiveness of the Ringgit could be persuasive for cadet pilots from poorer, developing economies throughout the Asian region. However, this market driver could be subdued if the Ringgit continues its upward appreciation in value moving forward.

## 5. Post 9/11 factor

Since the 9/11 incident, citizens of Middle Eastern origins who aspired to be pilots found it difficult to enrol in U.S. and EU-based flight training schools. This is where Malaysian flight education and training providers can help meet the un-met market need of Middle Eastern and other Muslim countries wishing to train their cadet pilots. The impact of this market driver is expected to be low throughout the forecast period.

Meanwhile, the flight education and training market in Malaysia must be wary of the following:

### 1. Funding Difficulties for Students Pursuing Flight Training Courses



More recently, state-sponsored scholarships as well as financing arrangements by government bodies have been unexpectedly withdrawn or reduced. This could be due to the current economic crisis afflicting the country. However, for students who are determined to pursue a flight training course but are unable to obtain a study grant or scholarship, there still have the options to secure study loans from government institutions or banks, and/or sponsorship from parents – who can either privately fund their children or withdraw from the EPF for this purpose. The impact from this market restraint is likely to diminish over the forecast period as the economy recovers and the government will continue to support the growth of the aviation industry as it sees its development as an integral part of the economy.

## 2. Shortage of ground & flight instructors

This pose as a market restraint on the flight education and training market in Malaysia as market participants need to effectively recruit, manage and retain key talents in order to grow in this competitive market. Certain AFTOs such as APFTSB have stepped up their effort in nurturing more ground and flight instructors through their own in-house training programmes. Currently, the shortage is being met by recruitment of foreign instructors and this trend is expected to persist throughout the entire forecast period.

### Supply Conditions

The supply conditions within the flight education and training market are strictly governed by the DCA through the issuances of licenses for AFTOs. Malaysia is currently well-served by its existing eight (8) AFTOs hence any potential new entrants will find it difficult to get the nod from DCA to operate a new flight school moving forward. Meanwhile, certain AFTOs such as APFTSB have successfully tapped into the Indonesian demand for pilots and are venturing into India soon. Malaysia with its competitive price advantage as well as its quality of flight training which is recognised internationally could potentially attract more foreign students and subsequently become a regional hub for flight education and training in the longer term.

### Market Share and Key Player Analysis

The eight (8) DCA AFTOs are as follows:

- The Batu Berendam-based MFA;
- The Ipoh-based IAA;
- The Langkawi-based HMA;

## 6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



- The Kota Bahru-based, APFTSB;
- The Sandakan-based AASB;
- The Bintulu-based GGIF;
- The Senai-based KLIFA and;
- The Kuala Terengganu-based KISTAA

Figure 7: Malaysian AFTO's Competitive Fact Sheet

Flight School	MFA	TAA	HMA	APFTSB	AASB	GGIF	KLIFA	KISTAA
Year of Founding	1982	2004	2005	2006	2006	2007	2007	2009
Revenue (RM)	4.79million (2001)	1.23million (2005)	18.5million (2005)	37.9 million (2010)	2.47million (2009)	N/A	9.46million (2009)	0.04million (2009)
No. of Students Graduated in 2009*	82	16	141	168	0	19	18	0
DCA Approved Courses	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> <li>• IR (A);</li> <li>• AFI (A);</li> <li>• Flight Instructor's Rating (A)</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A/H);</li> <li>• CPL (A/H);</li> <li>• IR (A/H);</li> <li>• AFI (A);</li> <li>• Flight Instructor's Rating (A/H);</li> <li>• Night VFR Rating (H).</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> <li>• IR (A);</li> <li>• AFI (A);</li> <li>• Flight Instructor's Rating (A)</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A/H);</li> <li>• CPL (A/H);</li> <li>• IR (A);</li> <li>• AFI (A);</li> <li>• Flight Instructor's Rating (A)</li> <li>• Night VFR Rating (A).</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> <li>• ATPL – Theory</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> <li>• IR (A)</li> </ul>	<ul style="list-style-type: none"> <li>• PPL (A);</li> <li>• CPL (A);</li> <li>• IR (A)</li> </ul>
Tertiary Courses	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>• Diploma in Aviation (Pilot Training);</li> <li>• Bachelor of Aeronautical Engineering Technology (Professional Piloting) in collaboration with UTHM**</li> </ul>	N/A	N/A	N/A	N/A

Note:-

\* Based on DCA's Annual Report 2009

\*\* Offered by UTHM pursuant to an educational partnership with UTHM

Source: Protégé Associates

The flight education and training market in Malaysia can be segmented into two (2) market tiers based on the respective market participant's capabilities as reflected by their customer base, number of students, facilities and infrastructure. Tier-1 market participants include APFTSB, MFA and HMA while the rest makes up Tier-2 of the market.



## 6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

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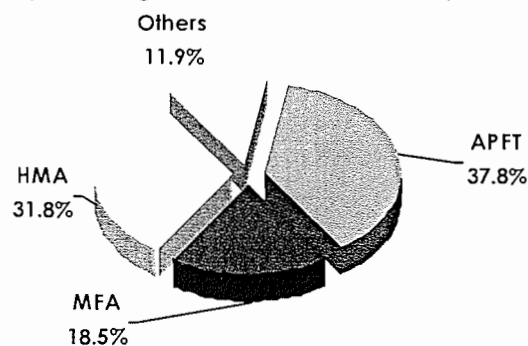
Cumulatively the three Tier-1 market participants command over 88 percent of the flight training and education market in Malaysia in 2009 (Figure 6). Tier-1 market participants are larger in size and they possess the capabilities, scale, facilities and infrastructure, and expertise to meet the stringent demands of their airline customers such as MAS and AirAsia, and other regional airlines. All three market participants have airlines as their customers testifying to their ability and quality, which sets them apart from the rest of the market participants. In addition, all three Tier-1 market participants are also approved by the DCA to conduct simulator training.

In order to diversify and gain access to wider markets, some of these Tier-1 market participants have successfully expanded abroad to tap onto growing regional demand for pilots. Their size, reputable customer base and track record, and financial strength of these market participants allow them to continuously attract new students including international students, and this sets them apart from the rest of the competition.

Tier-2 market participants, on the other hand, are typically smaller in size and scale and they are more reliant on self-funded individuals for their customer base. As most of the Tier-2 market participants are new entrants to the market, they face huge challenges in meeting the stringent requirements and high standard of cadet pilots demanded by airline customers. Their facilities and infrastructure are similarly constrained by their generally limited financial capabilities. In the event of any downturn, they are more likely to be affected first, making consolidation and exit a probable occurrence moving forward.

Figure 8 illustrates the market share within Malaysia's flight education and training market in 2009 based on number of student graduated from AFTOs as stated in DCA's latest available Annual Report 2009.

**Figure 8: Market Share Analysis of Flight Education and Training Market in Malaysia, 2009\***



*\*based on number of students graduated from AFTOs in 2009 as stated in DCA's latest available Annual Report 2009*

*Source: Protégé Associates*



## APFTSB

Kota Bahru based APFTSB which commenced operations in February 2006 is the country's fourth AFTO. APFTSB registered market revenue of approximately RM37.9 million in 2010. In 2009, APFTSB accounts for 37.8 percent of the flight education and training market in Malaysia based on number of pilots graduated.

APFTSB is one of the most innovative AFTO in Malaysia and they have accomplished many firsts through their endless pioneering pursuits for industry-driven innovations. APFTSB is the first AFTO in Malaysia to be approved and accredited with the IPTS status by the MOHE through which they are able to offer the Diploma in Aviation (Pilot Training), making APFTSB the first AFTO to offer a diploma course in Malaysia. APFTSB have also collaborated with UTHM to offer a degree level programme Bachelor of Aeronautical Engineering Technology (Professional Piloting) with Honours.

In Malaysia, APFTSB is the first and only entity, authorised to conduct Aviation English Test by Jeppesen. The company is also the appointed representative for the marketing of Jeppesen's Dispatcher Training Courses. APFTSB also conducts psychomotor and psychometric test utilising the Vienna Test System, a computerised assessment system designed to evaluate the ability and personality of cadet pilots.

In addition to their innovative and extensive education and training offerings, APFTSB is also Malaysia's first AFTO to be awarded the ISO9001:2000 Quality Management System certification. This is testament to their commitment towards the provision of quality education and training for its cadet pilots.

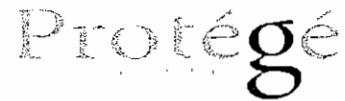
APFTSB is also one of the better equipped AFTO in terms of flight training infrastructure, in-campus ground training facilities as well as accommodation. APFTSB's fleet strength of 35 aircraft which include the state-of-the-art Diamond aircraft is the largest among all other flight education and training providers in Malaysia. They have also invested and procured Alsim flight training simulators which will allow them to conduct Multi-Crew Cooperation training. The fee regime for its integrated CPL course is in the RM250,000 range.

APFTSB have an outstanding reputation within the flight education and training market in Malaysia as evident by the fact that they can count many major airlines as their clients including MAS and AirAsia of Malaysia, Garuda Indonesia and Sri Wijaya Air of Indonesia, and Nepal Airlines of Nepal, all whom send their cadets to train at APFTSB. APFTSB have also been recognised and approved by the DGCA to train Indonesian cadet pilots leading to a direct issuance of an Indonesian pilot license for both their ab-initio and assistant flying instructor courses, giving

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**6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)**

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them a huge competitive edge to attract and cater to the prospective Indonesian cadet pilots. More recently, Piper Aircraft Asia Sdn. Bhd in Brunei, has made the decision to offer APFTSB the position of an authorised sales agency for Piper Products.

#### **Vulnerabilities and Reliance on Imports**

Current market forces have seen flight schools expanding their capacities and facilities as well as introducing new programmes to keep up with demands. This has led to difficulties in recruiting and retaining key talents in particular ground and flight instructors. Certain AFTOs such as APFTSB have stepped up their efforts in nurturing more ground and flight instructors through their own in-house training programmes. Currently, the shortage is being met by recruitment of foreign instructors and this trend is expected to persist throughout the entire forecast period.

The flight education and training market is also dependent on aviation gasoline ("avgas"), a high-octane fuel used in piston-engine powered aircraft and also Jet A-1, a type of aviation fuel designed for use in aircraft powered by gas-turbine engines, for the operation of their aircraft. Whilst there are local supplies of Jet A-1 fuel, avgas are not produced locally and are mainly imported in small quantities from Australia, Thailand and United States.

The availability and pricing of both the Jet A-1 and avgas fuel is subject to various economic and political factors, and events occurring throughout the world that is beyond anyone's control. For example, the price of avgas increased by more than 50 percent in 2008 due to disruption in avgas fuel supply. According to Petronas, the disruption was due to bad weather at the source and this resulted in Petronas having to source from another supplier at a higher cost. Market players within the flight education and training market have to charge higher fuel surcharges to their cadet pilots as a result of the steep increase.

#### **Substitute Products and Services**

There are no direct substitutes or competing services for the provision of flight education and training as the provision of such services is a regulated activity and it comes under the jurisdictional ambit of the Civil Aviation Act 1969 and Civil Aviation Regulation 1996. Any persons or organisations conducting any aviation related activities are required to be approved and compliant with the provisions of the said legislation. The DCA, which comes under the jurisdiction of the MoT is tasked with matters related to compliance and administration of all aviation-related activities in Malaysia.



### **Government Regulations, Policies and Incentives**

The Malaysian government recognises the nation's aviation industry as being critical to national development and global integration, and therefore, is fully supportive of aviation as a key sector of business and commerce.

Among the regulation, policies and incentives introduced are as follows:

#### **Regulations**

The operation of a flight training school in Malaysia is a regulated activity in that its activities come within the jurisdictional ambit of the Civil Aviation Act 1969 and Civil Aviation Regulation 1996 – such that persons or organisations conducting any aviation activities are required to be accordingly compliant with the provisions of the said legislation. Ensuring its compliance and the administering of all aviation-related activities is the DCA – an organisation of the MOT Malaysia.

#### **Policies and Incentives**

The government launched the National Aerospace Blueprint (in 1997) followed by the establishment of the MIAC (in 2005) and re-designated the Sultan Abdul Aziz Shah Airport as an aerospace park as part of the government's initiatives towards transforming Malaysia into a global aerospace nation by 2015.

The government has further identified the aerospace sub-sectors as one of the new sources of growth – and accordingly, has made it a Promoted Activity under the Ninth Malaysia Plan 2006 – 2010. To this end, a MIDA advisory on incentives state that, companies that establish technical or vocational training institutions are eligible for an Investment Tax Allowance of 100 percent for ten years. This allowance can be offset against 70 percent of the statutory income for each year of assessment. Any unutilised allowances can be carried forward to subsequent years until fully utilised. In addition, existing companies providing technical or vocational training that undertake new investments to upgrade their training equipment or expand their training capacities also qualify for this incentive.

### **Market Outlook and Prospects**

The outlook for the flight education and training market in Malaysia remains positive, and steady growth is projected for the forecasted period of 2010 to 2014. The flight education and training market in Malaysia is expected to grow from its current size of RM 129.4 million in 2010 to RM 193 million in 2014, registering a CAGR of 10 percent.



Factors priming growth within the market is likely to come from rising demand from major airlines in Malaysia, the continued pro-aviation policies and measures by the Malaysian government, the strong regional growth projected for aviation activities, the competitive pricing advantage enjoyed by local market participants as well as the benefits attained after the 9/11 incident. All these market drivers are expected to boost the overall demand within the flight education and training market throughout the forecast period 2009 – 2014.

The flight education and training market in Malaysia is currently enjoying growth as reflective of a young, growing market. The growth potential of the flight education and training market can be reflected in the increased level of participation seen in recent times. Except for MFA, the rest of the country's seven AFTOs were only established in the last decade led by the entry of IAA in 2004.

And Malaysia being situated within one of the fastest growing region for aviation in the world is likely to see steady increase in demands for pilots in view of demand from both local as well as international airlines dependent on their expansion plans, and also the attrition rates afflicting the industry. Malaysian pilots, in particular those with ample flying experiences, are high in demand among international airlines. Meanwhile, the supply of pilots in Malaysia is generally stable as reflected by the number of graduated students from AFTOs for the past 2 years – 401 (2008) and 444 (2009).

The flight education and training market in Malaysia, under the governance and stewardship of the DCA, has over the years produced numerous high quality cadet pilots who are serving major airlines throughout the world. This has helped generated goodwill and recognition from various major airlines throughout the region for cadet pilots trained in Malaysia.

Market participants within the flight education and training market in Malaysia should leverage on this to expand their market regionally leading to the emergence of Malaysia as a regional hub for flight education and training. There are various opportunities for local flight education and training providers to cater to the region's fast growing market in tandem with growing demands for pilots. A combined factor of reputable, recognised flight training courses and competitive pricing would put the flight education and training provider in good stead to capitalise on this.

Local flight education and training providers would do well to capitalise on the many opportunities available by aligning their respective operational and marketing strategies to those of regional airlines, taking into considerations their fleet/route refurbishment/expansion plans. The convergence of Southeast Asia as one of the fastest growing markets for aviation in the world, coupled by a huge delivery of aircraft expected in the region over the next few years, including,



the region's captive need for quality pilot training – bodes well for the Malaysian flight education and training market.

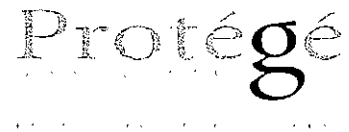
#### **Market Outlook and Prospects for India**

Given the current scenarios enveloping the air transport sector, the outlook for the flight education and training are highly promising. Demand for pilots and instructors are expected to rise in tandem with the needs from air transport sector and the challenge for flight education and training providers lies with the ability to ensure a quick, steady delivery of qualified pilots to meet such demands. In the interim, India is likely to continue to its reliance on expensive foreign pilots to meet its current shortfall of pilots.

Meanwhile, the Indian government has taken its own steps to deal with pilot shortages by introducing a rule requiring commercial pilots to give at least six months' notice. The Ministry of Civil Aviation made the move in September 2005 and warned that pilots failing to comply could lose their licences. The government has also moved to increase the pool of pilots available by twice increasing the retirement age, first to 61 from 60 and then to 65, although pilots aged between 60 and 65 must fly with a co-pilot under 60. In addition, the government has tried to increase pilot numbers by reducing the total flying time required for the issue of a commercial pilot's licence to 200 hours from 250 hours.

India is also making a major push for foreign investment in some key areas within the aviation sector in particular aviation training, aircraft maintenance, cargo services and ground handling. A key instance is the lifting of the cap and allowing 100 percent foreign ownership of MRO businesses, flying schools and technical training institutions. To this end, APFTSB have agreed to set up a flight training academy in collaboration with GHIAL at the Rajiv Gandhi International Airport, Shamshabad in Hyderabad, India where it will marked APFTSB's first foray abroad as well as their attempt to capitalise on India's growing demands for quality pilots.

6. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (Cont'd)



Protégé Associates has prepared this IMR in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the boundaries and limitations of secondary statistics, primary research and continued industry movements. Our research has been conducted to present a view of the overall industry and may not necessarily reflect the performance of individual companies in this industry. We are not responsible for the decisions and / or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tan Chin How", is written over a horizontal line. The signature is stylized and includes a long horizontal stroke extending to the right.

TAN CHIN HOW

Director

Protégé Associates Sdn. Bhd

*Note: Unless otherwise defined, the abbreviations used in this Executive Summary reflect those as defined in the Prospectus.*

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

### 7.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

#### 7.1.1 Promoters and substantial shareholders' shareholdings

The details of our Promoters and substantial shareholders and their shareholdings in our Company before (based on the Register of Members as at the LPD) and after the IPO are as follows:-

Promoters and substantial shareholders	Place of Incorporation / Nationality	Before the IPO			After the IPO		
		No. of Shares	%	No. of Shares	%	No. of Shares	%
FHSB	Malaysia	50,625,000	37.50	-	-	47,100,000	30.00
Dato' Faruk	Malaysian	50,625,000	37.50	84,375,000 <sup>1</sup>	62.50	39,250,000	25.00
Arif Bin Faruk	Malaysian	16,875,000	12.50	118,125,000 <sup>2</sup>	87.50	15,700,000	10.00
Aida Binti Faruk	Malaysian	8,437,500	6.25	126,562,500 <sup>3</sup>	93.75	7,850,000	5.00
Aisyah Binti Faruk	Malaysian	8,437,500	6.25	126,562,500 <sup>4</sup>	93.75	7,850,000	5.00

Notes:-

- 1) Deemed interest by virtue of his children, Arif Bin Faruk's, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT and FHSB.
- 2) Deemed interest by virtue of his interests in FHSB and his father, Dato' Faruk's and siblings Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT.
- 3) Deemed interest by virtue of her interests in FHSB and her father, Dato' Faruk's and siblings Arif Bin Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT.
- 4) Deemed interest by virtue of her interests in FHSB and her father, Dato' Faruk's and siblings Arif Bin Faruk's and Aida Binti Faruk's direct shareholdings in APFT.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.1.2 Profile of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders of our Company, who are also our directors and key management, are set out in Sections 7.2.2 and 7.4.2 of this Prospectus.

The profiles of our Promoters who are not our director and key management are as follows:-

#### FHSB

FHSB was incorporated in Malaysia on 28 September 1987 under the Act as a private limited liability company under the name of Forad Holdings Sdn Bhd. The present authorised share capital of FHSB is RM5,000,000, comprising 5,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of FHSB is RM3,000,000, comprising 3,000,000 ordinary shares of RM1.00 each.

The principal activity of FHSB is investment holdings.

The Directors of FHSB as at the LPD are Dato' Faruk and Arif Bin Faruk.

The substantial shareholders of FHSB and their respective shareholdings therein as at the LPD are as follows:

	←-----Direct-----→		←-----Indirect-----→	
	No. of shares	%	No. of shares	%
Dato' Faruk	-	-	3,000,000 <sup>1</sup>	100.00
Arif Bin Faruk	1,000,000	33.33	2,000,000 <sup>2</sup>	66.66
Aida Binti Faruk	1,000,000	33.33	2,000,000 <sup>3</sup>	66.66
Aisyah Binti Faruk	1,000,000	33.33	2,000,000 <sup>4</sup>	66.66

#### Notes:

- 1) Deemed interest by virtue of his children, Arif Bin Faruk's, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in FHSB .
- 2) Deemed interest by virtue of his siblings, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in FHSB.
- 3) Deemed interest by virtue of her siblings, Arif Bin Faruk's and Aisyah Binti Faruk's direct shareholdings in FHSB.
- 4) Deemed interest by virtue of her siblings, Arif Bin Faruk's and Aida Binti Faruk's direct shareholdings in FHSB.

**Aida Binti Faruk**, aged 32, graduated from King's College London with a BSc Degree in Management and holds a MSc Masters in Information System from Westminster University, London.

Whilst in the United Kingdom, she was a Practice Manager in the National Health Service for two (2) years and worked for the Medical Protection Society handling their database systems. Upon her return to Malaysia in 2006, she joined Patchouli House Sdn Bhd where she was responsible for overseeing the marketing of their products. She then joined Hwang-DBS Investment Management Berhad as a Business Development Manager and was responsible for managing their government-linked companies' accounts. In January 2008, she joined our Group as the Corporate Communications Manager primarily responsible for developing and managing all internal and external communications for our Group before she resigned in March 2010.

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Aisyah Binti Faruk, aged 24, graduated from Queen Mary, University of London in 2008. She is currently pursuing her PhD in Zoology with the university. Her study involves the forestry reserve in Malaysia and the palm oil industry.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.1.3 Changes in our Promoters' and substantial shareholders' shareholdings

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since the date of incorporation, after Share Split, after Acquisitions and as at the LPD are as follows:-

Promoters and substantial shareholders	As at 19 January 2010 (Date of incorporation)			As at 13 May 2010 (After Share Split)		
	Direct	Indirect	%	Direct	Indirect	%
	No. of shares*	No. of shares*	%	No. of Shares	No. of Shares	%
FHSB	-	-	-	-	-	-
Dato' Faruk	-	-	-	-	-	-
Anif Bin Faruk	-	-	-	-	-	-
Aida Binti Faruk	-	-	-	-	-	-
Aisyah Binti Faruk	-	-	-	-	-	-
<b>Substantial shareholders</b>						
Asmaliza Binti Pazil	4	-	50	5	-	50
Asmanida Binti Khalid	4	-	50	5	-	50

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Promoters and substantial shareholders	As at 22 June 2010 (After Acquisitions) and the LPD			
	Direct	Indirect	No. of Shares	%
FHSB	50,625,000	-	-	-
Dato' Faruk	50,625,000	84,375,000 <sup>1</sup>	84,375,000 <sup>1</sup>	62.50
Arif Bin Faruk	16,875,000	118,125,000 <sup>2</sup>	118,125,000 <sup>2</sup>	87.50
Aida Binti Faruk	8,437,500	126,562,500 <sup>3</sup>	126,562,500 <sup>3</sup>	93.75
Aisyah Binti Faruk	8,437,500	126,562,500 <sup>4</sup>	126,562,500 <sup>4</sup>	93.75
<b>Substantial shareholders</b>				
Asmaliza Binti Pazil	-	-	-	-
Asmanida Binti Abdul Khalid	-	-	-	-

## Notes:

- 1) Deemed interest by virtue of his children, Arif Bin Faruk's, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT and FHSB.
- 2) Deemed interest by virtue of his interests in FHSB and his father, Dato' Faruk's and siblings, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT.
- 3) Deemed interest by virtue of her interests in FHSB and her father, Dato' Faruk's and siblings, Arif Bin Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT.
- 4) Deemed interest by virtue of her interests in FHSB and her father, Dato' Faruk's and siblings, Arif Bin Faruk's and Aida Binti Faruk's direct shareholdings in APFT.

\* Ordinary shares of RM0.25 each in APFT.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.2 DIRECTORS

#### 7.2.1 Our Board comprises the following members:-

Name	Age	Nationality	Date of Appointment	Designation
Dato' Faruk	63	Malaysian	22.6.2010	Executive Chairman
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	62	Malaysian	6.12.2010	Executive Director
Arif Bin Faruk	35	Malaysian	22.6.2010	Non-Independent Non-Executive Director
Nik Din Bin Nik Sulaiman	63	Malaysian	6.12.2010	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	60	Malaysian	6.12.2010	Independent Non-Executive Director
Tan Nyap Keong @ Tony Tan	61	Malaysian	6.12.2010	Independent Non-Executive Director

#### 7.2.2 Profiles

The profiles of the Directors of our Group are as follows:-

**Dato' Faruk**, aged 63, is our Executive Chairman. He was appointed to our Board on 22 June 2010. He is also a founder of our Group.

Dato' Faruk has been involved in the airline education business for more than four (4) years, since the commencement of APFTSB in February 2006. He is instrumental in charting the growth strategies and setting the strategic direction of our Group, and has been playing a pivotal role in developing the domestic flight education and training market. Dato' Faruk was awarded the Asia Pacific Entrepreneurship Award (APEA) For Most Promising Entrepreneur in recognition of his outstanding accomplishment in the past and present and his vision to drive our Group as a leading business in the near future. Under the leadership of Dato' Faruk, within a short span of time, our Group has grown from strengths to strengths since commencement of operations in February 2006, making our Group the leading flight education and training service provider in Malaysia currently. In January 2010 and May 2010, APFTSB was awarded the Global Award (Diamond Winner) in recognition of our excellent achievements and the Productivity Award 2009 (Open Category) by the Malaysia Productivity Corporation in recognition of our excellence in the quantitative and qualitative enhancement within the organisation respectively. In addition, through Dato' Faruk's management of our Group and his great emphasis on quality and standards of services provided at all times, our Group has successfully procured the recognition from DGCA, which has opened up the opportunity for our Group to tap into the vast Indonesia market. Dato' Faruk is also able to leverage on his vast network of business contacts which has played a significant role in advancing the profile of APFT as well as our Group's local and overseas ventures. Dato' Faruk envisions to bring our Group to scale a greater height with the ultimate aim of growing our Group to become one of the leading regional integrated aviation service providers.

Dato' Faruk graduated in Business Studies from North East Essex College and completed a postgraduate Diploma in Management Studies from Brighton Polytechnic/University of Sussex, United Kingdom in 1971. He has over 30 years of experience in the financial sector, mainly in banking and stock broking. His involvement in the banking industry started when he joined Standard Chartered Bank in 1971 before leaving for United Asian Bank

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

(now part of CIMB Bank Berhad) in 1980. In 1981, he assumed the position of Assistant General Manager, Kwong Yik Bank Berhad (now part of RHB Bank Berhad) before being appointed Executive Director of Inter-Pacific Securities in 1989. His experience in the banking and stock broking industries has turned him into the accomplished businessman with sound business acumen.

In 1994, he was appointed as the Executive Chairman of United Merchant Finance Berhad (now part of CIMB Bank Berhad) where he served until October 2001. At present, he is the Non-Executive Chairman of Furqan Business Organisation Berhad, and Director and Member of the Audit Committee of Premium Nutrients Berhad, both of which are listed on the Main Market of Bursa Securities. He also sits on the boards of directors of private limited companies.

**Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali**, aged 62, is our Executive Director and Principal in our APFTA. He was appointed to our Board on 6 December 2010. He is responsible for managing APFTSB's flight training academy's overall day-to-day operational and administrative functions. He obtained his Flying Instructor qualifications from RAF Shawbury United Kingdom in 1978 and has attended various courses on aviation training.

He has more than 40 years of experience in the aviation industry, both in corporate and commercial flying as well as training of cadets. He had his early education at the Royal Military College and in 1970 began his career with the RMAF. After reaching the post of a Squadron Commander, he left to join the private sector as a professional pilot. He was a founding staff member who was involved in setting up our APFTA in late 2005.

With his vast experience in the training of cadets and experience gained during his stint with the RMAF, he fulfils the stringent criteria and requirements to be the Principal of our APFTA. Through his leadership of our academy, he has instilled a high level of discipline in our cadets as well as mould them with the correct mindset especially on the high responsibilities of a professional pilot which will put them in good stead in their future careers. This has helped position our APFTA in the market as an academy reputable for high level of discipline with drop-out rate of our cadets almost non-existent.

**Arif bin Faruk**, aged 35, is our Non-Independent Non-Executive Director. He was appointed to our Board on 22 June 2010. He is also a founder of our Group.

After obtaining his Bachelor's of Engineering Degree (Aeronautical & Aerospace) from University of London, Queen Mary and Westfield College, United Kingdom, he held the position of Design Engineer with Excelnet Sdn Bhd, a subsidiary company of CTRM working on the Nimrod MRA4 aircraft for BAe Systems. He also held various management and consultancy positions in local SME companies before embarking on his flight training in England, at Cabair College of Air Training (CCAT), where he obtained his professional pilot's licence.

After serving for MAS flying for the Rural Air Services in Sabah and Sarawak, he is presently attached to Jet Premier One Sdn Bhd as a pilot for the Government of Malaysia's Airbus Corporate Jet.

His experience in the aviation industry coupled with his professional flight experience has spurred the growth of our Group. He has been contributing his views and thoughts at the Board level including the setting up and management of flight training school. He is familiar with the latest developments, issues and market requirements in the airline/aviation industry. By sharing his knowledge, he assists APFTSB to ensure that its flight training and education courses are commercially-driven and catered to the industry requirements. In addition, he is instrumental in growing our Group towards achieving our aim to become one of the leading regional integrated aviation service providers.

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**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**Nik Din Bin Nik Sulaiman**, aged 63, is our Independent Non-Executive Director. He was appointed to our Board on 6 December 2010.

He is a member of Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants of the United Kingdom. He has more than 30 years of experience in accounting, auditing and finance. He served in Sime Darby Group from 1992 to 2004, where he held positions as Group Chief Internal Audit Manager and Finance Director. Prior to this, he worked for Promet Berhad from 1982 to 1992 as the Financial Controller and later as the Finance Director.

He is an Independent Non-Executive Director of MTD Capital Berhad and MTD ACPI Engineering Berhad, both of which are listed on the Main Market of Bursa Securities, and Anglo-Eastern Plantations Plc, which is listed on the London Stock Exchange. He also sits on the boards of directors of several private limited companies. He was also a Director of several other private and public listed companies in Malaysia.

**Dato' Haji Suhaimi Bin Abdul Ghani**, aged 60, is our Independent Non-Executive Director. He was appointed to our Board on 6 December 2010.

He is a Licensed Aircraft Maintenance Engineer by profession, graduated from Sydney Technical College, Australia (Aircraft Engineering). He also holds an Advanced Diploma in Transport from the United Kingdom. In addition, he is a Corporate Member of Chartered Institute of Transport, the United Kingdom (now known as Chartered Institute of Logistic and Transport).

He has almost 40 years of experience as an aircraft engineer having been in the aviation industry since 1970. His involvement in the aviation industry started when he joined Qantas Airways in 1970 as a Trainee Engineer – aircraft maintenance. In 1974, he joined MAS as an Aircraft Maintenance Engineer and was subsequently appointed as Engineer-in-Charge. He left MAS in 1980 to join the Department of Civil Aviation where he held various positions ranging from Airworthiness Inspector, Senior Assistant Director of Airworthiness, Deputy Director, Senior Deputy Director and subsequently as Director of Airworthiness, a position he held from 2006 until 2010. His vast experience in the aviation industry will augur well for and assist in achieving our Group's aim of becoming one of the leading regional integrated aviation service providers.

He has also served as a member of UiTM Mechanical Engineering Faculty Academic Advisory Panel and a member of the board of directors of UniKL MIAT. Currently, he sits on the board of directors of several private limited companies involved in the aviation industry.

**Tan Nyap Keong @ Tony Tan**, aged 61, is our Independent Non-Executive Director. He was appointed to our Board on 6 December 2010.

He graduated with a Bachelor of Arts Degree, majoring in Political Science and Administration from University of Tasmania, Australia in 1975.

He then read Law at Lincoln's Inn and was called to the English Bar in July 1979 and the Malaysian Bar in 1980. He practised as an advocate and solicitor with Messrs Syed Alwi Ng & Teoh until 1985 and is currently a partner of a legal firm, Messrs N.K. Tan & Rahim. He has more than 30 years of experience in commercial law and is well-versed in conveyancing, litigation and general law. He is now an advocate and solicitor of the High Court of Malaya.

He was appointed as a Non-Executive Director of Antah Holdings Berhad on 14 July 1999 and subsequently appointed as its Executive Director on 16 June 2000. He resigned from the board of directors of Antah Holdings Berhad on 30 August 2001. He was also an Independent Non-Executive Director of Ho Wah Genting Berhad from 4 July 2001 until 12 December 2007. He served as the Chairman of the Audit, Nomination and Remuneration

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Committee of Ho Wah Genting Berhad until his resignation from the board of directors of Ho Wah Genting Berhad on 12 December 2007. Apart from that, he was also an Independent Non-Executive Director and Chairman of CVM Minerals Limited (a public company listed on the Hong Kong Stock Exchange on 22 December 2008) from 9 November 2007 until 1 September 2010. He also served as the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee of CVM Minerals Limited until his resignation from the board of directors of CVM Minerals Limited on 1 September 2010. He is now the Deputy Chairman and an Independent Non-Executive Director of Ho Wah Genting Berhad as well as member of its Audit Committee and Chairman of its Nomination and Remuneration Committee.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

## 7.2.3 Directors' shareholdings

The direct and indirect shareholdings of our Directors before the IPO (based on the Register of Directors' shareholdings as at the LPD) and after the IPO are as follows:-

Director	Nationality	Before the IPO			After the IPO				
		<-----Direct----->	%	No. of Shares	<-----Direct----->	%	No. of Shares		
Dato' Faruk	Malaysian	50,625,000	37.50	84,375,000 <sup>1</sup>	62.50	39,250,000	25.00	78,500,000 <sup>1</sup>	50.00
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	Malaysian	-	-	-	-	-	-	-	-
Arif Bin Faruk	Malaysian	16,875,000	12.50	118,125,000 <sup>2</sup>	87.50	15,700,000	10.00	102,050,000 <sup>2</sup>	65.00
Nik Din Bin Nik Sulaiman	Malaysian	-	-	-	-	-	-	-	-
Dato' Haji Suhaimi Bin Abdul Ghani	Malaysian	-	-	-	-	-	-	-	-
Tan Nyap Keong @ Tony Tan	Malaysian	-	-	-	-	-	-	-	-

## Notes:

- 1) Deemed interest by virtue of his children, Arif Bin Faruk's, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT and FHSB.
- 2) Deemed interest by virtue of his interests in FHSB and his father, Dato' Faruk's and siblings Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.2.4 Principal business activities and directorships in other corporations for the past five (5) years

Save as disclosed below, none of our Directors have any principal business activities and directorships in any other corporations for the past five (5) years up to the LPD:-

Company name	Principal activity	Position held	Date resigned
<b>Dato' Faruk</b>			
Premium Nutrients Berhad	Investment holding	Independent Non-Executive Director and Member of the Audit Committee	-
<i>Subsidiaries of Premium Nutrients Berhad:-</i>			
<i>Premium Vegetable Oils Sdn Bhd</i>	Manufacture and sale of specialty fats based on palm kernel oil, palm oil, coconut oil, rapeseed oil, soya bean oil etc., including those refined and fractionated	Non-Executive Director	-
<i>Premium Fats Sdn Bhd</i>	Manufacturing downstream products from palm oil	Non-Executive Director	-
<i>Malim Sawit Sdn Bhd</i>	Processing of oil palm fruits, refining of palm oil and sale of refined products along with its by products	Non-Executive Director	-
Furqan Business Organisation Berhad	Investment holding	Executive Chairman <sup>^</sup>	-
<i>Subsidiaries of Furqan Business Organisation Berhad:-</i>			
<i>Eastern Biscuit Factory Sdn Bhd</i>	Property development, investment in properties and hotel operations	Director <sup>^</sup>	-
<i>FBO Land (Setapak) Sdn Bhd</i>	Property development	Director <sup>^</sup>	-
<i>Discover Orient Holidays Sdn Bhd</i>	Tour operator and travel agent	Director <sup>^</sup>	-
<i>FBO Properties Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-
<i>FBO Technologies Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-
<i>Perfect Diamond Capital Sdn Bhd</i>	Investment holding	Director <sup>^</sup>	-
<i>FBO Land (Serendah) Sdn Bhd</i>	Property Investment	Director <sup>^</sup>	-
<i>Kazamas Corporation Sdn Bhd</i>	Property development	Director <sup>^</sup>	-
<i>EBF Land Sdn Bhd</i>	Investment holding	Director <sup>^</sup>	-
<i>Arch Peak Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-
<i>Crystal Oblique Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-
<i>Explicit Vantage Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-
<i>Rimaflex Sdn Bhd</i>	Money lending	Director <sup>^</sup>	-
<i>Exquisite Properties Sdn Bhd</i>	Dormant	Director <sup>^</sup>	-

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Company name	Principal activity	Position held	Date resigned
<i>Rimaflex Nominees (Tempatan) Sdn Bhd</i>	Investment holding	Director <sup>^</sup>	-
<i>Iras Prima Sdn Bhd*</i>	Property investment	Director	31.12.2007
<i>Likas Square Properties Sdn Bhd*</i>	Dormant	Director	31.12.2007
<i>Broadland Construction Sdn Bhd*</i>	Contractor	Director	31.12.2007
<i>Austral Amalgamated Capital Sdn Bhd*</i>	Investment holding	Director	31.12.2007
<i>Insight Gain Sdn Bhd*</i>	Dormant	Director	31.12.2007
<i>Likas View Sdn Bhd*</i>	Property investment	Director	31.12.2007
<i>FBO Land (Pulai) Sdn Bhd*</i>	Property development	Director	31.12.2007
<i>Syarikat Kemajuan Sasa Sdn Bhd*</i>	Dormant	Director	31.12.2007
<i>Great Demand Sdn Bhd*</i>	Dormant	Director	31.12.2007
<i>FBO Tours &amp; Travel Sdn Bhd*</i>	Tour operator and travel agent	Director	29.1.2008
<i>Austral Amal Properties Sdn Bhd*</i>	Property investment	Director	7.3.2008
<i>Austral Amal Properties (PJ) Sdn Bhd*</i>	Property investment	Director	7.3.2008
<i>Arif Dinasti Sdn Bhd*</i>	Property investment	Director	13.6.2008
<i>Austral Leasing Sdn Bhd*</i>	Leasing and hire-purchase financing	Director	31.12.2008
<i>FBO Leasing Sdn Bhd*</i>	Lease and hire-purchase Financing	Director	23.1.2009
<i>FBO Commercial Sdn Bhd*</i>	Hire-purchase financing	Director	23.1.2009
<i>FBO Agency Sdn Bhd*</i>	Insurance agent	Director	23.1.2009
<i>Mandarin Leisure Sdn Bhd*</i>	Tour operator and travel agent	Director	30.12.2009
<i>Ratus Bistari Sdn Bhd*</i>	Timber trading	Director	30.12.2009
<i>Broadland Amalgamated Sdn Bhd*</i>	Property development	Director	30.12.2009
<i>Golden Forum Sdn Bhd*</i>	Property investment	Director	30.12.2009
<i>Duta Kota Sdn Bhd*</i>	Property investment	Director	30.12.2009
FHSB	Investment holding	Director/ Substantial shareholder	-
Agency Eighty 8 Sdn Bhd	Dormant	Director/ Substantial shareholder	-
APFT Properties (2009) Sdn Bhd	Dormant	Director/ Substantial shareholder	-
Jet Flight Support Sdn Bhd	Dormant	Director/ Substantial shareholder	-
Fresh Online Sdn Bhd	Manufacturing and distribution of frozen foods	Director/ Substantial shareholder	-
<i>Subsidiaries of Fresh Online Sdn Bhd:-</i>			
Daska Resources Sdn Bhd	Dormant	Director/ Substantial shareholder	9.6.2008

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Company name	Principal activity	Position held	Date resigned
<b><u>Arif Bin Faruk</u></b>			
FHSB	Investment holding	Director/ Substantial shareholder	-
Nanib Resources Sdn Bhd	Dormant	Director/ Substantial shareholder	-
Agency Eighty 8 Sdn Bhd	Dormant	Director/ Substantial shareholder	-
APFT Properties (2009) Sdn Bhd	Dormant	Director/ Substantial shareholder	-
Jet Flight Support Sdn Bhd	Dormant	Director/ Substantial shareholder	-
<b><u>Nik Din Bin Nik Sulaiman</u></b>			
MTD Capital Berhad	Investment holding	Independent Non-Executive Director	-
MTD ACPI Engineering Berhad	Investment holding	Independent Non-Executive Director	-
Anglo-Eastern Plantations Plc	Cultivation of oil palm and rubber in Indonesia and Malaysia	Independent Non-Executive Director	-
TH Technologies Sdn Bhd	Civil and building construction	Non-Executive Director	-
Borcoss Sdn Bhd	Investment holding	Non-Executive Director	-
Integrated Warehouse Sdn Bhd	Warehousing	Non-Executive Director	-
Integrated Logistic Solution Sdn Bhd	Logistics business	Non-Executive Director	-
M.I. Logistics Sdn Bhd	Logistics business	Non-Executive Director	-
MTD Infraperdana Berhad	Investment holding and engaged as a toll road concessionaire	Independent Non-Executive Director	15.6.2009
Metacorp Berhad	Property development	Independent Non-Executive Director	1.6.2009
Ultimate Building Machine (Malaysia) Sdn Bhd	Automated building system	Independent Non-Executive Director	21.7.2009
Syarikat Borcos Shipping Sdn Bhd	Marine transportation and support services	Independent Non-Executive Director	29.12.2009
<b><u>Dato' Haji Suhaimi Bin Abdul Ghani</u></b>			
UniKL MIAT	Technical training in aviation up to diploma and degree level	Director	-

**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

Company name	Principal activity	Position held	Date resigned
APR-Aviation Training Centre Sdn Bhd	Technical training in aviation for technicians and licenced aircraft maintenance engineers	Non-Executive Chairman	-
Flight Solutions Sdn Bhd	Aviation related management services	Director	-
Airbone Remote Sensing Sdn Bhd	Geospatial data acquisition and processing	Director	-
<b><u>Tan Nyap Keong @ Tony Tan</u></b>			
Ho Wah Genting Berhad	Investment Holding and provision of management services	Deputy Chairman/ Independent Non-Executive Director	-
Timegold Solutions Sdn Bhd	Property Holding	Director/ Substantial shareholder	-
James Wes Sdn Bhd	Property Holding	Director	-
Sovereign Estate Sdn Bhd	Property Investment	Director/ Substantial shareholder	-
Master Theme Sdn Bhd	Property Investment	Director/ Substantial shareholder	-
Timelife Point Sdn Bhd	Property Holding	Director	20.1.2009
Edgewise Portfolio Sdn Bhd	Dormant	Director	3.1.2007
Reliable Action Sdn Bhd	Property Holding	Director	21.12.2007
Goldways Sdn Bhd	Property Holding	Director	26.12.2007
Jubilee Edition Sdn Bhd	Property Holding	Director	26.12.2007
CVM Mineral Ltd	Mining of dolomite and manufacture of magnesium ingots	Independent Non-Executive Chairman	1.9.2010

**Notes:-**

- \* Information was based on the point of disposal of the subsidiary companies by Furqan Business Organisation Berhad.
- ^ Dato' Faruk has been redesignated from the Executive Chairman to Non-Executive Chairman of Furqan Business Organisation Berhad and from Executive Director position to Non-Executive Director position in the subsidiary companies of Furqan Business Organisation Berhad on 2 February 2011.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.2.5 Involvement of our Executive Directors in other businesses/corporations

Saved as disclosed in Section 7.2.4 of this Prospectus, our Executive Directors are not involved in any other businesses/corporations. The involvement of Dato' Faruk in the other businesses/corporations is not expected to affect the operations of our Group as he is principally involved in the day-to-day operations of our Group. His involvement in the aforesaid companies is minimal and he does not hold any executive positions which involve day-to-day operations in these companies, hence this would not be expected to affect his performance in our Group.

### 7.2.6 Management succession plan

As part of our Group's succession plan, we have appointed Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali as our Executive Director. Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali was a founding staff member who was involved in the setting up of our APFTA and is currently the Principal of our APFTA. It is also our intention to eventually redesignate Arif Bin Faruk as an Executive Director at the appropriate time after the Listing. Arif Bin Faruk is currently our Non-Independent Non-Executive Director who has been contributing his views and thoughts at the Board level including the setting up and management of flight training school. He is familiar with the latest developments, issues and market requirements in the airline/aviation industry. Our Group also has the support of a group of experienced senior management who are able to support the current Executive Chairman and Executive Director in the day-to-day operations of our Group.

### 7.2.7 Directors remuneration and benefits

The aggregate remuneration and benefits paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 31 December 2010 and 2011 are as follows:-

	Remuneration Band (RM)	
	FYE 31 December 2010	Proposed for FYE 31 December 2011
Dato' Faruk	-	450,000 – 500,000
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	Below 50,000*	200,000 – 250,000
Arif Bin Faruk	-	Below 50,000
Nik Din Bin Nik Sulaiman	-	Below 50,000
Dato' Haji Suhaimi Bin Abdul Ghani	-	Below 50,000
Tan Nyap Keong @ Tony Tan	-	Below 50,000

Note:-

\* Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali was appointed to our Board on 6.12.2010.

Save as disclosed above, no other amounts or benefits has been paid or intended to be paid to our Promoters, substantial shareholders or Directors within the two (2) years preceding the date of this Prospectus, except for dividends paid to our shareholders.

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.2.8 Service Agreement

As at the LPD, none of our Directors has any existing or proposed service agreements with our Group.

## 7.3 BOARD PRACTICES

### 7.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:-

Name	Date of appointment	Designation	Date of expiration of the current term of office	No. of years in office
Dato' Faruk	22.6.2010	Executive Chairman	N/A	Less than one (1) year
Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	6.12.2010	Executive Director	N/A	Less than one (1) year
Arif Bin Faruk	22.6.2010	Non-Independent Non-Executive Director	N/A	Less than one (1) year
Nik Din Bin Nik Sulaiman	6.12.2010	Independent Non-Executive Director	N/A	Less than one (1) year
Dato' Haji Suhaimi Bin Abdul Ghani	6.12.2010	Independent Non-Executive Director	N/A	Less than one (1) year
Tan Nyap Keong @ Tony Tan	6.12.2010	Independent Non-Executive Director	N/A	Less than one (1) year

At the first AGM of the Company, all the Directors shall retire from office and at the AGM in every subsequent year, one third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Notwithstanding any provision to the contrary contained in the Memorandum and Articles of Associations, an election of the Directors of the Company shall take place every year and all the Directors (including the Executive Chairman) shall retire from office once at least in every three (3) years. A retiring Director shall be eligible for re-election.

### 7.3.2 Audit Committee

Our Audit Committee was established on 15 December 2010 and its members are appointed by our Board. Our Audit Committee comprises the following members:-

Name	Designation	Directorship
Nik Din Bin Nik Sulaiman	Chairman	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	Member	Independent Non-Executive Director
Tan Nyap Keong @ Tony Tan	Member	Independent Non-Executive Director

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

The main functions of the Audit Committee include inter-alia, the review of audit plans and audit reports with our external auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope, functions, competency and resources of the internal audit procedures, review of the financial statements, nomination and resignation of the external and internal auditors and review of related party transactions.

### 7.3.3 Remuneration Committee

Our Remuneration Committee was established on 15 December 2010 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:-

Name	Designation	Directorship
Dato' Haji Suhaimi Bin Abdul Ghani	Chairman	Independent Non-Executive Director
Nik Din Bin Nik Sulaiman	Member	Independent Non-Executive Director
Dato' Faruk	Member	Executive Chairman

The main functions of the Remuneration Committee include inter-alia, the recommendation to our Board the remuneration and terms of employment of the Directors, assisting our Board in assessing the responsibility and commitment undertaken by our Board members and assisting our Board in ensuring the remuneration of the Directors are reflective of the responsibility and commitment of the Directors concerned.

### 7.3.4 Nomination Committee

Our Nomination Committee was established on 15 December 2010 and its members are appointed by our Board. Our Nomination Committee comprises the following members:-

Name	Designation	Directorship
Tan Nyap Keong @ Tony Tan	Chairman	Independent Non-Executive Director
Dato' Haji Suhaimi Bin Abdul Ghani	Member	Independent Non-Executive Director
Arif Bin Faruk	Member	Non-Independent Non-Executive Director

The main functions of the Nomination Committee include inter-alia, the review of all nominations for the appointment or re-appointment of members of the Board and to determine the selection criteria therefore, review of the structure, size, composition and performance of our Board, and to ensure that all our Directors undergo appropriate introduction and training programmes.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.4 KEY MANAGEMENT

#### 7.4.1 Key management shareholdings

The details of our key management and their direct and indirect shareholdings in our Company before (based on the Register of Members as at the LPD) and after the IPO are as follows:-

Key management	Designation	Nationality	Before the IPO			After the IPO*				
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Faruk Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali	Executive Chairman Executive Director / Principal of APFTA	Malaysian Malaysian	50,625,000	37.50	84,375,000 <sup>1</sup>	62.50	39,250,000	25.00	78,500,000 <sup>1</sup>	50.00
Captain Syed Abdullah Bin Syed Ariffin	Chief Instructor	Malaysian	-	-	-	-	50,000	0.03	-	-
Captain Mokhyiddin Bin Abu Bakar	Chief Flying Instructor	Malaysian	-	-	-	-	50,000	0.03	-	-
Captain Ramamoorthy Vijay Kumar	Pilot Training Manager	Indian	-	-	-	-	50,000	0.03	-	-
Captain Mohd Shahrin Bin Abu Hassan	Quality Management System Manager	Malaysian	-	-	-	-	50,000	0.03	-	-
Captain Thalji Bin Md. Kadri	Chief Ground Instructor	Malaysian	-	-	-	-	50,000	0.03	-	-
Captain Salleh Bin Amil	Chief Simulator Instructor	Malaysian	-	-	-	-	50,000	0.03	-	-
Diip Patel	Chief Engineer	UK	-	-	-	-	50,000	0.03	-	-
Briged General (Rtd) Dato' Haji Jamaluddin Bin Haji Shamsuddin	Business Development and Marketing Manager	Malaysian	-	-	-	-	35,000	0.02	-	-
Major (Rtd) Ahmad Radzi @ Ismail bin Hashim	General Manager of APFT Services	Malaysian	-	-	-	-	50,000	0.03	-	-
Mazli Bin Ishak	Senior Manager	Malaysian	-	-	-	-	50,000	0.03	-	-

7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Key management	Designation	Nationality	Before the IPO				After the IPO*			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mohammad Zuraiddi Bin Zainol	Human Resource and Administration Manager	Malaysian	-	-	-	-	35,000	0.02	-	-

Notes:

- \* On the assumption that the respective senior management will subscribe for their pink form share allocation.
- 1) Deemed interest by virtue of his children, Arif Bin Faruk's, Aida Binti Faruk's and Aisyah Binti Faruk's direct shareholdings in APFT and FHSB.

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## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.4.2 Profiles

The profiles of the key management of our Group are as follows:-

#### **Dato' Faruk**

Please refer to Section 7.2.2 of this Prospectus for his profile.

#### **Mejar (Rtd) Dato' Mohd Kalaithe @ Mohd Khalid Bin Ali**

Please refer to Section 7.2.2 of this Prospectus for his profile.

**Captain Syed Abdullah Bin Syed Ariffin**, aged 52, is our Chief Instructor and is primarily responsible for maintaining the standard of instruction and flight procedures. As the Chief Instructor, he ensures the instructors meet the required standards when conducting their duties.

He began his flying career with the RMAF in 1977. He left the RMAF after 17 years of service and during this period of service he has served in the various capacities which include the posts of Flying and Chief Ground Instructor in Pulatibang RMAF Alor Setar, Chief Instructor in RMAF Butterworth and as Staff Officer for the RMAF Directorate of Training in the Ministry of Defence, Kuala Lumpur.

After leaving RMAF, he joined Perak Aero Club and HMA, before joining APFTSB in August 2007 as Flying Instructor. He was promoted to Chief Instructor in June 2008. With almost 33 years of experience in the aviation industry, Capt. Syed Abdullah has flown various types of aircraft which include Bulldog B100, Tebuan CL41-G, Northrop F5E/B/F, Cessna 402B, Cessna 172, Eagle 150B, Tobago TB 10, Diamond 40 and Diamond 42. He is also an approved DCA Malaysia Authorised Examiner and a DCA Malaysia Authorised Flight Instructor Examiner.

**Captain Mokhyiddin Bin Abu Bakar**, aged 57, is our Chief Flying Instructor.

He commenced his flying career with the RMAF in 1973 and served the RMAF for over 22 years. In 1980, Capt. Mokhyiddin attended a Flying Instructor Course in RAAF East Sale Victoria, Australia. During his service, he has served the RMAF in various capacities including Flying Instructor in RMAF Alor Setar and Kuantan.

In 1992, he was promoted to Lieutenant Colonel and in 1993, he was appointed as the Air Force Directing Staff in the Armed Forces Staff College Haigate MINDEF. He retired from the RMAF as Lieutenant Colonel and upon his retirement, he joined MAS. In 2006, he joined APFTSB as the Chief Flying Instructor, a position which he still holds to date. He is an approved DCA Authorised Examiner.

Having more than 37 years of experience in the aviation industry, he has flown various aircraft including Bulldog B100, Canadair CL41G, Northrop F5E/B, Macchi 326, Cessna 402B, Fokker 50, Twin Otter DHC-6, Piper Seneca PA34, Piper Warrior, Diamond 40 and Diamond 42.

**Captain Ramamoorthy Vijay Kumar**, aged 65, is our Pilot Training Manager, and is primarily responsible for coordinating the flight training and monitoring the development of cadets. Among his responsibilities are to ensure that cadets finish their course within the stipulated timeframe.

He has over 45 years of experience in the aviation industry. He graduated from the National Defence Academy, India in May 1965 and served as a pilot in the Indian Air Force till 2001. During his service with the Indian Air Force, he has served as Flying Instructor at the Elementary Flying School, the Paratrooper Training School and the Flying Instructors' School. He was also the Senior Instructor at Defence Services Staff

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

College in India. After leaving the Indian Air Force, he joined the MFA as the Operations Coordinator, where he was responsible for coordinating the flying and ground school training. He was also a ground and simulator instructor.

He joined APFTSB as a Ground Instructor in 2006, and was promoted to the position of the Chief Ground Instructor in October 2007. He was later appointed as Pilot Training Manager at APFTSB in 2010.

**Captain Mohd Shahrin Bin Abu Hassan**, aged 42, is our Quality Management System Manager. He is an ISO 9001 QMS Lead Auditor trained by SIRIM Training Services. He joined APFTSB in 2006 as a Ground Instructor and later as a Flight Simulator Instructor.

He was a commercial pilot. He started his career in 1990 with MAS as a Cadet Pilot, and was sent for training at the Civil Air Training Academy in New South Wales, Australia. During his service in MAS, he flew Boeing 737-300, 737-400 and 737-500.

After leaving MAS, he worked in several local and foreign companies involved in aviation projects and international trade. His past responsibilities included administration works, business and policy development and as a country representative to a foreign trading company based in Eastern Europe.

**Captain Thalji Bin Md. Kadri**, aged 51, is our Chief Ground Instructor.

He began his career with the RMAF in 1979 and served the RMAF for over 15 years. Among the post he held during his service include that of a Flight Commander. During his resettlement period prior to his retirement, he attended a Flying Course at Australia Flying Training School, Banks Town, Sydney, Australia. He opted for early retirement from the RMAF in 1993 and worked in the various private sectors after the retirement. He joined APFTSB as a Ground Instructor in 2006. He was appointed as Chief Ground Instructor in 2010 which he still holds to date.

Having more than 25 years of experience in the aviation industry, he has flown various aircraft including Bulldog B100, Cessna T36B, Boeing 737 (T45), Cessna 152, Cessna 152 Aerobat, Tobago TB 10, Beech Craft Duchess BE76, Hercules C130H, and Hercules PC130H.

**Captain Salleh Bin Amil**, aged 51, is our Chief Simulator Instructor and is primarily responsible for cadet simulator training.

He began his career as a pilot with the RMAF where he also obtained his credentials as a qualified Flying Instructor. In 1995, he left the RMAF to join MAS. During his stint with MAS, he served as Captain for Fokker, Twin Otter and Boeing B737-400. He left the airline to join APFTSB in 2007. He has been in the aviation industry for almost 30 years since 1981 and is an experienced pilot and simulator trainer.

**Dilip Patel**, aged 56, is our Chief Engineer and is responsible for the overall operations of the Engineering Maintenance Department.

He began his career as a licenced engineer in 1976 with Personal Plane Services Ltd, Wycombe, UK. He has acquired vast experience in the aviation industry having worked as an aircraft engineer in the UK companies, which amongst others, include Light Aircraft Services Ltd, Leatherhead, Surrey, C. D, Personal Plane Services Ltd, Wycombe Air Pa, Cabair Maintenance Ltd and Elstree Aerodrome, Hertfordshire, UK. He has been in the Aviation industry for the last 30 years since 1981.

He was appointed as our Chief Engineer in July 2010 and is in-charge of the engineering maintenance of our Group's aircraft.

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**7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

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**Briged General (Rtd) Dato' Haji Jamaluddin Bin Haji Shamsuddin** aged 59, is our Business Development and Marketing Manager primarily responsible for the marketing of services provided by our Group.

He graduated with a Bachelor of Defence Studies from the Joint Defense and Staff College Mirpur, Dhaka, Bangladesh. He commenced his career with RMAF in 1970 and retired in 2007 after 37 years of service. He joined APFTSB in November 2010.

During the years of his service, he has accumulated wide range of experience and networking whilst serving with the RMAF. He served in various capacities ranging from Human Resource and Administration Staff Officer, Assistant Commandant and Commandant in various divisions/ detachments until his last appointment as the Assistant Chief of Staff Administration of RMAF. During his stint with RMAF, he has attended various courses relating to defence strategies and other related courses.

**Major (Rtd) Ahmad Radzi @ Ismail bin Hashim** aged 62, is our General Manager of APFT Services primarily responsible for the overall operations of APFT Services.

He holds a Diploma in Management Science from the National Institute of Public Administration, Malaysia. He is a retired RMAF officer. He was commissioned as an RMAF officer in 1968, trained as pilot in 1972 and a flight instructor in 1978. While serving in the RMAF, he attended a course at the Maxwell Air University, Alabama, USA, where he obtained the title Passed Staff College. He served in RMAF for 24 years and retired with the rank of a Major in 1990. After his retirement from the RMAF, he joined various flying schools and held several key positions, among others, Chief Instructor of MFA, Principal of Mofaz Flight Academy, Principal of HMA, Principal of KLIFA and Director of Flight Training of GGIFA. He joined APFT in September 2010.

**Mazli Bin Ishak**, aged 32, is our Senior Manager in charge of the Accounts and Credit Control. He holds a Diploma in Accountancy and a Bachelor of Accountancy (Hons) from UiTM.

After his graduation from UiTM in 2002, he commenced his career as an Executive with Permodalan Nasional Berhad. In 2003, he joined Furqan Business Organisation Berhad, a public listed company as an Accounts Executive. In 2006, he joined Seacera Tiles Berhad, another public listed company as an Assistant Accounts Manager. He then joined Ranhill Engineers & Construction Sdn Bhd, an engineering and construction company, as an Accounts Executive.

He joined APFTSB in April 2008 as an Accounts Manager and was later promoted to Senior Manager in July 2010.

**Mohammad Zuraidi Bin Zainol**, aged 38, is our Human Resource and Administration Manager primarily responsible for human resource and administrative matters.

He graduated from University of Malaya where he obtained his Diploma in Human Resource Management in 2000. He also holds a Certificate in Human Resource Management from JT Frank Academy as well as a Certificate in Personnel Management from the Malaysian Institute of Personnel Management. From April 2002 to March 2003, he attended the Bullet Proof Manager Program organised by Crestcom International in Englewood, Colorado, USA.

He has over 18 years of experience in Human Resources, starting his career in 1991 with Island & Peninsular Berhad, a multinational conglomerate, as a Personnel and Training Assistant. He left to join Pelangi Beach Resort, Langkawi in 1993 and subsequently Desaru Development Corporation in 1995 as a Group HR Executive. He then joined Metal Reclamation Industries Berhad as Head of Human Resource and worked for 11 years. In 2008, he joined Arup Jururunding Sdn Bhd, an engineering consulting firm as a Human Resource and Administration Manager.

## **7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)**

He joined APFTSB as our Human Resource and Administration Manager in April 2010, a position which he still holds to date.

### **7.4.3 Involvement of our key management in other business/corporations**

As at the LPD, save as disclosed in Section 7.2.4 of this Prospectus, none of our key management is involved in other businesses or corporations besides our Group.

## **7.5 DECLARATIONS FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT**

None of our Promoters, Directors and key management is or was involved in any of the following events, whether within or outside Malaysia:-

- (i) A petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or key management;
- (ii) Disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of the corporation;
- (iii) Charged and/or convicted in criminal proceeding, or is a named subject of pending criminal proceedings;
- (iv) Any judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) The subject of any order, judgment or ruling of any court, government or regulatory authority or body, permanently or temporarily enjoining him from engaging in any type of business practice or activity.

## **7.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save for Dato' Faruk who is father to Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk, who in turn are siblings, there are no family relationships (as defined under Section 122A of the Act) and associations between or amongst our Directors, Promoters, substantial shareholders and key management.

## **7.7 SERVICE AGREEMENTS**

As at the LPD, none of our key management and technical personnel has any existing or proposed service agreements with our Group.

## 7. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

### 7.8 MANAGEMENT AND EMPLOYEES

As at the LPD, our total workforce is 126 employees, of which 111 are permanent employees and 15 are contractual employees. The functional distribution of our total number of employees at the end of the past three (3) FYE 31 December 2008 to 2010 is as follows:-

Category of employee	←-----No. of employees----->		
	←-----FYE 31 December----->		
	2008	2009	2010
Management	7	10	14
Technical and supervisory	40	72	81
Clerical and related occupations	35	50	32
<b>Total</b>	<b>82</b>	<b>132</b>	<b>127</b>

The increase in the number of staff in the FYE 31 December 2009 is mainly due to the significant increase in the number of instructors, engineering staff, crew residence staff and administration staff. In 2009, our Group has recruited additional 13 instructors to cater for the increase in the number of students intake and concomitantly to comply with the ratio of the number of flying instructors to students who are flying set by the DCA. In addition, our Group has also recruited 19 additional engineering staff for maintenance of the additional aircraft acquired by our Group.

For the FYE 31 December 2010, our Group has employed an average of 15 contractual / temporary employees.

None of our employees are members of any union nor have there been any major industrial disputes in the past.

Our Group recognises the importance of human resource which plays a pivotal role in our continuous growth and we view sound human resource management as one of our critical success factors. We continuously and proactively cultivate positive working culture by having good working relationships with our employees and place great emphasis on creating a conducive and comfortable working environment for our employees as we believe that a well-motivated and well-managed workforce is essential for efficient operations and the success of our business as a whole.

In order to enhance operational efficiencies and as part of our continuous training and development process, we also encourage our employees to attend training to upgrade their skills and knowledge involved in the business operation.

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## 8. APPROVALS AND CONDITIONS

### 8.1 APPROVALS FROM RELEVANT AUTHORITIES

Our Listing Scheme is subject to the following approvals being obtained:-

- (a) The approval of the SC, pursuant to Section 212(5) of the CMSA and the equity requirements for public companies, which was obtained vide its letter dated 21 October 2010;
- (b) Bursa Securities vide its letter dated 27 January 2011, for the admission to the Official List and listing of and quotation for the entire enlarged issued and paid-up share capital of APFT on the Main Market of Bursa Securities; and
- (c) Any other relevant authorities and/or parties, if necessary.

Our Company has voluntarily submitted an application to the SC for a Shariah compliance review to be carried out by the SAC as part of the process of determining our Shariah status. The SAC of the SC had, vide its letter dated 12 August 2010, classified our Company's Shares as Shariah-compliant.

### 8.2 CONDITIONS ON APPROVALS

The conditions imposed by the SC vide its letter dated 21 October 2010 and the status of compliance with these conditions are as follows:-

Conditions imposed by the SC	Status of compliance
Bank Islam / APFT should disclose in its listing prospectus the Group's succession plan	Met. Please refer to Section 7.2.6 of this Prospectus.
Bank Islam / APFT should fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the proposal.	Noted

### 8.3 MORATORIUM ON SALE OF SHARES

In accordance with the SC's Equity Guidelines, a moratorium shall be imposed on the entire shareholdings held by our Promoters comprising 117,750,000 Shares, representing 75.00% of our enlarged issued and paid-up share capital. Our Promoters are not allowed to sell, transfer or assign their respective shareholdings in our Group within six (6) months from the date of our admission to the Official List of the Main Market of Bursa Securities.

Details of our Company's Shares held by our Promoters which will be subject to moratorium are as follows:-

Name of shareholders	Direct shareholdings after the IPO	
	No. of Shares	% of enlarged issued and paid-up share capital
FHSB	47,100,000	30.00
Dato' Faruk	39,250,000	25.00
Arif Bin Faruk	15,700,000	10.00
Aida Binti Faruk	7,850,000	5.00
Aisyah Binti Faruk	7,850,000	5.00
<b>Total</b>	<b>117,750,000</b>	<b>75.00</b>



**8. APPROVALS AND CONDITIONS (Cont'd)**

The restriction, which is fully acknowledged by the aforesaid shareholders, is specifically endorsed on the notices of allotment representing the respective shareholdings of the shareholders which are under moratorium as follows:-

*"The shares comprised herein are not capable of being sold, transferred or assigned for a period determined by the SC ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of Bursa Securities 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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## 9. OTHER INFORMATION

## 9.1 INFORMATION ON THE MATERIAL LAND AND BUILDINGS

9.1.1 A summary of the material land and buildings owned by our Group as at the LPD is as follows:-

Name of registered owner /Lot No. / Postal Address	Description / Existing Use	Tenure of Land	Date of Issuance of Occupancy Certificate	Land Area / Built-Up Area	Express Condition / Restriction in Interest	Encumbrances	NBV as at 31 December 2010 (RM'000)
APFTSB <sup>(1)</sup> Parcel No.1-3-1, Floor 3, Block 1, Amaya Saujana Phase 3, 41050 Selangor Darul Ehsan, held under Master Title Geran No. 247193, Lot No. 333, Bandar of Saujana, District of Petaling, State of Selangor Darul Ehsan	The property is one (1) unit of a service apartment, located on the third floor of a block which is currently under construction. The service apartment will be used as student hostel during detachment flying at Subang airport.	Freehold	15.10.2010	N/A / 1,808 sq ft	Nil	By way of a charge of the property registered in favour of CIMB Bank Berhad as financier for the property and pursuant to a debenture in favour of Kuwait Finance House (Malaysia) Berhad for loans granted to APFTSB.	794
APFTSB <sup>2</sup> Suite 50-5-5, 5 <sup>th</sup> Floor Wisma UOA Damansara, No. 50, Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur, held under Master Title Geran No. 10474, Lot No. 8345, Daerah and Negeri Wilayah Persekutuan	Office premise. The property is an office unit in Wisma UOA, located on the 5 <sup>th</sup> floor and is currently used as the corporate office for APFTSB.	Freehold	24.06.2003	N/A / 1,956 sq ft	The property is used for commercial buildings for the purpose of office use only	By way of a Deed of Assignment over the property in favour of Public Bank Berhad as financier for the property	Nil

**9. OTHER INFORMATION (Cont'd)**

Notes:

- (1) Pursuant to the sale and purchase agreement dated 31.12.2009 between Khuan Choo Development Sdn Bhd (as developer), Diversified Rank Sdn Bhd (as proprietor) and APFTSB (as purchaser). The vacant possession was handed to APFTSB on 29 December 2010.
- (2) Pursuant to the sale and purchase agreement dated 10.3.2010 between Dalin Nik Radiah Binti Nik Hassan (as vendor) and APFTSB (as purchaser) which was completed on 13.1.2011. As such, the NBV as at 31 December 2010 is nil.

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## 9. OTHER INFORMATION (Cont'd)

9.1.2 A summary of the material land and buildings tenanted by our Group as at the LPD is as follows:-

	Name of lessor: Lot No./postal address	Name of lessee	Description / Existing Use	Land area / Built-up area	Tenure / date of expiry	Monthly Rental (RM)
1	MASB <sup>(1)</sup> Space at Old Terminal Building, Sultan Ismail Petra Airport, Kota Bharu, Kelantan Darul Naim	APFTSB	Office and flying academy.  This portion of the building is utilised as ground school (i.e. classrooms and examination hall).	N/A / 1,080 sq ft	Three (3) years / 29.2.2012	1,965.60
2	MASB <sup>(2)</sup> Space at Old Terminal Building, Sultan Ismail Petra Airport, Kota Bharu, Kelantan Darul Naim	APFTSB	Office and flying academy.  This building is utilised as the ground school (i.e. classrooms, library, instructors rooms, cafeteria) and the administrative office as well as simulator centre.	N/A / 15,796 sq ft	Three (3) years / 31.10.2013	37,436.52
3	MASB <sup>(3)</sup> Part of the land at general aviation area, Sultan Ismail Petra Airport, Kota Bharu, Kelantan Darul Naim	APFTSB	Hangar space, parking apron, aircraft shade and taxiway.  The hangar is the operations centre for flight training. It has rooms for flight instructors, briefing rooms and cafeteria. The engineering maintenance department of APFTSB is also located here with the stores and workshop. The hangar is able to house aircraft for servicing and repair.	87,995 sq ft / 37,346 sq ft	Three (3) years with an extension of three (3) years plus three (3) years / 31.7.2012	17,493.00 (for first three (3) years) 26,292.00 (for second optional three (3) years) 35,092.00 (for third optional three (3) years)

## 9. OTHER INFORMATION (Cont'd)

	Name of lessor: Lot No./postal address	Name of lessee	Description / Existing Use	Land area / Built-up area	Tenure / date of expiry	Monthly Rental (RM)
4	MASB <sup>(4)</sup> Part of the land at general aviation area, Sultan Mahmud Airport, Kuala Terengganu, Terengganu Darul Iman	APFTSB	Office, garage, shelter and related services.  The space houses a hangar which can accommodate aircraft for minor service. The building also houses the operations room, briefing room and restroom.	11,162 sq ft / 10,382 sq ft	Three (3) years with an extension of three (3) years plus three (3) years / 31.7.2012	8,929.76
5	Majlis Agama Islam dan Adat Istiadat Melayu Kelantan ("MAIAMK") <sup>(5)</sup> A piece of land held under Lot 3053/GM2372, Mukim Panchor, District of Kemumin, Jajahan Kota Bharu, Kelantan Darul Naim	APFTSB	Crew residence.  The land area is built up with 36 single storey villas, for student accommodation. A main house provides facilities such as lounge, dining room, laundry and gymnasium.	175,811 sq ft / 38,454 sq ft	Three (3) years plus extension periods for three (3) years period to maximum of 10 years	5,000.00
6	Ho Chee Weng <sup>(6)</sup> No. 2, Jalan Hilir 1, Taman Sri Angkasa Hilir, Kampung Pandan Dalam, 55100 Kuala Lumpur	APFT Express	Part of the ground floor / shop lot.  The space has a kiosk / outlet for the non bank remittance business under APFT Express.	N/A / 50 sq ft	One (1) year / 28.2.2012	1,300.00

## 9. OTHER INFORMATION (Cont'd)

	Name of lessor: Lot No./postal address	Name of lessee	Description / Existing Use	Land area / Built-up area	Tenure / date of expiry	Monthly Rental (RM)
7	Dato' Faruk <sup>(1)</sup> 3-storey shop lot located at HSD 3468, PT 1661, Bandar Baru Kubang Kerian, Jajahan Kota Bharu, Kelantan Darul Naim	APFTSB	Accommodation for crew residence. The 3-storey shop lot has been converted into additional accommodation for the cadets during the course of the pilot training.	N/A / 4,062 sq ft	Monthly tenancy	4,365.00
8.	Federal Land Commissioner Lot 625, Mukim Batu Mengkebang, Daerah Kuala Krai	APFTSB	Air Strip	142,398 sq ft	Three (3) years / 31.7.2013	2,000.00

## Notes:

- (1) Pursuant to a tenancy agreement dated 12 October 2010 between MASB and APFTSB. APFTSB had written to request MASB to provide a copy of the certificate of fitness/ certificate of compliance and completeness. MASB had replied to inform that they do not have copies of the certificate of fitness/ certificate of compliance and completeness in their possession as these premises are deemed as government building. MASB has confirmed that the premises rented to APFTSB are, to the best of their knowledge and belief, fit for its purpose.
- (2) Pursuant to a tenancy agreement dated 12 October 2010 between MASB and APFTSB. APFTSB had written to request MASB to provide a copy of the certificate of fitness/ certificate of compliance and completeness. MASB had replied to inform that they do not have copies of the certificate of fitness/ certificate of compliance and completeness in their possession as these premises are deemed as government building. MASB has confirmed the premises rented to APFTSB are, to the best of their knowledge and belief, fit for its purpose.
- (3) Pursuant to a tenancy agreement dated 12 October 2010 between MASB and APFTSB. The monthly rental payable by APFTSB during the tenure is the net amount after offsetting cost incurred by APFTSB in improvements made to the runway. APFTSB has been issued with permit for temporary structure which is valid to 9 June 2011 in respect of the hangar space.
- (4) Pursuant to a tenancy agreement dated 10 June 2010 entered into between MASB and APFTSB. APFTSB has been issued with an annual temporary permit for temporary structure which is valid to 31 December 2011 in respect of the hangar.
- (5) Pursuant to a tenancy agreement dated 19 December 2006 entered into between MAIAIMK and APFTSB ("MAIAIMK Tenancy Agreement"). The land condition stated in the title for the land is "agriculture-oil palm". APFTSB had tenanted the land from MAIAIMK for the construction of hostel. The construction plan was approved by MAIAIMK and subsequently the building plan was approved by Majlis Perbandaran Kota Bharu whereby the certificate of fitness in respect of the crew residence was issued on 4 August 2010. Pursuant to the terms of the MAIAIMK Tenancy Agreement, the land and the crew residence constructed thereon shall be surrendered to MAIAIMK at the end of the tenancy or upon the termination of the agreement. The MAIAIMK Tenancy Agreement also provides that either party may terminate the agreement by giving three (3) months notice and it is expressly stated that if MAIAIMK exercises its right to terminate the agreement prior to the expiry of the tenancy, MAIAIMK shall compensate APFTSB the cost of construction on the premises (based on the current amount that would have to be incurred) provided that the amount shall not exceed RM2.5 million. It is APFTSB's intention to eventually house all of APFTA's students in one (1) location and APFTSB has already commenced looking for suitable sites for the construction of a campus, consisting of the hostels, ground school and other amenities. In the event that MAIAIMK prematurely terminates the MAIAIMK Tenancy Agreement and APFTSB is required to vacate the premises prior to the alternative site being identified and/or completion of the construction of the proposed campus, APFTSB will house the students temporarily in rented apartments, other landed properties and hotels. It would take an estimated timeframe of approximately three (3) months to complete the relocation of students to the temporary accommodation.

**9. OTHER INFORMATION (Cont'd)**

- (6) Pursuant to a tenancy agreement dated 2 March 2010 entered into between Ho Chee Weng and APFT Express and varied by a letter of extension dated 27 January 2011 from APFT Express and accepted by Ho Chee Weng on 10 February 2011. The premise has been issued with a temporary certificate of fitness by Ampang Jaya Municipal Council which expired on 28 July 1996. The final certificate of fitness has not been issued as the developer for the premises, Kabra Development Sdn Bhd, has since gone into liquidation. Subject to the approval of BNM being obtained for the change in premises, the Board believes that APFT Express will not have any difficulties in renting alternative premise to operate its business if the need arises.
- (7) APFTSB is currently renting the premise from Dato' Faruk. On 22 June 2010, AFTSB entered into a sale and purchase agreement with Dato' Faruk for the acquisition of the premises by APFTSB for a total cash consideration of RM690,000. As at the LPD, the agreement is pending completion.

To the best of our Directors' knowledge and belief, there is no material non-compliance with any regulatory requirement and environmental issue which may materially affect our Group's operations and utilisation of assets in respect of the properties owned/subleased by our Group.

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**9. OTHER INFORMATION (Cont'd)****9.2 SIMULATORS AND AIRCRAFT**

The information on simulators and aircraft utilised by us at our academies in the Sultan Ismail Petra Airport in Kota Bharu, Kelantan, Sultan Mahmud Airport Kuala Terengganu, Terengganu and Sultan Abdul Aziz Shah Airport, Subang, Selangor is as follows:-

No. of unit	Description	NBV as at 31 December 2010 RM'000
	<b>Simulators</b>	
1	- Alsim 200MCC	512
1	- Alsim DA42	1,010
		<b>1,522</b>
	<b>Aircraft</b>	
10	- Diamond DA40 single-engine	8,190
18	- Piper PA28 Warrior single-engine	11,836
3	- Diamond DA42 twin-engine	5,187
1	- Piper Seneca PA34 twin-engine	1,026
1	- Robinson R44 helicopter	1,455
		<b>27,694</b>

The table below summarises the aircraft (including leased aircraft) based on our academies as at the LPD:

Locations	Aircraft	Total
Old Terminal Building, Ismail Petra Airport, Pengkalan Chepa, 16100 Kota Bharu, Kelantan Darul Naim	Ten (10) units of Diamond DA40 Two ( 2) units of Diamond DA42 14 units Piper PA28 Warrior Two (2) units Piper Seneca PA34 One (1) unit Robinson R44	29
Sultan Mahmud Airport, 21300 Kuala Terengganu, Terengganu Darul Iman	Four (4)* units of Piper PA28 Warrior	4
Sultan Abdul Aziz Shah Airport, 47200 Subang, Selangor Darul Ehsan	Two (2)* units of Diamond DA42	2
		<b>35</b>

**Note:**

- \* The number of aircraft is subject to the number of students undergoing flight training phase at the respective satellite aerodrome at any one time.

Our Board is of the opinion that our Group has sufficient capacity to meet the current and anticipated level of students' enrolments and will continue to monitor the capacity requirements to ensure that our Group's operations run smoothly.



**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST****10.1 Non-recurrent related party transactions**

Pursuant to the Listing Requirements, subject to certain exemptions, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries, which involves the interest, direct or indirect, of a related party. A "related party" is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding 6 months before the transaction was entered into). "Major shareholder" means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

The following table sets out the material transactions which have been entered into by our Group in respect of the three (3) most recent completed FYE 31 December 2010:-

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and APFT Services <sup>1</sup>	Purchase of aircraft by APFTSB from APFT Services	14,700,000	-	-	Dato' Faruk: <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Services.</li> </ul>
APFTSB and APFT Services <sup>1</sup>	Disposal of aircraft by APFTSB to APFT Services	-	2,611,584	-	Datin Nik Radiah Binti Nik Hassan: <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB and APFT Services.</li> <li>Substantial shareholder of APFT Services.</li> </ul> Arif Bin Faruk: <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and APFT Engineering <sup>2</sup>	Subscription by APFTSB of 149,998 ordinary shares of RM1.00 each in APFT Engineering	-	-	149,998	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Engineering.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB and APFT Engineering.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB and APFT Engineering.</li> </ul>
APFTSB and APFT Express <sup>3</sup>	Subscription by APFTSB of 149,998 ordinary shares of RM1.00 each in APFT Express	-	-	149,998	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Express.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk</li> <li>Director of APFTSB.</li> <li>Substantial shareholder of APFT Express.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB.</li> <li>Director of APFT Express.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Dato' Faruk	Disposal by APFTSB to Dato' Faruk of 2,000,000 ordinary shares of RM1.00 each in APFT Services	2,000,000	-	-	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Services.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB and APFT Services.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB.</li> </ul>
APFTSB and Dato' Faruk	Purchase by APFTSB from Dato' Faruk of one (1) ordinary share of RM1.00 each in APFT Engineering	-	-	1	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Engineering.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB and APFT Engineering.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB and APFT Engineering.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Dato' Faruk	Purchase by APFTSB from Dato' Faruk of one (1) ordinary share of RM1.00 each in APFT Express	-	-	1	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB and APFT Express.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>• Director of APFTSB.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>• Director of APFT Express.</li> <li>• Substantial shareholder of APFTSB and APFT Express.</li> </ul>
APFTSB and Dato' Faruk	Purchase by APFTSB from Dato' Faruk of a 3-storey shop lot held under the title Number HS(D) 3468, PT 1661 of Bandar Baru Kubang Kerian, Jajahan Kota Bharu, Negeri Kelantan <sup>4</sup>	-	-	690,000	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>• Director and substantial shareholder of APFTSB.</li> </ul>

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Dato' Faruk	Advance from Dato' Faruk to APFTSB for the purchase of ten (10) units of Piper aircraft	-	-	4,842,500*	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>• Director of APFTSB (within the preceding six (6) months before the transaction was entered into).</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan, and sibling of Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>• Director and substantial shareholder of APFTSB.</li> </ul> <p>Aida Binti Faruk and Aisyah Binti Faruk:</p> <ul style="list-style-type: none"> <li>• Daughter of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan and siblings of Arif Bin Faruk.</li> <li>• Substantial shareholders of APFTSB.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Dato' Faruk	Advance from Dato' Faruk to APFTSB for the purchase of one (1) unit of Diamond DA42	-	-	1,200,000 <sup>^</sup>	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB.</li> </ul>
	Advance from Dato' Faruk to APFTSB for working capital purpose	-	-	1,087,362 <sup>^</sup>	<p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>• Director of APFTSB (within the preceding six (6) months before the transaction was entered into).</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan, and sibling of Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>• Director and substantial shareholder of APFTSB.</li> </ul> <p>Aida Binti Faruk and Aisyah Binti Faruk:</p> <ul style="list-style-type: none"> <li>• Daughter of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan and siblings of Arif Bin Faruk.</li> <li>• Substantial shareholders of APFTSB.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Datin Nik Radiah Binti Nik Hassan	Disposal by APFTSB to Datin Nik Radiah Binti Nik Hassan of 1,000,000 ordinary shares of RM1.00 each in APFT Services	1,000,000	-	-	<p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB and APFT Services.</li> </ul> <p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholders of APFTSB and APFT Services.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB.</li> </ul>
APFTSB and Datin Nik Radiah Binti Nik Hassan	Purchase by APFTSB from Datin Nik Radiah Binti Nik Hassan of the office space at Suite 50-5-5, 5 <sup>th</sup> Floor Wisma UOA Damansara, No. 50 Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur <sup>5</sup>	-	-	1,000,000	<p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB.</li> </ul> <p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Substantial shareholder of APFTSB.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Arif Bin Faruk	Purchase by APFTSB from Arif Bin Faruk of one (1) ordinary share of RM1.00 each in APFT Engineering	-	-	1	<p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>• Substantial shareholder of APFTSB and APFT Engineering.</li> </ul> <p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB and APFT Engineering.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>• Director of APFTSB and APFT Engineering.</li> </ul>
APFTSB and Arif Bin Faruk	Purchase by APFTSB from Arif Bin Faruk of one (1) ordinary share of RM1.00 each in APFT Express	-	-	1	<p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>• Director of APFTSB and APFT Express.</li> <li>• Substantial shareholder of APFTSB and APFT Express.</li> </ul> <p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>• Director and substantial shareholders of APFTSB and APFT Express.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>• Director of APFTSB.</li> </ul>



## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Essence Food Enterprise	Provision of food and beverage catering services to the staff, crew and students at APFTSB's academy in Kota Bharu <sup>6</sup>	1,083,713	1,638,683	309,364	Datin Nik Radiah Binti Nik Hassan: <ul style="list-style-type: none"> <li>Datin Nik Radiah Binti Nik Hassan, who during the applicable period was the Director of APFTSB, is the sister-in-law of Saiful Akram Khan Bin Saidullah Khan, who is the owner of Essence Food Enterprise.</li> </ul>

## Notes:-

- \* As at to-date, a total of RM940,832 of the total advance has been settled. The balance outstanding of RM3,901,668 would be settled by way of fixed instalment of RM44,788 per month, and it is expected to be fully settled by 2018.
- ^ As at to-date, the amount has been fully settled.
- 1. APFTSB and APFT Services are currently wholly-owned subsidiaries of APFT.
- 2. APFTSB and APFT Engineering are currently wholly-owned subsidiaries of APFT.
- 3. APFTSB and APFT Express are currently wholly-owned subsidiaries of APFT.
- 4. As at the LPD, the transaction is pending completion.
- 5. The transaction was completed on 13 January 2011.
- 6. On 31 March 2010, APFTSB had appointed Serving Platter Sdn Bhd to provide the food and beverage catering services to the staff, crew and students at APFTSB's academy in Kota Bharu. Serving Platter Sdn Bhd is a company which is not related to any of the directors or substantial shareholders of the APFT.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)****10.2 Recurrent related party transactions**

After the Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. The interested persons shall abstain from voting on the resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occur within a 12 month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

Details of the recurrent related party transactions which, when aggregated are material to our Group in accordance with the Listing Requirements, entered or to be entered into in respect of the three (3) most recent completed FYE 31 December 2010:-

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and APFT Services <sup>1</sup>	Aircraft rental expenses paid and payable by APFTSB to APFT Services <sup>@</sup> .	2,148,000	-	-	Dato' Faruk: <ul style="list-style-type: none"> <li>• Director and substantial shareholder of APFTSB and APFT Services<sup>@</sup>.</li> </ul> Datin Nik Radiah Binti Nik Hassan: <ul style="list-style-type: none"> <li>• Spouse of Dato' Faruk and mother of Anif Bin Faruk.</li> <li>• Director of APFTSB and APFT Services<sup>@</sup>.</li> <li>• Substantial shareholder of APFT Services<sup>@</sup>.</li> </ul> Arif Bin Faruk: <ul style="list-style-type: none"> <li>• Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>• Substantial shareholder of APFTSB and APFT Services<sup>@</sup>.</li> </ul>

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and APFT Services <sup>1</sup>	Aircraft rental expenses paid and payable by APFTSB to APFT Services.			600,000 <sup>~</sup>	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB and APFT Services.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>Director of APFTSB (during the applicable period).</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan and siblings of Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>Director and substantial shareholder of APFTSB and APFT Services.</li> </ul> <p>Aida Binti Faruk and Aisyah Binti Faruk:</p> <ul style="list-style-type: none"> <li>Substantial shareholder of APFTSB and APFT Services.</li> <li>Daughters of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan, and siblings of Arif Bin Faruk.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Datin Nik Radiah Binti Nik Hassan	Rental by APFTSB from Datin Nik Radiah Binti Nik Hassan of office space at Suite 50-5-5, 5 <sup>th</sup> Floor Wisma UOA Damansara, 50 Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur <sup>2</sup>	-	-	-	<p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk, Aida Binti Faruk and Aisyah Binti Faruk.</li> <li>Director of APFTSB (during the applicable period).</li> </ul> <p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB.</li> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan and siblings of Aida Binti Faruk and Aisyah Binti Faruk.</li> </ul> <p>Aida Binti Faruk and Aisyah Binti Faruk:</p> <ul style="list-style-type: none"> <li>Substantial shareholder of APFTSB.</li> <li>Daughters of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan, and siblings of Arif Bin Faruk.</li> </ul>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)

Transacting Parties	Nature of Transaction	Actual value for the FYE 31 December			Interested substantial shareholder / Director at the point of transaction
		2008 RM	2009 RM	2010 RM	
APFTSB and Dato' Faruk	Rental by APFTSB from Dato' Faruk of 3-storey shop lot held under the title Number HS(D) 3468, PT 1661 of Bandar Baru Kubang Kenan, Jajahan Kota Bharu, Kelantan <sup>3</sup>	-	22,000	52,380	<p>Dato' Faruk:</p> <ul style="list-style-type: none"> <li>Director and substantial shareholder of APFTSB.</li> </ul> <p>Datin Nik Radiah Binti Nik Hassan:</p> <ul style="list-style-type: none"> <li>Spouse of Dato' Faruk and mother of Arif Bin Faruk.</li> <li>Director of APFTSB.</li> </ul> <p>Arif Bin Faruk:</p> <ul style="list-style-type: none"> <li>Son of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan.</li> <li>Director and substantial shareholder of APFTSB.</li> </ul> <p>Aida Binti Faruk and Aisyah Binti Faruk:</p> <ul style="list-style-type: none"> <li>Substantial shareholder of APFTSB.</li> <li>Daughters of Dato' Faruk and Datin Nik Radiah Binti Nik Hassan, and siblings of Arif Bin Faruk.</li> </ul>

## Notes:-

- <sup>1</sup> APFTSB and APFT Services became wholly-owned subsidiaries of APFT on 22 June 2010
- <sup>2</sup> APFT Services ceased as a wholly-owned subsidiary of APFTSB on 26 August 2008.
- <sup>3</sup> The shareholders of APFT Services for the period up to 10 February 2007 were Dato' Faruk and Datin Nik Radiah Binti Nik Hassan. For the period 10 February 2007 to 26 August 2008, APFTSB was the holding company of APFT Services. Thereafter, Dato' Faruk and Datin Nik Radiah Binti Nik Hassan reverted to become the shareholders of APFT Services for the remaining applicable period.
1. APFTSB and APFT Services are currently wholly-owned subsidiaries of APFT.
2. The premise was rented by Datin Nik Radiah Binti Nik Hassan to APFTSB without any rental charged up to 13 January 2011. APFTSB is responsible to pay all the outgoings in relation to the premise including the fees payable to the building management office. On 10 March 2010, Datin Nik Radiah Binti Nik Hassan entered into a sale and purchase agreement with APFTSB for the disposal of the premises to APFTSB and the transaction was completed on 13 January 2011. Upon completion of the transaction on 13 January 2011, this related party transaction ceased to exist.
3. APFTSB commenced rental of the premises from Dato' Faruk in September 2009. On 22 June 2010, Dato' Faruk entered into a sale and purchase agreement with APFTSB for the disposal of the premise to APFTSB. As at the LPD, the transaction is pending completion. Upon completion of the transaction, this related party transaction will cease to exist.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**

All the above transactions under Sections 10.1 and 10.2 above are conducted in the ordinary course of business, carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and will not be detrimental to our minority shareholders except for the following:-

- Rental for the period up to 13 January 2011 by APFTSB from Datin Nik Radiah Binti Nik Hassan of an office space at Suite 50-5-5, 5<sup>th</sup> Floor, Wisma UOA Damansara, 50, Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur whereby no rental was paid by our Company to Datin Nik Radiah Binti Nik Hassan which were on terms more favourable to our Company.

We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

**10.3 TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION**

There is no transaction that was unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we or our Subsidiary Companies were a party for the past three (3) FYE 31 December 2010.

**10.4 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES**

Save as disclosed below, there is no outstanding loans (including guarantees of any kind) made by our Company and/or Subsidiary Companies to/for the benefit of the related parties for the past three (3) FYE 31 December 2010.

	<-----FYE 31 December----->		
	2008 RM'000	2009 RM'000	2010 RM'000
Advances given to a company in which Directors and/or substantial shareholders of APFTSB have interest	10,863	-	-

**10.5 CONFLICT OF INTEREST**

As at the LPD, none of our Directors or substantial shareholders has any interest, direct or indirect, directorships and/or shareholdings in other business and corporations operating on a similar trade as that of our Group and which are customers or suppliers to our Group, which would give rise to a conflict of interest.