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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (Cont'd)**

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**10.6 DECLARATION BY ADVISERS**

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

Bank Islam has confirmed that there is no conflict of interest in its capacity as the Principal Adviser, Managing Underwriter, Underwriter and Placement Agent to our Group in relation to the IPO. The Underwriting Agreement, in which certain details are set out in Sections 3.10.2 and 3.10.4 of this Prospectus, was entered into on arms-length basis and on market terms.

**10.6.2 Solicitors for the Listing**

Mazlan & Associates has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to the IPO.

**10.6.3 Corporate Finance Advisor**

WYNCORP Advisory Sdn Bhd has confirmed that there is no conflict of interest in its capacity as the Corporate Finance Advisor to our Group in relation to the IPO.

**10.6.4 Auditors and Reporting Accountants**

SJ Grant Thornton has confirmed that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to the IPO.

**10.6.5 Independent Market Researcher**

Protégé Associates has confirmed that there is no conflict of interest in its capacity as the Independent Market Researcher to our Group in relation to the IPO.

**10.6.6 Underwriters**

Inter-Pacific Securities has confirmed that there is no conflict of interest in its capacity as the underwriter to our Group in relation to the Public Issue.

KFH has confirmed that there is no conflict of interest in its capacity as the underwriter to our Group in relation to the Public Issue. In addition, KFH would like to disclose that they have granted banking facilities of RM24.5 million to our Group.

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## 11. FINANCIAL INFORMATION

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

The Proforma Consolidated Statements of Comprehensive Income of our Group for the past 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 prospects 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 RM'000	2008 RM'000	2009 RM'000	2010 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 <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 the 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.

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

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

(Prepared for inclusion in this Prospectus)



Date: 11 February 2011

The Board of Directors  
APFT Berhad  
Unit 07-02, Level 7, Persoft Tower  
6B, Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan

**SJ Grant Thornton (AF:0737)**

Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia

T +603 2692 4022  
F +603 2691 5229  
www.gt.com.my

Dear Sirs,

**APFT BERHAD AND ITS SUBSIDIARY COMPANIES  
PROFORMA CONSOLIDATED FINANCIAL INFORMATION**

We have reviewed the Proforma Consolidated Financial Information of APFT Berhad ("APFT" or "the Company") and its subsidiary companies namely Asia Pacific Flight Training Sdn. Bhd. ("APFTSB"), APFT Services Sdn. Bhd. ("APFT Services"), APFT Engineering Sdn. Bhd. ("APFT Engineering"), APFT Express Sdn. Bhd. ("APFT Express") and APFT Maintenance Training Sdn. Bhd. ("APFT Maintenance Training") (collectively known as "APFT Group" or "The Group") for the financial years ended 31 December 2007 to 2010 together with the notes and assumptions thereto, as set out in this Prospectus, which we have stamped for the purpose of identification, in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of APFT on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Proforma Consolidated Financial Information have been prepared for illustrative purposes solely for the purpose of inclusion in the prospectus ("Prospectus") on the basis of assumptions as set out below and after making certain adjustments to show that:-

- i) the financial results of the APFT Group for the financial years ended 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;
- ii) the financial position of the APFT Group as at 31 December 2010, adjusted for the Public Issue, Offer for Sale and Utilisation of Listing Proceeds; and
- iii) the cash flows of the APFT Group for the financial year ended 31 December 2010, adjusted for Public Issue, Offer for Sale and Utilisation of Listing Proceeds.

The Proforma Consolidated Financial Information, because of its nature, may not give a true picture of the APFT Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial position, results and cash flows.

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

It is the sole responsibility of the Directors of the APFT Group to prepare the Proforma Consolidated Financial Information in accordance with the requirements of the Prospectus Guidelines in respect of Public Offerings issued by the Securities Commission. Our responsibility is to form an opinion as required by the Prospectus Guidelines on the Proforma Consolidated Financial Information and our letter is given to you solely for this, and no other purpose.

In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Proforma Consolidated Financial Information, nor do we accept responsibility for such reports or opinions beyond that is owed to those to whom those reports or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, is primarily comparing the Proforma Consolidated Financial Information with the audited financial statements, considering the evidence supporting the adjustments and discussing the Proforma Consolidated Financial Information with the Directors of the APFT Group.

In our opinion, the Proforma Consolidated Financial Information together with the accompanying notes which are provided solely for illustrative purposes only,

- (a) have been properly compiled on a basis of preparation as stated in the notes thereto; such basis is consistent with the accounting policies adopted by the APFT Group in the audited Financial Statements, unless otherwise stated;
- (b) the adjustments are appropriate for the purposes of the Proforma Consolidated Financial Information; and
- (c) the audited financial statements used in the preparation of the Proforma Consolidated Financial Information were prepared in accordance with the Financial Reporting Standards ("FRS") in Malaysia.

Our letter on the Proforma Consolidated Financial Information of the APFT Group as at 31 December 2010 is prepared solely for inclusion in the prospectus. This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

11. FINANCIAL INFORMATION (Cont'd)



Yours faithfully,

A handwritten signature in black ink, appearing to read "SJ Grant Thornton".

SJ GRANT THORNTON  
NO. AF: 0737  
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read "Hooi Kok Mun".

HOOI KOK MUN  
NO: 2207/01/12 (J)  
PARTNER OF THE FIRM

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION****1. PROFORMA GROUP AND BASIS OF PREPARATION****1.1 Proforma Group**

The proforma Consolidated Financial Information of the APFT Group, comprising the financial information of APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training are presented for the purpose of illustration only.

The relevant financial years of the APFT Group for the purpose of this report covers financial years ended ("FY") 31 December 2007 to 2010.

The Proforma Consolidated Financial Information has been prepared to illustrate that:-

- a) the financial results of the APFT Group for the FY 31 December 2007 to 2010 would have been if the group structure as of the date of the Prospectus had been in place since the beginning of the years being reported on;
- b) the financial position of the APFT Group as at 31 December 2010, adjusted for the Public Issue, Offer for Sale and Utilisation of Listing Proceeds; and
- c) the cash flows of the APFT Group for the FY 31 December 2010, adjusted for the Public Issue, Offer for Sale and Utilisation of Listing Proceeds.

The Proforma Consolidated Financial Information comprises the following:-

- Section 2 - Proforma Consolidated Statements of Comprehensive Income for the relevant financial years;
- Section 3 - Proforma Consolidated Statements of Financial Position as at 31 December 2010; and
- Section 4 - Proforma Consolidated Statement of Cash Flows for the FY 31 December 2010.

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11 FEB 2011

SJ Grant Thornton

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1.2 Basis of Preparation**

The Proforma Consolidated Financial Information has been prepared based on the audited financial statements of APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training for the FY 31 December 2007 to 2010 using the bases and the accounting principles consistent with those adopted in the audited financial statements of APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training after giving effect to the proforma adjustments which are considered appropriate. APFT and APFT Maintenance Training was incorporated on 19 January 2010 and 27 April 2010 respectively, and hence, no audited financial statements has been prepared for the FY 2007 to 2009.

For illustrative purposes, it is assumed that the acquisition of APFT Maintenance Training which was completed on 29 April 2010 and the acquisitions of APFTSB, APFT Services, APFT Engineering and APFT Express which were completed on 22 June 2010 took place prior to 1 January 2007 in arriving at the proforma consolidated financial results for the FY 31 December 2007 to 2009.

The Proforma Consolidated Financial Information have been prepared using the merger method to account for the acquisition of the entire issued and paid-up share capital of APFTSB and APFT Services and acquisition method to account for the acquisition of the entire issued and paid-up share capital of APFT Maintenance Training, APFT Engineering and APFT Express. Under the merger method,

- (i) If the cost of merger is lower than the nominal value of the share capital of the subsidiaries acquired, a credit balance will arise and be treated as merger reserve.
- (ii) If the cost of merger exceeds the nominal value of the share capital of the subsidiaries acquired, a debit balance will arise and be treated as merger deficit under the proforma consolidated Statements of Financial Position.

The Proforma Consolidated Financial Information has been prepared for illustrative purposes only and, because of their nature, may not give a true picture of the actual financial position, results and cash flows of the APFT Group.

The Proforma Consolidated Financial Information has been prepared in accordance with the Financial Reporting Standards ("FRS") in Malaysia after incorporating adjustments that are appropriate for the preparation of the Proforma Consolidated Financial Information.

There were no extraordinary or exceptional items in all the financial years under review.

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****1.2 Basis of Preparation (cont'd)**

The Proforma Consolidated Statements of Financial Position together with the accompanying notes thereon, have been prepared based on accounting principles and bases consistent with those adopted in the preparation of audited financial statements of the APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training to illustrate the Consolidated Statements of Financial Position of the APFT Group assuming that all the transactions mentioned below had taken place on 31 December 2010:

**(i) Proforma I: Initial Public Offering ("IPO")****Public Issue**

Assuming Public Issue of 22,000,000 new APFT Shares ("Public Issue Shares"), representing 14.01% of the enlarged issued and paid-up share capital of APFT, at an issue price of RM0.50 per share, payable in full on application, and will be allocated and allotted in the following manner:-

**(a) Malaysian Public via balloting**

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

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

7,000,000 Public Issue Shares, representing 4.46% of the enlarged issued and paid-up share capital of APFT, reserved for the eligible employees and persons who have contributed to the success of the Group.

**Offer for Sale**

Offer for sale of 17,250,000 APFT Shares ("Offer Shares"), representing 10.99% of the enlarged issued and paid-up share capital of APFT, at an offer price of RM0.50 per APFT Share by way of private placement to identified investors.

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## 11. FINANCIAL INFORMATION (Cont'd)

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 1.2 Basis of Preparation (cont'd)

## (ii) Proforma II: Utilisation of Listing Proceeds

After Proforma I and assumed APFT seeks a listing of and quotation for its 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 ("the Listing"), the gross proceeds arising from the Public Issue amounting to RM11,000,000 are expected to be fully utilised for the core business of the APFT Group in the following manner:-

	RM
Repayment of bank borrowings	8,000,000
Working capital	500,000
Listing expenses	2,500,000
	11,000,000

The listing expenses are estimated at RM2,500,000 and will be set off against the share premium account and retained earnings account.

The abovementioned are hereinafter collectively referred to as "Flotation Exercise".

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

The Proforma Consolidated Statements of Comprehensive Income of the APFT Group for the four (4) FY 31 December 2007 to 2010 are provided for illustrative purposes, extracted from the audited financial statements of APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training assuming that APFT 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 which were completed on 13 May 2010, the acquisition of APFT Maintenance Training which were completed on 29 April 2010 and the acquisitions of APFTSB, APFT Services, APFT Engineering and APFT Express and which were completed on 22 June 2010.

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Revenue	20,114,441	34,370,307	38,073,742	38,094,883
Cost of services	(10,330,883)	(17,717,265)	(20,587,975)	(20,293,376)
Gross profit	9,783,558	16,653,042	17,485,767	17,801,507
Other income	263,144	74,140	1,269,967	322,340
Marketing expenses	(52,906)	(592,922)	(522,397)	(374,240)
Administration expenses	(2,695,487)	(4,579,592)	(3,549,548)	(4,195,856)
Other expenses	(586,183)	(1,788,271)	(2,420,523)	(2,988,648)
Finance cost	(771,172)	(1,705,432)	(1,514,226)	(1,676,053)
Profit before taxation ("PBT")	5,940,954	8,060,965	10,749,040	8,889,050
Taxation	(1,881,945)	(27,932)	264,102	(27,250)
Profit after taxation ("PAT")	4,059,009	8,033,033	11,013,142	8,861,800
Earnings before interest expenses, taxation and depreciation	7,575,584	11,253,582	14,636,095	14,250,354
Gross profit margin (%)	48.64	48.45	45.93	46.73
PBT margin (%)	29.54	23.45	28.23	23.34
PAT margin (%)	20.18	23.37	28.93	23.27
Effective tax rate (%)	31.68	0.35	-	0.31
Assumed/actual number of ordinary shares in issue of RM0.20 each	135,000,000 <sup>#</sup>	135,000,000 <sup>#</sup>	135,000,000 <sup>#</sup>	135,000,000
Basic EPS (RM)	0.03 <sup>#</sup>	0.06 <sup>#</sup>	0.08 <sup>#</sup>	0.07

# Based on the issued and paid-up share capital of 135,000,000 ordinary shares ( number of shares assumed to be issued upon completion of the Share Split and the Acquisition but before the Public Issue)

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

The Proforma Consolidated Statements of Financial Position of the APFT Group as at 31 December 2010 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 1.2 to the Proforma Consolidated Statements of Financial Position on the assumption that these transactions were completed on 31 December 2010:-

		As at 31 December 2010 RM	Proforma I RM	Proforma II RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3.1	39,664,532	39,664,532	39,664,532
Goodwill on consolidation	3.2	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	3.3	193,532	193,532	193,532
Trade receivables	3.4	12,296,286	12,296,286	12,296,286
Other receivables	3.5	4,308,636	4,308,636	3,462,205
Cash and bank balances	3.6	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>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to equity holders of the Company				
Share capital	3.7	27,000,000	31,400,000	31,400,000
Share premium	3.8	-	6,600,000	5,759,586
Merger deficit	3.9	(20,999,998)	(20,999,998)	(20,999,998)
Unappropriated profit	3.10	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	3.11	11,241,398	11,241,398	11,241,398
Hire purchase creditors	3.12	81,606	81,606	81,606
<b>Total non-current liabilities</b>		<b>11,323,004</b>	<b>11,323,004</b>	<b>11,323,004</b>

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

<b>Current liabilities</b>				
Trade payables	3.13	1,685,869	1,685,869	1,685,869
Other payables	3.14	1,142,140	1,142,140	1,142,140
Amount due to a Director	3.15	6,295,033	6,295,033	6,295,033
Deferred income	3.16	1,257,199	1,257,199	1,257,199
Borrowings	3.11	9,554,647	9,554,647	1,554,647
Hire purchase creditors	3.12	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>
Number of ordinary shares in issue		<b>135,000,000</b>	<b>157,000,000</b>	<b>157,000,000</b>
Net Tangible Assets per ordinary share of RM0.20 each (RM)		<b>0.19</b>	<b>0.23</b>	<b>0.22</b>
Net Assets per ordinary share of RM0.20 each (RM)		<b>0.19</b>	<b>0.23</b>	<b>0.22</b>

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## 11. FINANCIAL INFORMATION (Cont'd)

**APFT BERHAD**  
(Company No: 886873 T)  
(Incorporated in Malaysia)  
AND ITS SUBSIDIARY COMPANIES

## PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

## 3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

## NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## 3.1 PROPERTY, PLANT AND EQUIPMENT

The movement of the property, plant and equipment is as follows:-

Group Cost	Leasehold buildings RM	Buildings in progress RM	Computers RM	Electrical installation and renovation RM	Air-conditioner, signboard, furniture and fittings RM	Motor vehicles RM	Flying equipment and office equipment RM	Simulators RM	Refueller and skid tanks RM	Aircrafts RM	Aircrafts engine RM	Total RM
Additions through acquisition of subsidiary companies	8,738,297	247,286	322,093	989,024	564,906	801,460	317,738	2,417,927	132,500	20,530,355	1,559,879	36,641,465
Additions	172,050	1,026,120	34,905	120,900	32,068	-	149,625	-	-	8,910,250	590,384	11,036,302
Transfers	478,781	(478,781)	-	-	-	-	-	-	-	-	-	-
As at 31.12.2010	9,389,128	794,625	356,998	1,109,924	596,974	801,460	487,363	2,417,927	132,500	29,440,605	2,150,263	47,677,767
Accumulated depreciation												
Addition through acquisition of subsidiary companies	1,110,771	-	176,032	342,508	161,650	386,589	80,410	654,084	30,583	835,861	549,496	4,327,984
Charge for the period	986,856	-	67,375	105,905	58,570	160,292	44,314	241,793	13,249	910,317	1,096,580	3,685,251
As at 31.12.2010	2,097,627	-	243,407	448,413	220,220	546,881	124,724	895,877	43,832	1,746,178	1,646,076	8,013,235
Net carrying amount												
31.12.2010	7,291,501	794,625	113,591	661,511	376,754	254,579	362,639	1,522,050	88,668	27,694,427	504,187	39,664,532

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.2 GOODWILL ON CONSOLIDATION**

The movement of the goodwill is as follows:-

	RM
Arising from acquisition of subsidiary companies	12,241

**3.3 INVENTORIES**

The details of the inventories are as follows:-

	RM
<b>At cost:-</b>	
Study materials	193,532

**3.4 TRADE RECEIVABLES**

The details of the trade receivables are as follows:-

	RM
Trade receivables	12,320,760
Less: Allowance for impairment	(24,474)
	12,296,286

**3.5 OTHER RECEIVABLES**

Other receivables consists of the followings :-

	RM
Non-trade receivables	322,758
Deposits	2,282,806
Prepayments	1,703,072
As at 31 December 2010/Proforma I	4,308,636
Listing expenses prepaid reversed out	(846,431)
Proforma II	3,462,205

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.6 CASH AND BANK BALANCES**

The movement of the cash and bank balances is as follows:-

	RM
At 31 December 2010	417,904
Proceeds from Public Issue	<u>11,000,000</u>
Proforma I	11,417,904
Utilisation of Proceeds from Public Issue	
-Repayment of bank borrowings	(8,000,000)
-Listing expenses	<u>(1,653,569)</u>
Proforma II	<u>1,764,335</u>

**3.7 SHARE CAPITAL**

The movement of the issued and paid-up share capital of the APFT Group is as follows:-

	RM
At 31 December 2010	27,000,000
Public Issue	<u>4,400,000</u>
As per Proforma I and II	<u>31,400,000</u>

**3.8 SHARE PREMIUM**

The movement of the share premium account is as follows:-

	RM
At 31 December 2010	-
Public Issue	<u>6,600,000</u>
Proforma I	6,600,000
Utilisation of Proceeds – Estimated listing expenses	<u>(840,414)</u>
Proforma II	<u>5,759,586</u>

This is non-distributable reserve.

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.8 SHARE PREMIUM (CONT'D)**

The estimated listing expenses for issuance of new shares of RM840,414 are to be written off against the share premium account under Section 60 of the Companies Act, 1965.

The remaining listing expenses of RM1,659,586 will be expensed off to the Statements of Comprehensive Income and this represents an one-off expenditure pursuant to the IPO.

**3.9 MERGER DEFICIT**

The movement of the merger deficit is as follows:-

	RM
At 31 December 2010	(20,999,998)

Merger deficit represents the excess arising from the nominal value of the shares issued over the nominal value of shares acquired.

**3.10 UNAPPROPRIATED PROFIT**

The movement of the unappropriated profit is as follows:-

	RM
At 31 December 2010/Proforma I	19,487,031
Utilisation of Proceeds – Estimated listing expenses	(1,659,586)
Proforma II	17,827,445

This is distributable reserve.

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.11 BORROWINGS**

The movement of the borrowings are as follows:-

	RM
Secured:-	
<u>Non-current</u>	
Term loan	11,241,398
<u>Current</u>	
Term loan	9,554,647
As at 31 December 2010/Proforma I	20,796,045
Utilisation of Proceeds	(8,000,000)
Proforma II	12,796,045

**3.12 HIRE PURCHASE CREDITORS**

The details of the hire purchase creditors are as follows:-

	RM
Minimum lease payments	
- within 1 year	136,433
- after 1 year but no later than 5 years	80,160
	216,593
Less: Interest-in-suspense	(13,809)
Present value of minimum lease payments	202,784
	RM
Present value of minimum lease payments	
- within 1 year	121,178
- after 1 year but no later than 5 years	81,606
	202,784

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****3.13 TRADE PAYABLES**

Trade payables are non-interest bearing. The normal trade credit terms granted by the trade payables ranging from 30 days to 60 days.

The currency exposure profile of trade payables is as follows:-

	RM
Ringgit Malaysia	1,505,786
EURO	128,013
US Dollar	52,070
	1,685,869

**3.14 OTHER PAYABLES**

Other payables consist of the followings:-

	RM
Non-trade payables	106,111
Accrual of expenses	444,961
Deposits received	591,068
	1,142,140

**3.15 AMOUNT DUE TO A DIRECTOR**

Amount due to a Director is unsecured, bears no interest and repayable on demand.

**3.16 DEFERRED INCOME**

Deferred income represents deferred course fees income.

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

**APFT BERHAD**  
**(Company No: 886873 T)**  
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**AND ITS SUBSIDIARY COMPANIES**

**PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4. CONSOLIDATED STATEMENT OF CASH FLOWS**

The following is the Consolidated statement of cash flows of the APFT Group:-

	<b>FY 2010</b> <b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	7,229,464
<b>Adjustments for:-</b>	
Bad debts written off	12,000
Depreciation	3,685,251
Interest income	(18,300)
Interest expenses	1,676,053
Listing expenses written off	1,659,586
	14,244,054
Operating profit before working capital changes	14,244,054
<b>Changes in working capital:-</b>	
Inventories	(114,043)
Receivables	(2,660,445)
Payables	(820,229)
Deferred income	(2,508,195)
Director	1,448,828
	9,589,970
Cash generated from operations	9,589,970
Interest income	18,300
Interest paid	(1,676,053)
Tax paid	(222)
	7,931,995
Net cash from operating activities	7,931,995
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisitions of subsidiary companies	(220,071)
Purchase of property, plant and equipment	(6,193,802)
	(6,413,873)
Net cash used in investing activities	(6,413,873)

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## 11. FINANCIAL INFORMATION (Cont'd)

**APFT BERHAD**  
**(Company No: 886873 T)**  
**(Incorporated in Malaysia)**  
**AND ITS SUBSIDIARY COMPANIES**

## 4. PROFORMA CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	FY 2010 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net repayment of term loans	(10,116,134)
Repayment of hire purchase creditors	(181,733)
Payment of listing expenses	(1,653,569)
Proceeds from issuance of shares	11,000,002
Dividend paid by a subsidiary company	<u>(3,000,000)</u>
 Net cash used in financing activities	 <u>(3,951,434)</u>
<b>CASH AND CASH EQUIVALENTS</b>	
Net decrease	(2,433,312)
Brought forward	<u>4,197,647</u>
 Carried forward	 <u>1,764,335</u>

The Proforma Consolidated Statement of Cash Flows has been prepared based on the audited consolidated financial statements of APFT as at 31 December 2010, with the assumption that Public Issue and Utilisation of Listing Proceeds have been completed.

The Proforma Consolidated Statement of Cash Flows has been prepared based on accounting principles and basis consistent with those normally adopted in the preparation of audited consolidated financial statements of APFT.

←————— **end of report** —————→

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## 11. FINANCIAL INFORMATION (Cont'd)

### 11.3 CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Sections 11.2 and 12 of this Prospectus respectively.

The following table shows our Group's capitalisation and indebtedness:

- (i) based on our proforma financial position as at 31 December 2010; and
- (ii) as adjusted for the Public Issue and utilisation of proceeds from the Public Issue.

	As at 31 December 2010 RM'000	After Public Issue and utilisation of proceeds RM'000
<b>Indebtedness</b>		
<b><u>Short term</u></b>		
Borrowings (secured)	9,555	1,555
Hire purchase creditors	121	121
<b><u>Long term</u></b>		
Borrowings (secured)	11,241	11,241
Hire purchase creditors	82	82
<b>Total indebtedness</b>	20,999	12,999
<b>Shareholders' equity</b>	25,487	33,987
<b>Total capitalisation and Indebtedness</b>	46,486	46,986

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

The following management's discussion and analysis of our Group's financial conditions and results of operations should be read in conjunction with the Proforma Consolidated Financial Information and the accompanying notes, assumptions and bases for the past four (4) FYE 31 December 2007, 2008, 2009 and 2010 included in the Reporting Accountant's Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Sections 11.2 and 12 of this Prospectus.

The discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involves risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

## 11. FINANCIAL INFORMATION (Cont'd)

### 11.4.1 Analysis of our Group's operating results

Our Company is principally an investment holding company. Our Group's revenue is predominantly contributed by APFTSB, our wholly-owned subsidiary company which is involved in the provision of flight education and training services. Two (2) of our subsidiary companies namely, APFT Express and APFT Maintenance Training have commenced operations on 12 May 2010 and 4 July 2010 respectively whilst 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. The other subsidiary company, namely APFT Engineering is currently dormant.

Please refer to Section 5 of this Prospectus for our Group's detailed business overview and information on our Subsidiary Companies.

#### (a) Analysis of revenue and gross profit

The table below sets forth the breakdown of our Group's revenue and gross profit by core activities, companies, student category and geographical location for the respective financial years:-

##### (i) Analysis of contribution to revenue by core activities:-

	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Flight education and training course	20,114	100.00	33,494	97.45	37,417	98.27	37,565	98.61
Aviation English Test	-	-	507	1.48	208	0.55	62	0.16
Dispatcher course	-	-	369	1.07	449	1.18	252	0.66
Psychomotor test	-	-	-	-	-	-	10	0.03
Maintenance education and training course	-	-	-	-	-	-	200	0.52
Non-bank remittance service	-	-	-	-	-	-	6	0.02
Rental of aircraft	716	3.56	2,148	6.25	-	-	600	1.58
	20,830	103.56	36,518	106.25	38,074	100.00	38,695	101.58
Consolidation adjustment	(716)	(3.56)	(2,148)	(6.25)	-	-	(600)	(1.58)
<b>Total</b>	<b>20,114</b>	<b>100.00</b>	<b>34,370</b>	<b>100.00</b>	<b>38,074</b>	<b>100.00</b>	<b>38,095</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)****(ii) Analysis of contribution to revenue by types of course:-**

Training course type	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Ab-initio Integrated Course (Fixed Wing) - PPL and CPL/IR with Frozen ATPL	19,863	98.75	33,459	97.35	37,161	97.60	35,612	93.48
Integrated Course (Fixed Wing) - CPL/IR with Frozen ATPL	251	1.25	35	0.10	256	0.67	1,953	5.13
Aviation English Test	-	-	507	1.48	208	0.55	62	0.16
Dispatcher course	-	-	369	1.07	449	1.18	252	0.66
Psychomotor test	-	-	-	-	-	-	10	0.03
Maintenance education and training services	-	-	-	-	-	-	200	0.52
Non-bank remittance services	-	-	-	-	-	-	6	0.02
<b>Total</b>	<b>20,114</b>	<b>100.00</b>	<b>34,370</b>	<b>100.00</b>	<b>38,074</b>	<b>100.00</b>	<b>38,095</b>	<b>100.00</b>

**(iii) Analysis of contribution to revenue by companies:-**

Company	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
APFTSB	20,114	100.00	34,370	100.00	38,074	100.00	37,889	99.46
APFT Services	716	3.56	2,148	6.25	-	-	600	1.58
APFT Express	-	-	-	-	-	-	6	0.02
APFT Maintenance Training	-	-	-	-	-	-	200	0.52
<b>Total</b>	<b>20,830</b>	<b>103.56</b>	<b>36,518</b>	<b>106.25</b>	<b>38,074</b>	<b>100.00</b>	<b>38,695</b>	<b>101.58</b>
Consolidation adjustment	(716)	(3.56)	(2,148)	(6.25)	-	-	(600)	(1.58)
	<b>20,114</b>	<b>100.00</b>	<b>34,370</b>	<b>100.00</b>	<b>38,074</b>	<b>100.00</b>	<b>38,095</b>	<b>100.00</b>

## 11. FINANCIAL INFORMATION (Cont'd)

## (iv) Analysis of contribution to revenue by customers category:-

	FYE 31 December							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>(a) Flight education and training course</b>								
Private students	10,710	53.25	8,864	25.79	15,735	41.33	29,579	77.65
Students with scholarships or who are sponsored by third-party organisations	2,896	14.40	13,238	38.52	16,735	43.95	7,352	19.30
Students who are recruited by airlines pursuant to the Arrangement with Airlines as mentioned in Section 4.1.12(ii) of this Prospectus	6,508	32.35	12,268	35.69	5,604	14.72	958	2.51
<b>(b) Maintenance education and training course</b>								
Students with scholarships or who are sponsored by third-party organisations	-	-	-	-	-	-	200	0.52
<b>(c) Non-bank remittance services</b>	-	-	-	-	-	-	6	0.02
<b>(d) Rental of aircraft</b>	716	3.56	2,148	6.25	-	-	600	1.58
	20,830	103.56	36,518	106.25	38,074	100.00	38,695	101.58
Consolidation adjustment	(716)	(3.56)	(2,148)	(6.25)	-	-	(600)	(1.58)
<b>Total</b>	<b>20,114</b>	<b>100.00</b>	<b>34,370</b>	<b>100.00</b>	<b>38,074</b>	<b>100.00</b>	<b>38,095</b>	<b>100.00</b>
New intake students	141		161		177		184	

## (v) Analysis of revenue by geographical location:-

	FYE 31 December							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	19,232	95.61	31,221	90.84	37,046	97.30	37,470	98.36
Indonesia	-	-	2,720	7.91	989	2.60	172	0.45
Others	882	4.39	429	1.25	39	0.10	453	1.19
<b>Total</b>	<b>20,114</b>	<b>100.00</b>	<b>34,370</b>	<b>100.00</b>	<b>38,074</b>	<b>100.00</b>	<b>38,095</b>	<b>100.00</b>



**11. FINANCIAL INFORMATION (Cont'd)****(vi) Analysis of gross profit by core activities:-**

	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Flight education and training course	9,783	100.00	16,600	99.68	17,399	99.50	17,719	99.53
Aviation English Test	-	-	15	0.09	25	0.14	26	0.15
Dispatcher course	-	-	38	0.23	62	0.36	10	0.06
Psychomotor test	-	-	-	-	-	-	10	0.06
Maintenance education and training services	-	-	-	-	-	-	121	0.68
Non-bank remittance services	-	-	-	-	-	-	6	0.03
Rental of aircraft	-	-	-	-	-	-	510	2.86
	<u>9,783</u>	<u>100.00</u>	<u>16,653</u>	<u>100.00</u>	<u>17,486</u>	<u>100.00</u>	<u>18,402</u>	<u>103.37</u>
Consolidation adjustment	-	-	-	-	-	-	(600)	(3.37)
<b>Total</b>	<b>9,783</b>	<b>100.00</b>	<b>16,653</b>	<b>100.00</b>	<b>17,486</b>	<b>100.00</b>	<b>17,802</b>	<b>100.00</b>

**(vii) Analysis of gross profit by companies:-**

Company	←-----FYE 31 December----->							
	2007		2008		2009		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
APFTSB	9,067	92.68	14,505	87.10	17,486	100.00	17,765	99.80
APFT Services	716	7.32	2,148	12.90	-	-	510	2.86
APFT Maintenance Training	-	-	-	-	-	-	121	0.68
APFT Express	-	-	-	-	-	-	6	0.03
	<u>9,783</u>	<u>100.00</u>	<u>16,653</u>	<u>100.00</u>	<u>17,486</u>	<u>100.00</u>	<u>18,402</u>	<u>103.37</u>
Consolidation adjustment	-	-	-	-	-	-	(600)	(3.37)
<b>Total</b>	<b>9,783</b>	<b>100.00</b>	<b>16,653</b>	<b>100.00</b>	<b>17,486</b>	<b>100.00</b>	<b>17,802</b>	<b>100.00</b>

**11. FINANCIAL INFORMATION (Cont'd)****(viii) Analysis of gross profit margin by core activities:-**

	←-----FYE 31 December----->			
	2007 %	2008 %	2009 %	2010 %
Flight education and training course fees	48.64	49.56	46.50	47.17
Aviation English Test fees	-	2.96	12.02	41.94
Dispatcher course fees	-	10.30	13.81	3.97
Psychomotor test	-	-	-	100
Maintenance education and training services	-	-	-	60.50
Non-bank remittance services	-	-	-	100
Rental of aircraft	-	-	-	85
<b>Overall gross profit margin</b>	<b>48.64</b>	<b>48.45</b>	<b>45.93</b>	<b>46.73</b>

**(ix) Analysis of number of students by category:-**

	←-----FYE 31 December----->			
	2007	2008	2009	2010
Private students	99	130	171	244
Students with scholarships or who are sponsored by third-party organisations	51	120	103	110
Students who are recruited by airlines pursuant to the Arrangement with Airlines as mentioned in Section 4.1.12(ii) of this Prospectus	51	41	62	23
<b>Total</b>	<b>201</b>	<b>291</b>	<b>336</b>	<b>377</b>

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**11. FINANCIAL INFORMATION (Cont'd)****(b) Analysis of Cost of Services and Operating Expenses**

A breakdown of our cost of services and operating expenses for the past four (4) FYE 31 December 2007 to 2010 are as follow:-

	← FYE 31 December →							
	2007		2008		2009		2010	
Cost of services and operating expenses	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Cost of services</u>								
Maintenance, repair and overhaul expenses	691	6.69	3,898	22.00	4,531	22.01	4,277	21.08
Staff costs	1,872	18.12	3,858	21.78	5,382	26.14	6,422	31.65
Student expenses	2,218	21.47	3,416	19.28	4,797	23.30	3,814	18.79
Aircraft fuel	1,541	14.91	2,096	11.83	2,316	11.25	2,374	11.70
Aircraft rental expenses	3,249	31.45	3,505	19.78	2,037	9.89	1,326	6.53
Others	760	7.36	944	5.33	1,525	7.41	2,080	10.25
<b>Total cost of services</b>	<b>10,331</b>	<b>100.00</b>	<b>17,717</b>	<b>100.00</b>	<b>20,588</b>	<b>100.00</b>	<b>20,293</b>	<b>100.00</b>
<u>Operating expenses</u>								
Marketing expenses	53	1.59	593	8.52	522	8.04	374	4.95
Administration expenses	2,695	80.83	4,580	65.80	3,550	54.67	4,196	55.51
Other expenses	586	17.58	1,788	25.68	2,421	37.29	2,989	39.54
<b>Total operating expenses</b>	<b>3,334</b>	<b>100.00</b>	<b>6,961</b>	<b>100.00</b>	<b>6,493</b>	<b>100.00</b>	<b>7,559</b>	<b>100.00</b>
<b>Total cost of sales and operating expenses</b>	<b>13,665</b>		<b>24,678</b>		<b>27,081</b>		<b>27,852</b>	

**Cost of Services**

Our major cost of services include the following:-

- (i) Maintenance, repair and overhaul expenses primarily relate to the costs of maintaining, repairing and overhauling APFTSB's aircraft and engines, aircraft insurance, annual certification cost and the cost of aircraft spare parts and other equipment. It represented approximately 6.7%, 22.0%, 22.0% and 21.1% of our total cost of services for the FYE 31 December 2007, 2008, 2009 and 2010 respectively;
- (ii) Staff costs, which consist of salaries, performance-based bonuses, allowances, medical reimbursement and EPF and other mandatory contributions made to or on behalf of APFTSB's ground and flying instructors. It represented approximately 18.1%, 21.8%, 26.1% and 31.7% of our total cost of services for the FYE 31 December 2007, 2008, 2009 and 2010 respectively;
- (iii) Student expenses, which consist of cadet licences, cadet uniform, examination fees, graduation ceremony cost, meals, teaching materials, transportation charges and student accommodation. It represented approximately 21.5%, 19.3%, 23.3% and 18.8% of our total cost of services for the FYE 31 December 2007, 2008, 2009 and 2010 respectively; and
- (iv) Aircraft fuel, representing approximately 14.9%, 11.8%, 11.3% and 11.7% of our total cost of services for the FYE 31 December 2007, 2008, 2009 and 2010 respectively.

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

Aircraft rental expenses, which relates to the cost of leasing of aircraft by APFTSB, used to be one of our major cost of services for the FYE 31 December 2007 and 2008, representing approximately 31.5% and 19.8% of our total cost of services respectively. For the FYE 31 December 2009 and 2010, aircraft rental expenses have reduced to approximately 9.9% and 6.5% of our total cost of services respectively because our Group has acquired more aircraft during the FYE 31 December 2009 and 2010 and reduced our leased aircraft.

Other cost of services primarily consist of administrative fees, amortisation of leasehold building, IT scheduling development cost, lecturer fees, maintenance of crew residence, rental of land, hangar and buses and utilities charges.

**Operating Expenses**

Marketing expenses primarily consist of printing of newsletters, advertising and other marketing expenses.

Administration expenses include staff cost for administrative staff, rental expenses, telephone and printing costs, professional fees, travelling expenses and other administration expenses.

Other expenses include depreciation, provision for doubtful debts, bad debts written off and gains and losses from foreign exchange.

**(c) Review of our Group's performance**

Based on the segmental analysis, our Group's revenue was predominantly contributed by fees generated from our flight education and training courses under APFTSB. Our Group provides flight education and training services to local and foreign students from amongst others, Indonesia and Nepal. For the financial years under review, more than 90% of our revenue has been derived from Malaysia. Revenue from course fee is recognised over the period of the course based on the payment schedule as stipulated in the contract between APFTSB and the students.

Our Group has been growing from strengths to strengths since commencement of operations in February 2006, and our Group is currently the leading flight education and training service provider in Malaysia. In November 2009, our Group achieved a major breakthrough and has successfully procured the recognition from DGCA for our flight training course, which has opened up the opportunity for our Group to tap into the vast Indonesia market. Going forward, our Group aspires to become one of the leading regional integrated aviation service providers.

**Sources of funding for our students**

The main sources of funding for our students include, inter-alia, the following:-

- (i) Scholarships or sponsorships from third-party organisations;
- (ii) Sponsorships from airlines;
- (iii) Loan from banks/financial institutions or government institutions; and
- (iv) Financial support from family.

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

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

- (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.

In the event that the students could not secure fundings from any external parties, they would usually resort to the financial supports from their family.

***FYE 31 December 2007***

Our Group recorded revenue of RM20.1 million in the FYE 31 December 2007 solely from our flight education and training course fees. More than 50% of the revenue generated was from private students. For the FYE 31 December 2007, approximately 95.6% of our total revenue is contributed by students from Malaysia. Our first three (3) batches of cadets graduated from APFTA during the financial year.

Our Group registered gross profit and PAT of RM9.8 million and RM4.1 million respectively. Our gross profit margin and PBT margin for the FYE 31 December 2007 were 48.6% and 29.5% respectively.

During the year and in anticipation of the expected significant increase in the number of students for our flight education and training course, we purchased and received the delivery of our own Diamond DA40 single-engine and Diamond DA42 twin-engine aircraft. APFTSB was also awarded the IPTS status and the ISO9001:2000 Quality Management Systems certification by the MOHE and SIRIM respectively.

***FYE 31 December 2008***

For the financial year under review, our revenue increased by 70.9% from RM20.11 million in the FYE 31 December 2007 to RM34.4 million in the FYE 31 December 2008. The increase was primarily due to the increase in the number of our student intake from 141 new students in the FYE 31 December 2007 to 161 new students in the FYE 31 December 2008, coupled with the increase in our course fees during the financial year under review. These increases contributed approximately RM8.0 million towards the revenue for the financial year under review. The increase in course fees was in line with the general increase in cost of services, in particular maintenance related expense and staff costs. Out of the 161 new students enrolled at our APFTA in the financial year, 67 are MARA-sponsored students. For the FYE 31 December 2008, private students, who are self-sponsored, have reduced as more students are under scholarships or who are sponsored by third-party organisations. Further, we also received students from Indonesia who are sent by Garuda Indonesia, which contributed to the increase in the number of students.

In tandem with the increase in revenue, our Group's gross profit and PAT have increased to RM16.7 million and RM8.0 million respectively, representing a substantial increase of approximately 70.2% and 97.9% respectively.

Our Group's gross profit margin for the FYE 31 December 2008 of approximately 48.5% is fairly consistent with the previous financial year whereas our PBT margin recorded a decrease from approximately 29.5% in the FYE 31 December 2007 to 23.5% in the FYE 31 December 2008. The decrease in PBT margin is mainly due to higher expenses incurred during the year under review, such as marketing expenses and travelling expenses as well as finance cost. The increase in marketing expenses is mainly due to

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

active marketing activities locally and overseas to promote our academy particularly to the overseas markets. Our finance cost increased by RM0.94 million to RM1.71 million due to the use of bank borrowings for the purchase of our aircraft for operation expansion. Our other expenses increased by more than 100% to approximately RM1.8 million in the FYE 31 December 2008 primarily due to increase in depreciation arising from the acquisition of new aircraft and allowance for doubtful debts.

***FYE 31 December 2009***

Our revenue for the FYE 31 December 2009 increased by approximately 10.8% from approximately RM34.37 million to approximately RM38.07 million in the FYE 31 December 2009. The increase was primarily due to the increase in our course fees and increase in the number of our student intake from 161 new students in the FYE 31 December 2008 to 177 new students in the FYE 31 December 2009. These increases contributed approximately RM3.1 million towards the revenue for the financial year under review. The increase in course fees was in line with the general increase in cost of services, in particular rise in fuel cost, maintenance related expense and staff costs.

For the financial year under review, there was a significant increase in contribution from private students to our Group's revenue from 25.79% in 2008 to 41.33% in 2009. This was due to the global economic situation making it difficult to obtain scholarships or sponsorship ("Scenario"). We envisage that this Scenario would likely subside especially when the economy recovers. However, our students still have the options to secure loans from the banks/financial institutions or sponsorship from parents, who can either privately fund their children or withdraw from the EPF for this purpose.

APFTSB signed an agreement with MAS and MARA in 2008 whereby students chosen by MAS will be funded by MARA to undergo training at APFTA. The first batch of MARA-sponsored students under the aforesaid arrangement with MAS was sent to APFTA in June 2009. In addition, APFTSB also signed a MOU with Yayasan Terengganu in May 2009 whereby Yayasan Terengganu will fund Terengganu youths to undertake aviation related courses at APFTA where they will be employed by MAS upon their graduation. Under this arrangement, 21 Yayasan Terengganu-sponsored students were sent to our APFTA in 2009. In this respect, the contribution from students with scholarships or who are sponsored by third-party organisations increased from 38.52% in 2008 to 43.95% in 2009.

The revenue contribution of the Indonesia cadets in 2009 was derived from the spill-over income of Garuda cadet's intake in 2008. There was no intake of cadets from Garuda or Indonesian in 2009, thus resulting in the decrease in revenue contribution from Indonesian students for the FYE 31 December 2009. In November 2009, APFTSB's flight training courses was recognised and approved by the DGCA to train Indonesian cadets. This has opened up the opportunities for our Group to tap into the large Indonesia market in the future.

In tandem with the increase in revenue, our Group's gross profit and PAT have increased to RM17.5 million and RM11.0 million respectively, an increase of approximately 5.0% and 37.1% respectively. The increase in PAT was also due to the overprovision of tax in prior year.

Our Group's gross profit margin dropped from approximately 48.5% to approximately 45.9% for the FYE 31 December 2009 mainly due to the increase in maintenance, repair and overhaul expenses arising from the increase in our fleet of aircraft, staff cost and student expenses. However, our Group recorded a higher PBT margin of approximately 28.2% as compared to approximately 23.5% in the FYE 31 December 2008 mainly due to the increase in other income which mainly consisted of discount received from construction of hangar and forfeiture of deposit. In addition, despite the increase in revenue, administration expenses dropped from approximately RM4.58 million to RM3.55 million, representing a drop of 22.5% mainly due to reduction in consultancy cost and incentive for employees.

**11. FINANCIAL INFORMATION (Cont'd)*****FYE 31 December 2010***

Our revenue for the FYE 31 December 2010 has increased marginally by approximately 0.1% from approximately RM38.07 million in FYE 31 December 2009 to approximately RM38.1 million in FYE 31 December 2010 as new student intake for the FYE 31 December 2010 is consistent with that for the FYE 31 December 2009. For the FYE 31 December 2010, apart from fees generated from our flight education and training courses under APFTSB, there was also contribution of revenue from the new course provided under APFT Maintenance Training namely Maintenance Education and Training Course.

For the financial year under review, the contribution of private students to the revenue of our flight training and education services increased substantially from 41.3% in the FYE 31 December 2009 to 78.1% in the FYE 31 December 2010. The increase was mainly due to the difficulty in obtaining scholarships or sponsorship as mentioned above continued.

Our Group's gross profit margin has increased from approximately 45.9% in the FYE 31 December 2009 to approximately 46.73% in the FYE 31 December 2010. This was mainly attributed to the following:-

- (i) Decrease in our Group's cost of services by approximately 1.43% from approximately RM20.58 million in the FYE 31 December 2009 to approximately RM20.29 million in FYE 31 December 2010. The decrease was mainly due to the decrease in aircraft rental expenses from approximately RM2.04 million in FYE 31 December 2009 to approximately RM1.33 million, representing a decrease of approximately 34.9% as our Group has stopped leasing and returned most of our rented aircraft in the last quarter of 2010 upon the purchase of 10 new aircraft in October 2010; and
- (ii) There was also a decrease in students expenses from approximately RM4.80 million in the FYE 31 December 2009 to approximately RM3.81 million in the FYE 31 December 2010, representing a decrease of approximately 20.5% due to reduction in students examination fee and rental charges for students accommodation. The reduction in examination fees was due to, inter-alia, the depreciation of pound sterling against RM whereby payment of examination fees was in pound sterling.

The increase in staff costs (under cost of services) for the FYE 31 December 2010 was mainly due to the recruitment of seven (7) new instructors to our Group during the said financial year.

Our Group's PAT decreased by approximately 19.5% from approximately RM11.01 million in the FYE 31 December 2009 to approximately RM8.86 million in the FYE 31 December 2010. The decrease was mainly due to the following:-

- (i) Decrease in other income as set out below;
- (ii) Increase in other expenses by approximately 23.46% from approximately RM2.42 million in FYE 31 December 2009 to approximately RM2.99 million in the FYE 31 December 2010 mainly due to the increase in depreciation cost resulting from the acquisition of new aircraft in 2010; and
- (iii) Increase in administrative expenses by approximately 18.20% from approximately RM3.55 million in the FYE 31 December 2009 to RM4.20 million in the FYE 31 December 2010 mainly due to the increase in staff cost for administration staff arising from recruitment of management staff, legal fees arising from the restructuring of term loan and professional fees incurred.

**Other key factors affecting the profitability of our Group**

The other key factors affecting the profitability of our Group include those factors discussed below and elsewhere in this Prospectus, in particular the risk factors under Section 4 of this Prospectus:-

**11. FINANCIAL INFORMATION (Cont'd)****Other Income**

The significant increase in other income for the FYE 31 December 2009 is mainly attributable to reversal of allowance for doubtful debts that was no longer required and compensation received from the construction of hangar. The compensation received from the construction of hangar was for unsatisfactory work done by a contractor on the construction of the hangar within the stipulated timeframe.

The decrease in other income for the FYE 31 December 2010 was mainly due to the following:-

- (i) For the FYE 31 December 2010, there was a substantial decrease in compensation received from the construction of hangar as compared to the FYE 31 December 2009; and
- (ii) There was a reversal of allowance for doubtful debts that was no longer required amounting to approximately RM0.46 million which was recognised as other income in the FYE 31 December 2009, whereby there was no such income was recognised in the FYE 31 December 2010.

**Finance Costs**

Our Group's finance costs were mainly attributable to interest expenses arising from the utilisation of bank borrowings for the acquisition of aircraft and hire purchase.

**Taxation**

The Malaysian statutory tax rates applicable to the FYE 31 December 2007 and 2008, was 27% and 26% respectively whilst 2009 and 2010 was 25%.

Our Group's effective tax rate for the FYE 31 December 2007 is approximately 31.7%, which was significantly higher than the statutory tax rate, mainly due to the tax effect of expenses not deductible for tax purposes.

For the FYE 31 December 2008 and 2009, our Group's effective tax rates were lower than the statutory tax rates mainly due to the followings:-

- (i) On 13 March 2008, APFTSB was granted the Investment Tax Allowance (Industry in Corridor East Coast Peninsular Malaysia, Perlis, Sabah and Sarawak) under Promotion of Investment Act, 1986 (Amended), which exempts 100% from the Malaysia income tax of APFTSB's profit earned for a period of 10 years from 12 January 2006 ("Investment Tax Allowance Incentive"); and
- (ii) Overprovision of taxation in prior year and deferred tax liability.

For the FYE 31 December 2010, our Group's effective tax rate was lower than the statutory tax rate mainly due to the Investment Tax Allowance Incentive as explained above.

**(d) Impact of Foreign Exchange / Commodity Prices / Interest Rates / Inflation on Operating Profits****Foreign Exchange**

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



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

certain extent. It is also our Group's guidelines to minimise the exposure of foreign exchange risk by matching local currency income against local currency costs.

For further details on our exposure to foreign exchange risk, please refer to Section 4.1.5 of this Prospectus.

**Movement in Commodity Prices**

Fuel costs, which represent a significant portion of our expenses, have been subject to volatility, fluctuating over the past several years. In the event that fuel prices hike significantly, we may consider adjusting our fees to cover the increase in fuel cost.

For further details on the fluctuation in fuel prices, please refer to Section 4.1.4 of this Prospectus.

**Interest Rates**

As at 31 December 2010, the total borrowings of our Group amounted to approximately RM21.0 million comprising term loan and hire purchase at the effective interest rates ranging from 3.2% to 8.8% per annum. Although our Group intends to utilise approximately RM8.0 million of the proceeds from the IPO to repay the outstanding borrowings, our Group may incur additional floating rate borrowings in future for the acquisition of additional aircraft.

Our Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, our Group targets a mix of fixed and floating debts based on assessment of our existing exposure and desired interest rate profile.

There is no material impact of the fluctuations of interest rates on our historical profits for the past four (4) FYE 31 December 2007 to 2010.

For further details on our exposure to interest rate risk, please refer to Section 4.1.9 of this Prospectus.

**Inflation**

There was no material impact of inflation on our Group's historical financial results for the past four (4) FYE 31 December 2007 to 2010.

**(e) Exceptional and Extraordinary Items**

There were no exceptional and extraordinary items for the past four (4) FYE 31 December 2007 to 2010.

**(f) Government / Economic / Fiscal / Monetary Policies**

Save as disclosed in Sections 4, 5, 6 and 11 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past four (4) FYE 31 December 2007 to 2010.

**11.4.2 Liquidity and capital resources**

Our operations are funded by a combination of internal and external sources of funds. Internal sources of funds comprise mainly of cash generated from our operating activities and cash and bank balances, while external source of fund comprise mainly borrowings from banks. The interest rates for our floating rate bank loans are based on the prevailing base lending rate plus a margin agreed upon by our bankers when the respective term loans were granted while our fixed rate bank loans are based on the market rates prevailing at the dates of the respective transactions. The principal uses of

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

these funds are for working capital purposes such as purchase of spares and study materials for students, payment of trade payables and staff cost, financing trade receivable balances and operating expenses. The cash used for investing activities was for the purpose of our Group's capital expenditures.

Our Directors are of the view that there are no legal (save and except in certain exceptional circumstances) or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the obligation of our Company.

A summary of our cash flows for the FYE 31 December 2010 based on the audited consolidated statements of cash flows is set out below:-

	<b>Consolidated statements of cash flows for the FYE 31 December 2010 RM'000</b>
Net cash generated from operating activities	7,932
Net cash used in investing activities	(6,414)
Net cash used in financing activities	(5,298)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,780)</b>
Cash and cash equivalents at beginning of year	4,198
<b>Cash and cash equivalents at end of year</b>	<b>418</b>

**Net cash generated from operating activities**

For the FYE 31 December 2010, the amount generated from operations before working capital changes was approximately RM14.24 million. After accounting for items such as the increase in receivables and amount due to a director of approximately RM2.66 million and RM1.45 million respectively, and decrease in payables and deferred income of approximately RM0.82 million and RM2.51 million respectively as well as interest paid of approximately RM1.68 million, our net cash generated from operating activities was approximately RM7.93 million.

Our Group actively manages our operating cash flows and the availability of funding so as to ensure that all funding needs and repayment are met.

**Net cash used in investing activities**

For the FYE 31 December 2010, our Group's net cash used for investing activities was approximately RM6.41 million. The net cash used in investing activities was mainly for capital expenditure incurred for building in progress and the acquisition of new aircraft and aircraft engines. With such investment, our Company will be able to increase our capacity to meet future demands for our services.

**Net cash used in financing activities**

For the FYE 31 December 2010, our Group recorded net cash used in financing activities of approximately RM5.30 million comprising mainly the net repayment of our term loan amounting to approximately RM2.12 million and dividend payment of RM3.00 million.

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

Our Board is of the opinion that after taking into consideration the existing level of cash and cash equivalents and the gross proceeds from the Public Issue, our Group would have adequate working capital for a period of 12 months from the date of this Prospectus.

**11.4.3 Borrowings and financial instruments**

As at 31 December 2010, our total outstanding bank borrowings in the form of term loan and hire purchase amounted to approximately RM21.00 million.

Our total borrowings, all of which are interest-bearing, can be analysed further as follows:-

	Payable within 12 months	Payable after 12 months	Total
	RM'000	RM'000	RM'000
Term loans (secured)	9,555	11,241	20,796
Hire purchase payables	121	82	203
Total	9,676	11,323	20,999
Gearing ratio as at 31 December 2010			0.82

Our Group does not have any borrowings in foreign currency for the FYE 31 December 2010. We manage our interest rate exposure 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 order to meet the repayment obligations. As at 31 December 2010, approximately RM20.54 million of our borrowings are variable rate and approximately RM0.46 million of our borrowings are fixed rate. In addition, we intend to utilise RM8.00 million of the proceeds from the Public Issue to repay our bank borrowings. This will in turn reduce our Group's gearing significantly.

Our Group has not defaulted on payments of either interest and/or principal sum in respect of any borrowings throughout the past one (1) financial year and up to the LPD. As at the LPD, we do not have nor are we using any financial instruments.

**11.4.4 Breach of terms and conditions or covenants associated with credit arrangement or bank loan**

To the best of our Directors' knowledge, as at the LPD, neither us nor our Subsidiary Companies are in breach of any terms and conditions and covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

**11.4.5 Material Commitments**

Save as disclosed below, as at the LPD, our Group has not incurred or known to have incurred any material commitments for capital expenditure that may have a material and adverse impact on our financial position:-

<b>Capital Commitments</b>	<b>RM'000</b>
Acquisition of properties	552 <sup>1</sup>

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

Notes:-

1. Our Group has entered into sale and purchase agreement to acquire the following:-

	<i>Reference in Prospectus for details</i>	<i>RM'000</i>
3-storey building for student accommodation	Section 14.8(b)	552

The above material commitments will be funded by bank borrowings and internally generated funds.

**11.4.6 Material Litigation/ Arbitration**

Neither we nor our Subsidiary Companies are engaged in any material litigation or arbitration either as plaintiff or defendant that has a material effect on the financial position of our Group and our Board is not aware of any proceedings pending or threatened against us or our Subsidiary Companies or of any facts likely to give rise to any proceedings that may materially affect our Group's position and business.

**11.4.7 Contingent Liabilities**

As at the LPD, neither we nor our Subsidiary Companies have any contingent liabilities which have become enforceable or is likely to become enforceable, which in the opinion of Directors, will or may substantially affect our ability to meet our obligations as and when they fall due.

**11.4.8 Trend Information****(a) Business and financial prospects**

Our Directors have observed the following trends based on the revenue and operations of our Group:-

**(i) Expansion of our Group**

According to Protégé Associates, 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 RM129.4 million in 2009 to RM 193 million in 2014, registering a CAGR of 10 percent. Factors priming growth within the market is likely to come from, inter-alia, rising demand from major airlines in Malaysia, the continued pro-aviation policies and measures by the Malaysian government and the strong regional growth projected for aviation activities. Malaysia, being situated within one of the fastest growing region for aviation in the world is likely to see strong increase in demands for pilots in tandem with the anticipated huge delivery of aircraft projected over the next few years. New aircraft purchases and correspondingly, the need for more pilots in this region would have a positive spill-over effect for the local flight education and training market. Local market participants could benefit by catering to the many opportunities available throughout the region in addition to those available domestically.

Our Group believes that although there might be a mismatch in demand and supply of graduate pilots currently whereby there are certain graduates unemployed, we are of the opinion that this occurrence is due to the increase in number of flying schools over the last decade and the economic downturn recently. However we believe that the imbalance should see a correction with the expected increase in demand for pilots moving forward and we believe that the demand for graduate pilot training remains intact and is expected to grow steadily as the economy improves and funds

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

especially from the government sector become more readily available moving forward. As part of our Group's strategy to enhance revenue, we have already expanded our flight education and training services to overseas students and are in the course of expanding into the new and complementary areas within the aviation sector as set out below.

Our Group has also continuously put in place various initiatives to assist our graduate pilots in obtaining employment such as arranging for interviews for our pilots with local and foreign airlines. We have also from time to time received requests from local airlines such as MAS for graduate pilots where we then identify and recommend graduate pilots from our APFTA to be recruited by them accordingly. In addition, certain batches of our graduate pilots are under the tripartite arrangements as mentioned in Section 5.7.12 of this Prospectus whereby they would be employed by MAS upon their graduation. Furthermore, we also cater to foreign airline funded graduate pilots (which include foreign airlines such as Garuda Indonesia, Sri Wijaya Air of Indonesia and Nepal Airlines, who are already employed by these respective airlines. We further believe that our graduate pilots are better placed to compete effectively in the job market as they do not only become professional pilots but they also obtain recognised paper qualifications in the form of the Diploma in Aviation (Pilot Training) upon the completion of their training.

In respect of the above, our Group is well poised to capitalise on the favourable industry prospects. On the domestic front, we foresee that as the economy improves, funds especially from the government and private sector will become more readily available. This will augur well for our Group's operations.

Moving forward, we will continue to expand our presence in both the local and overseas markets via the following:-

- (a) The recognition from DGCA on our flight education and training course in November 2009 has facilitated the promotion of our APFTA to Indonesian students. We strongly believe that there will be significant increase in the number of students from Indonesia to enrol at our APFTA. We would tap into the markets of various provinces of Indonesia, which has allocations to fund student's education abroad; and
- (b) To generate revenue from our existing strategic alliances or collaborations with various business partners.

In addition to the above, we are in the course of setting up a flight training academy at the Rajiv Gandhi International Airport, Shamshabad in Hyderabad, India through a joint venture. We envisage that this joint venture will contribute positively to our revenue growth in future.

According to Protégé Associates, given the current scenarios enveloping the air transport sector in India, the outlook for the flight education and training in India is 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 with its reliance on expensive foreign pilots to meet its current shortfall of pilots. In this respect and after having established our market leading position in Malaysia, it is now timely to expand our presence into the vast India market.

**11. FINANCIAL INFORMATION (Cont'd)****(ii) New and complementary services**

Our Group aspires to become one of the leading regional aviation service providers. As part of the strategy, our Group has expanded or is in the course of expanding into the following new and complementary areas within the aviation sector which will create new sources of income for our Group and further boost our revenue:-

- (a) Chartered commercial flight services (expected to commence operations by June 2011 under APFT Services);
- (b) MRO services (expected to commence operations by June 2011 under APFT Engineering);
- (c) Non-bank remittance services (commenced operations on 12 May 2010 under APFT Express); and
- (d) Maintenance training services (commenced operations on 4 July 2010 under APFT Maintenance Training).

We envisage that the contributions from the abovementioned Subsidiary Companies would be significant in the future.

Please refer to Section 5.8.1 of this Prospectus for further details.

**(iii) Students number, course fees and cost**

Since the commencement of operations in February 2006, the number of new students that enrolled at our APFTA has been progressively increasing. According to Protégé Associates, APFTSB commanded the highest market share of the Malaysia's flight education and training market in 2009 of 37.8% based on the number of students graduated from AFTOs in 2009 as stated in DCA's latest available Annual Report 2009. As at the LPD, our Group has a total of 390 students currently studying at our APFTA. With the favourable factors as mentioned in Section 11.4.8(a)(i) above, we believe that our Group is well poised to increase our student numbers in future.

Taking into consideration the increase in cost of services and operations, our course fees have been revised in the past few years. Our key management monitors course fees adjustment closely to ensure that the adjustment in our course fees will not affect our student intake in future.

Generally, our cost of services mainly comprises fuel costs, aircraft rental, aircraft maintenance, repair and overhaul expenses, staff costs and student expenses. Fuel prices have generally moved within certain price ranges over the years due to changing market demand and supply conditions. Our Group has acquired ten (10) new aircraft in 2010, which was delivered, assembled and became operational in October 2010. With this, our aircraft rental is expected to drop in the FYE 31 December 2011. However, aircraft maintenance, repair and overhaul expenses as well as depreciation cost will increase in line with the increase in the number of aircraft owned by us. Staff costs and student expenses are expected to increase in tandem with the expected increase in revenue. Barring any unforeseen circumstances, our Directors expect such trends to continue.

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

As at the LPD and to the best knowledge and belief of our Board, the financial performance, position and operations of our Group are not affected by any one of the following:-

- (i) Known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of our Group other than those disclosed in this section and Sections 4 and 5 of this Prospectus;
- (ii) Material capital expenditure commitments save as disclosed in Section 11.4.5 of this Prospectus;
- (iii) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as disclosed in this section and in Section 4 of this Prospectus; and
- (iv) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and Section 4 of this Prospectus.

Information on our Group's business and financial prospects, significant trends in revenue and cost of services are set out in this section, Section 4 and Section 5 of this Prospectus. Given the outlook of the flight education and training industry as set out in Section 6 of this Prospectus, our Group's competitive strengths as set out in Section 5.1.2 of this Prospectus and our Group's dedication to implement the future plans and strategies as set out in Section 5.8.1 of this Prospectus, our Board is optimistic about the future prospects of our Group.

**(b) Secured contracts**

As at the LPD, we have the following secured contracts on hand:-

- (i) Contracts secured prior to 2010 and the revenues of which are pending recognition in the FYE 31 December 2011 is approximately RM1.61 million; and
- (ii) Contracts secured with students for the provision of flight education and training in 2010 and the revenues of which are pending recognition in the FYE 31 December 2011 and 2012 is approximately RM20.39 million.

Our recognition of revenue from these contracts is based on a pre-determined payment schedule.

**11.4.9 Other key financial ratios**

The key financial ratios are as follows:-

Key financial ratios	←-----FYE 31 December----->			
	2007*	2008*	2009*	2010 <sup>#</sup>
Trade receivables turnover period (months)	1.06	1.36	3.02	3.87
Trade payables turnover period (months)	-	1.99	1.14	1.00
Inventories turnover period (months)	-	0.13	0.05	0.11

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

Note:-

- \* All our Group's revenue for the FYE 31 December 2007 to 2009 is generated from APFTSB. Hence, only APFTSB's financial position is taken into consideration for the purpose of computing the key financial ratios for the FYE 31 December 2007 to 2009.
- # For FYE 31 December 2010, the key financial ratio is calculated based on the financial results of our APFT Group.

**Trade receivables**

As at 31 December 2010, the trade receivables of our Group amounted to approximately RM12.30 million which can be analysed as follows:-

	<-----Within credit period----->			Exceed credit period over 90 days	Total
	0-30 days	31-61 days	61-90 days		
Trade receivables (RM'000)	301	3,841	4,696	3,458	12,296
% of total trade receivables	3%	31%	38%	28%	100%

The normal credit term granted to our students is 14 to 45 days. Our Group may allow credit period of up to 90 days. For new students, a non-refundable deposit of RM15,000 on acceptance of admission is required.

Our Group may also allow our students a credit period of up to 90 days in the event of delay in payment from students, particularly students under sponsorship. No penalty is imposed for late payment of fees by our students. The delay in payment has contributed to the increase in trade debtor turnover period and trade receivables exceeding credit period for the FYE 31 December 2010.

Trade receivables represent outstanding billings issued/issuable to students in accordance to the contract entered. As at the LPD, approximately RM1.12 million or 9.14% of our Group's total trade receivables has been settled whilst approximately RM0.19 million or 5.50% of our Group's trade receivables exceeding the credit period has been settled. No provision has been made for the outstanding amount exceeding the credit period amounting to approximately RM3.46 million as the Board is of the view that the amount is recoverable. We have put in place a credit control measure whereby students will only be issued the flight training licence upon full settlement of their outstanding fees. This will inevitably reduce any incidents of non-payment of fees by students.

It is our policy to make full provisions for all trade receivables that are in dispute, under legal action or where recoveries are considered to be doubtful.

**Trade payables**

As at 31 December 2010, the trade payables of our Group amounted to approximately RM1.69 million which can be analysed as follows:-

	<-----Within credit period----->		Exceed credit period over 60 days	Total
	0-30 days	31-60 days		
Trade payables (RM'000)	430	222	1,034	1,686
% of total trade payables	26%	13%	61%	100%



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

Our trade payables consist mainly of amount due to suppliers of fuel, rental and repair of aircraft and food supply for students. Trade payables are non-interest bearing and the normal trade credit term granted by our Group's suppliers ranges from 30 days to 60 days.

During the past four (4) years financial years under review, our Group's trade payables turnover period ranges between one (1) to two (2) months. As at 31 December 2010, approximately 38.7% of the trade payables are within the credit period granted.

No legal or other action has been taken against us due to our non-payment or late payment in amount owed to our suppliers.

**Inventories**

Our inventories comprise materials for students. The materials for students mainly consist of study equipment and training aids used by the students for their course such as study guides, text books and maps, headset and aviation related training equipment.

We will usually maintain an adequate level of inventory to meet the course training requirement for our students.

**11.5 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.

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**12. ACCOUNTANTS' REPORT**

(Prepared for inclusion in this Prospectus)



**Grant Thornton**

*(PREPARED FOR INCLUSION IN THIS PROSPECTUS)*

Date: 11 February 2011

The Board of Directors  
APFT Berhad  
Unit 07-02, Level 7, Persoft Tower  
6B, Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan

**SJ Grant Thornton** (AF:07)  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia  
T +603 2692 4022  
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Dear Sirs,

**ACCOUNTANTS' REPORT**

**APFT BERHAD ("APFT" OR "THE COMPANY")**

**1. INTRODUCTION**

This report has been prepared by us, an approved company auditor, for inclusion in this Prospectus in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of APFT on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The details of the listing scheme are disclosed in Section 2.2 of this report.

**2. DETAILS OF THE LISTING SCHEME**

**2.1 THE COMPANY**

APFT was incorporated as a public company limited by shares and was incorporated under the Companies Act 1965 in Malaysia on 19 January 2010. APFT is principally engaged in the business of investment holding.

**2.2 LISTING SCHEME**

In conjunction with, and as an integral part of the listing of APFT on the Main Market of Bursa Securities, the Company is undertaking the following listing scheme:-

**(i) Initial Public Offering ("IPO")**

**Public Issue**

Public Issue of 22,000,000 new APFT Shares ("Public Issue Shares"), representing 14.01% of the enlarged issued and paid-up share capital of APFT, at an issue price of RM0.50 per share, payable in full on application, and will be allocated and allotted in the following manner:-

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 2. DETAILS OF THE LISTING SCHEME (CONT'D)

## 2.2 LISTING SCHEME (CONT'D)

## (i) Initial Public Offering ("IPO") (cont'd)

**Public Issue (cont'd)**(a) **Malaysian Public via balloting**

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

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

7,000,000 Public Issue Shares, representing 4.46% of the enlarged issued and paid-up share capital of APFT, reserved for the eligible employees and persons who have contributed to the success of the Group.

**Offer for Sale**

Offer for sale of 17,250,000 APFT Shares ("Offer Shares"), representing 10.99% of the enlarged issued and paid-up share capital of APFT, at an offer price of RM0.50 per share by the way of private placement to identified investors.

(ii) **Listing**

APFT seeks a listing of and quotation for its 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 ("the Listing"). The gross proceeds arising from the Public Issue amounting to RM11,000,000 are expected to be fully utilised for the core business of the Group in the following manner:-

	RM
Repayment of bank borrowings	8,000,000
Working capital	500,000
Listing expenses	<u>2,500,000</u>
	<u>11,000,000</u>

The listing expenses are estimated at RM2,500,000 and will be set off against the share premium account and retained earnings account.

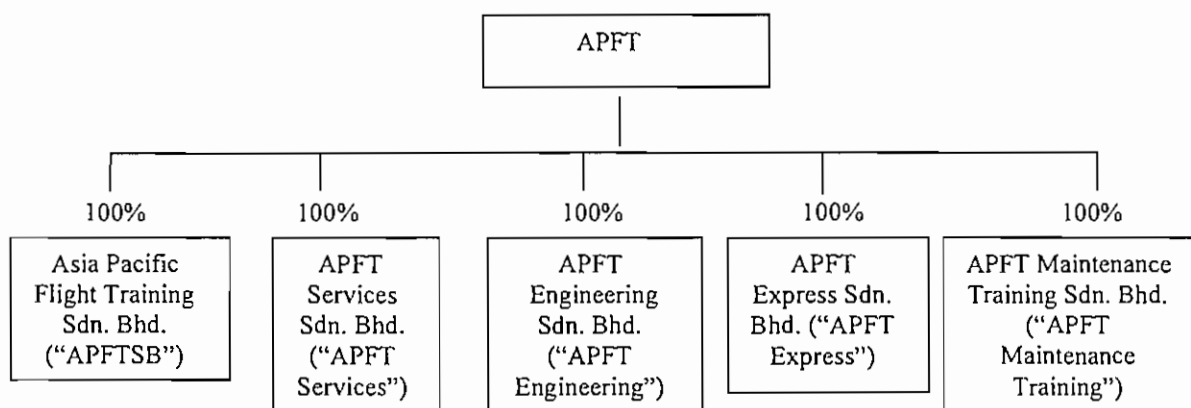
The abovementioned are hereinafter collectively referred to as "Flotation Exercise".

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 3. THE STRUCTURE OF THE COMPANY AND ITS SUBSIDIARY COMPANIES

The structure of the Company and its subsidiary companies ("the Group") are as follows:-



Details of the subsidiary companies are as follows:-

Name of company	Issued and paid-up share capital	Effective equity interest	Date and place of incorporation	Principal activities
APFTSB	3,000,000	100%	13 December 2000, Malaysia	Provision of flight education and training services
APFT Services	3,000,000	100%	4 January 2007, Malaysia	Renting out aircraft and helicopter within the Group and is expected to commence the provision of chartered flight services by June 2011
APFT Engineering	150,000	100%	4 January 2007, Malaysia	Provision of maintenance, repair and overhaul services for aircraft and helicopter. It is currently dormant and is expected to commence operations by June 2011
APFT Express	200,000	100%	27 September 1984, Malaysia	Provision of non-bank remittance services
APFT Maintenance Training	2	100%	27 April 2010, Malaysia	Provision of maintenance training services for the aviation industry

**12. ACCOUNTANTS' REPORT (Cont'd)****4. RELEVANT FINANCIAL PERIOD AND AUDITORS**

<b>Company</b>	<b>Relevant financial period/year</b>	<b>Auditors</b>	<b>Auditors' report</b>
APFTSB	Financial year ended ("FY") 2007 to 2008	Messrs. B.L. Tan & Co.	Appendix I
	FY 2009 and 2010	SJ Grant Thornton	Appendix II
APFT Services	Financial period ended ("FP") 2007 and FY 2008	Messrs. B.L. Tan & Co.	Appendix III
	FY 2009 and 2010	SJ Grant Thornton	Appendix IV
APFT Engineering	FP 2007 and FY 2008	Messrs. B.L. Tan & Co.	Appendix V
	FY 2009 and 2010	SJ Grant Thornton	Appendix VI
APFT Express	FY 2007 to 2008	Messrs. B.L. Tan & Co.	Appendix VII
	FY 2009 and 2010	SJ Grant Thornton	Appendix VIII
APFT Maintenance Training	FP 2010	SJ Grant Thornton	Appendix IX
APFT	FP 2010	SJ Grant Thornton	Appendix X

APFT and APFT Maintenance Training was incorporated on 19 January 2010 and 27 April 2010 respectively, and hence, no audited financial statements has been prepared for the FY 2007 to 2009.

The audited financial statements of APFTSB, APFT Services, APFT Engineering, APFT Express, APFT Maintenance Training and APFT for the relevant financial period/years under review were not subject to any audit qualification.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES

## 5.1 Basis of Preparation of the Financial Statements

The financial statements of APFT and its subsidiary companies ("the Group") have been prepared in accordance with the provisions of the Companies Act 1965 in Malaysia and applicable Financial Reporting Standards issued by Malaysian Accounting Standards Board ("MASB").

Prior to FY 31 December 2009, the subsidiary companies prepared their financial statements using applicable approved accounting standards. This change does not have any material financial effects on the financial statements of the subsidiary companies.

From FY 2009 onwards, the Group has adopted the following new and revised FRSs issued by MASB:-

(a)	FRS 3	- Business Combinations
(b)	FRS 7	- Financial Instruments: Disclosures
(c)	FRS 8	- Operating Segments
(d)	FRS 101	- Presentation of Financial Statements (Revised)
(e)	FRS 102	- Inventories
(f)	FRS 107	- Statement of Cash Flows
(g)	FRS 108	- Accounting Policies, Changes in Accounting Estimates and Errors
(h)	FRS 110	- Events After the Reporting Period
(i)	FRS 112	- Income Taxes
(j)	FRS 116	- Property, Plant and Equipment
(k)	FRS 117	- Leases
(l)	FRS 118	- Revenue
(m)	FRS 119	- Employee Benefits
(n)	FRS 121	- The effects of changes in Foreign Exchange Rates
(o)	FRS 123	- Borrowing Costs
(p)	FRS 124	- Related Party Disclosures
(q)	FRS 127	- Consolidated and Separate Financial Statements
(r)	FRS 132	- Financial Instruments: Presentation
(s)	FRS 133	- Earnings Per Share
(t)	FRS 136	- Impairment of Assets
(u)	FRS 137	- Provisions, Contingent Liabilities and Contingent Assets
(v)	FRS 139	- Financial Instruments: Recognition and Measurement
(w)	Amendments to FRS 7	- Financial Instruments: Disclosures. Amendment relating to financial assets
(x)	Amendments to FRS 8	- Operating Segments. Amendment relating to disclosure information about segment assets
(y)	Amendment to FRS 107	- Statement of Cash Flows. Amendment relating to classification of expenditure on unrecognised assets

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.1 Basis of Preparation of the Financial Statements (cont'd)

From FY 2009 onwards, the Group has adopted the following new and revised FRSs issued by MASB (cont'd):-

- (z) Amendments to FRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors. Amendment relating to selection and application of accounting policies
- (aa) Amendments to FRS 110 - Events After the Reporting Period. Amendment relating to reason for dividend not recognised as a liability at the end of the reporting period
- (ab) Amendments to FRS 116 - Property, Plant and Equipment. Amendment relating to derecognition of asset
- (ac) Amendments to FRS 117 - Leases. Amendment relating to classification of leases
- (ad) Amendments to FRS 118 - Revenue. Amendment relating to Appendix of this standard and recognition and measurement
- (ae) Amendments to FRS 119 - Employee Benefits. Amendment relating to definition, curtailment and settlements
- (af) Amendments to FRS 123 - Borrowing Costs. Amendment relating to exclusion of incidental cost to borrowing
- (ag) Amendments to FRS 127 - Consolidated and Separate Financial Statements. Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate
- (ah) Amendments to FRS 132 - Financial Instruments: Presentation. Amendment relating to effective date and transition
- (ai) Amendments to FRS 136 - Impairment of assets. Amendment relating to the disclosure of recoverable amount
- (aj) Amendments to FRS 139 - Financial Instruments: Recognition and Measurement. Amendment relating to eligible hedged items, reclassification of financial assets and embedded derivatives

Adoption of the above standards did not have any material effect on the financial performance or position of the Group except for the following:-

**FRS 7 Financial Instruments: Disclosures**

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 requires the disclosure of information about the significance of financial instruments for the Group's financial position and performance, the nature and extent of risks arising from financial instruments and the objectives, policies and processes for managing capital.

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 Basis of Preparation of the Financial Statements (cont'd)**

Adoption of the above standards did not have any material effect on the financial performance or position of the Group except for the following (cont'd):-

**FRS 7 Financial Instruments: Disclosures (cont'd)**

The Group has applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the financial year ended 31 December 2010.

**FRS 101 Presentation of Financial Statements (Revised)**

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The Standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present this statement as one single statement.

A statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements. The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group.

**FRS 123 Borrowing Costs (Revised)**

FRS 123 (Revised) eliminates the option available under the previous version of FRS 123 to recognise all borrowing costs immediately as expenses. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

In accordance with the transitional provisions of the Standard, the Group has amended its accounting policy and adopted this as a prospective change. Therefore, borrowing costs have been capitalised on qualifying assets with a commencement date on or after 1 January 2010. No changes have been made for borrowing costs incurred prior to this date that have been expensed.

**FRS 139 Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group has adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. Any effects arising from the adoption of this Standard will be accounted for by adjusting the opening balance of unappropriated profit as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policy and the effects arising from the adoption of FRS139 are discussed below:



**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 Basis of Preparation of the Financial Statements (cont'd)**

Adoption of the above standards did not have any material effect on the financial performance or position of the Group except for the following (cont'd):-

**FRS 139 Financial Instruments: Recognition and Measurement (cont'd)**

- *Impairment of trade receivables*

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group:-

**Effective for financial periods beginning on or after 1 March 2010**

- (a) Amendment to FRS 132 - Financial Instruments: Presentation. Amendments relating to classification of right issues

**Effective for financial periods beginning on or after 1 July 2010**

- (a) FRS 1 - First-time Adoption of Financial Reporting Standards
- (b) Amendments to FRS 2 - Share Based Payment. Amendments relating to the scope of the Standard
- (c) FRS 3 - Business Combinations (Revised)
- (d) Amendments to FRS 5 - Non-Current Assets Held for Sale and Discontinued Operations. Amendment relating to the inclusion of non-current assets as held for distribution to owners in the standard
- (e) FRS 127 - Consolidated and Separate Financial Statements
- (f) Amendments to FRS 138 - Intangible assets. Amendments relating to the revision to FRS 3
- (g) Amendments to IC Interpretation 9 - Reassessment of Embedded Derivatives. Amendments relating to the scope of the IC and revision to FRS 3
- (h) IC Interpretation 12 - Service Concession Arrangements
- (i) IC Interpretation 15 - Agreements for the Construction of Real Estate
- (j) IC Interpretation 16 - Hedges of a Net Investment in a Foreign Operation
- (k) IC Interpretation 17 - Distributions of Non-cash Assets to Owners



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.1 Basis of Preparation of the Financial Statements (cont'd)

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group (cont'd):-

**Effective for financial periods beginning on or after 1 January 2011**

- |     |                       |  |
|-----|-----------------------|--|
| (a) | Amendments to FRS 1   | - Limited Exemption from Comparative FRS 7 Disclosures for First time Adopters. Amendment relating to transition provisions for first-time adopter   |
| (b) | Amendments to FRS 1   | - Additional Exemptions for First-time Adopters. Amendments relating to exemptions for entities in the oil and gas industry and those with leasing contracts   |
| (c) | Amendments to FRS 1   | - First-time Adoption of Financial Reporting Standards. Amendments relating to accounting policy changes in the year of adoption, revaluation basis as deemed cost and use of deemed cost for operations subject to rate regulation        |
| (d) | Amendments to FRS 2   | - Group cash-settled share-based Payment Transactions. Amendments to prescribe the accounting treatment for share-based payment transaction  |
| (e) | Amendments to FRS 3   | - Business Combinations. Amendments relating to measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards   |
| (f) | Amendments to FRS 7   | - Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurement using fair value hierarchy and disclosure of liquidity risk   |
| (g) | Amendments to FRS 7   | - Financial Instruments: Disclosures. Amendments relating to classification of disclosures and transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised FRS |
| (h) | Amendments to FRS 101 | - Presentation of Financial Statements. Amendment relating to clarification of statement of changes in equity  |
| (i) | Amendments to FRS 121 | - The Effects of Changes in Foreign Exchange Rates. Amendment relating to transition requirements for amendments arising as a result of FRS 127  |
| (j) | Amendment to FRS 128  | - Investment in Associates. Amendment relating to transition requirements for amendments arising as a result of FRS 127  |

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.1 Basis of Preparation of the Financial Statements (cont'd)**

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group (cont'd):-

**Effective for financial periods beginning on or after 1 January 2011 (cont'd)**

- (k) Amendment to FRS 131 - Interests in Joint Ventures. Amendment relating to transition requirements for amendments arising as a result of FRS 127
- (l) Amendment to FRS 132 - Financial Instruments: Presentation. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of revised FRS 3
- (m) Amendment to FRS 134 - Interim Financial Reporting. Amendment relating to significant events and transactions
- (n) Amendment to FRS 139 - Financial Instruments: Recognition and Measurement. Amendment relating to transition requirements for contingent consideration from a business combination that occurred before the effective date of revised FRS 3
- (o) IC Interpretation 4 - Determining whether an Arrangement contains a Lease
- (p) Amendments to IC Interpretation 13 - Customer Loyalty Programmes. Amendment relating fair value of award credits
- (q) IC Interpretation 18 - Transfer of Assets from Customers

**Effective for financial periods beginning on or after 1 July 2011**

- (a) Amendment to IC Interpretation 14 - Prepayments of A Minimum Funding Requirement
- (b) IC Interpretation 19 - Extinguishing Financial Liabilities with Equity Instruments

**Effective for financial periods beginning on or after 1 January 2012**

- (a) FRS 124 - Related Party Disclosures
- (b) Amendment to IC Interpretation 15 - Agreements for the Construction of Real Estate

The existing FRS 1, FRS 3, FRS 127 as well as FRS 201<sub>2004</sub> - Property Development Activities will be withdrawn upon the adoption of the new requirements that take effect on 1 July 2010. IC Interpretation 8 and 11 shall be withdrawn on application of Amendments to FRS 2 (#) effective for the accounting period beginning on or after 1 January 2011.



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

### 5.1 Basis of Preparation of the Financial Statements (cont'd)

The following are standards and IC Interpretations which are not yet effective and have not been early adopted by the Group (cont'd):-

All the above Amendments, IC Interpretations and FRS except for FRS 3, 124, 127, Amendments to FRS 3, 7, 101 and 121 are not expected to be relevant to the operations of the Group. The Directors anticipate that the adoption of those applicable FRS and amendments to FRS will have no material impact on the financial statements of the Group in the period for initial application except for the followings:-

#### **FRS 3 Business Combination**

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

#### **FRS 127 Consolidated and Separate Financial Statements**

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non-controlling interest to be in a deficit position.

#### **FRS 124 Related Party Disclosures**

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of such standard.

### 5.2 Financial Risk Management Objectives and Policies

The Group are exposed to financial risks arising from their operations and the use of financial instruments. The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within policies that are approved by the Board and the Group's policies are not to engage in speculative transactions.



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 Financial Risk Management Objectives and Policies (cont'd)

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises primarily from receivables. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group provides services only to recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various backgrounds. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 Financial Risk Management Objectives and Policies (cont'd)

(b) Liquidity and cash flow risks

Liquidity and cash flow risks are the risks that the Group will not be able to meet its financial obligations as they fall due, due to shortage of funds.

In managing its exposures to liquidity and cash flow risks arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

As at 31 December 2010, the Group's non-derivative financial liabilities which have contractual maturities (including interest payments) are summarised below:-

	Group			
	Current Less than 1 year RM	Between 1 to 2 years RM	Non-current Between 3 to 5 years RM	More than 5 years RM
<b>Secured:</b>				
Borrowings	9,554,647	4,532,537	3,206,583	3,502,278
Hire purchase creditors	121,178	73,074	8,532	-
	9,675,825	4,605,611	3,215,115	3,502,278
<b>Unsecured:</b>				
Trade payables	1,685,869	-	-	-
Other payables	1,142,140	-	-	-
Amount due to a Director	6,295,033	-	-	-
	9,123,042	-	-	-
<b>Total</b>	18,798,867	4,605,611	3,215,115	3,502,278

(c) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the Group's functional currency, i.e. Ringgit Malaysia (RM). The currency giving rise to this risk is primarily U.S. Dollar (USD) which is arising from the acquisition of aircrafts. The Group's guideline is to minimise the exposure of foreign currency risk by matching local currency income against local currency costs.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.2 Financial Risk Management Objectives and Policies (cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were as follows:-

	<b>Group</b> <b>2010</b> <b>RM</b>
<b>Fixed rate instruments</b>	
Borrowings	259,539
Hire purchase creditors	202,784
	<u>462,323</u>
<b>Floating rate instruments</b>	
Borrowings	<u>20,536,506</u>

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 0.5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Profit for the period	
	RM	RM
	+0.5%	-0.5%
<b>Floating rate instruments</b>		
31 December 2010	<u>(97,340)</u>	<u>97,340</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.3 Capital Management**

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

**5.4 Significant Accounting Policies****(a) Accounting convention**

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia (RM), which is the Group's functional currency.

**(b) Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual result may differ from these estimates.

**Key sources of estimation uncertainty**

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

**Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight line basis over their estimated useful life. Management estimated the useful life of these assets to be within 1.25 to 25 years. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.



## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.4 Significant Accounting Policies (cont'd)

(b) Significant accounting estimates and judgements (cont'd)Key sources of estimation uncertainty (cont'd)**Impairment of non-financial assets**

The Directors assesses whether the carrying amount of its non-financial assets are impaired at each reporting date. This involves measuring the recoverable amounts based on the fair value less costs to sell or value in use of these assets.

Fair value less costs to sell is determined based on available published third party information or contractual value in agreements entered into by the Group.

**Impairment of goodwill**

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

**Income taxes**

The Group is exposed to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

**Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed tax losses, unutilised capital allowances and unused tax credits to the extent that taxable profit will be available against which all the deductible temporary differences, unabsorbed tax losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(b) Significant accounting estimates and judgements (cont'd)****Key sources of estimation uncertainty (cont'd)****Allowance for impairment**

Allowance for impairment is determined using a combination of factors, including the overall quality and aging of receivables, continuing credit evaluation of the customers' financial strength and collateral requirements from customers in certain circumstances. The Directors make allowance for impairment based on its best estimates at the reporting date.

**Fair value of financial instruments**

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

**(c) Basis of consolidation**

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies.

All intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Unrealised losses are also eliminated on consolidation unless cost cannot be recovered.

The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

Business combinations are accounted for using the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any cost directly attributable to the business combination. Adjustments to those fair values relating to previously held interest are treated as a revaluation and recognised in other comprehensive income.

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

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**5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(c) Basis of consolidation (cont'd)**

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill on the Statement of Financial Position. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 5.4 (e).

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the Statement of Comprehensive Income on the date of acquisition.

Subsidiary companies are consolidated using the acquisition method of accounting from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unimpaired balance of goodwill on acquisition and exchange differences.

**Common control business combination**

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The acquisition resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of FRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements.

In applying merger accounting, financial statements' items of the combining entities or businesses for the reporting period in which the common control combination occurs are included in the consolidated financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

### 5.4 Significant Accounting Policies (cont'd)

#### (c) Basis of consolidation (cont'd)

##### **Common control business combination (cont'd)**

A single uniform set of accounting policies is adopted by the Group. Therefore, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming to the Group's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. Any difference between the paid-up capital of the Company and the amount of share capital acquired is adjusted against equity. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the Group.

#### (d) Subsidiaries

A subsidiary is a company in which the Group or the Company has the power to exercise control over the financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investment in subsidiary company, which is eliminated on consolidation, is stated at cost in the Company's financial statements. Where an indication of impairment exists, the carrying amount of the subsidiary company is assessed and written down immediately to their recoverable amount.

On disposal of such investment, the differences between net disposal and their carrying amount are charged or credited to the statement of comprehensive income.

#### (e) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary company at the date of acquisition.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the Statement of Financial Position.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(e) Goodwill (cont'd)**

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and, whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operations within that unit is disposed off, the goodwill associated with the operations disposed off is included in the carrying amount of the operations when determining the gain or loss on disposal of the operations. Goodwill disposed off in these circumstances is measured based on the relative fair values of the operations disposed off and portion of the cash-generating unit retained.

**(f) Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Buildings in progress are not depreciated. Depreciation on other property, plant and equipment is provided on the straight line method in order to write off the cost of each asset over its estimated useful life of the asset concerned.

The principal annual depreciation rates used are as follows:-

Leasehold buildings	10%
Computers	20%
Electrical installation and renovation	10%
Air-conditioner, signboard, furniture & fittings	10%
Flying equipment and office equipment	10%
Motor vehicles	20%
Simulators	10%
Refueller and skid tank	10%
Aircrafts	4%
Aircrafts engine	75%

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing asset beyond its previously assessed standard of performance.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.4 Significant Accounting Policies (cont'd)

(f) Property, plant and equipment and depreciation (cont'd)

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The residual values, useful lives and depreciation method are reviewed at the end of each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the financial year the asset is derecognised.

(g) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment.

If any such indication exists, or when annual impairment testing for an asset is required, the recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount of the asset or a cash-generating unit is less than its carrying amount. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

Any impairment loss is charged to the statement of the comprehensive income immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation) had no impairment loss been recognised. The reversal is recognised in the statement of comprehensive income immediately.

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(h) Financial assets**

Financial assets are recognised in the statement of financial position when, and only when the Group or the Company becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, and through the amortisation process.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

**(i) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

### 5.4 Significant Accounting Policies (cont'd)

#### (i) Impairment of financial assets (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and includes all expenses incurred in bringing the inventories to their present location and condition which consist of cost of purchase and transportation cost.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and bank balances, short term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### (l) Provisions

Provisions are recognised when there is a present obligation (legal or constructive), as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

#### (m) Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities consist of borrowings, trade payables and other payables. Borrowings, trade payables and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. A financial liability is derecognised when the obligation under the liability is extinguished.



**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

Other borrowing costs are expensed in the period in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

**(o) Deferred income**

Deferred income represents course fee billed in advance while the services have not been rendered as at reporting date.

**(p) Assets acquired under lease arrangements****Finance lease**

The cost of property, plant and equipment acquired under hire purchase arrangements which transferred substantially all the risks and rewards of ownership to the Company are capitalised. The depreciation policy on these property, plant and equipment is similar to that of the Company's property, plant and equipment depreciation policy. Outstanding obligations due under hire purchase arrangements after deducting finance expenses are included as liabilities in the financial statements. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as expenses in the statement of comprehensive income over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

**Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remained with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the relevant lease terms. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.4 Significant Accounting Policies (cont'd)

(q) Revenue recognition(i) Course fee

Revenue from course fee is recognised over the period of the course in the statement of comprehensive income.

(ii) Rendering of services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably.

(r) Employees benefits(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the period in which the associated services are rendered by the employees of the Group.

(ii) Defined contribution plans

The Group's contribution to defined contribution plans are charged to the statement of comprehensive income in the period in which they are related.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified to make strategic decisions.

(t) Income tax

Income tax on the profit or loss for the financial year comprises current tax. Current tax expenses are the expected amount of income taxes payable in respect of the taxable profit for the financial year and are measured using the tax rates that have been enacted by the balance sheet date.

Deferred tax liabilities and assets are provided for under the liability method in respect of all temporary differences at the balance sheet date between the carrying amount of an asset or liability in the balance sheet and its tax base including unabsorbed tax losses and unutilised capital allowances.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)

## 5.4 Significant Accounting Policies (cont'd)

(t) Income tax (cont'd)

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or that entire deferred tax assets to be utilised, the carrying amount of the deferred tax assets will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax is recognised in the statement of comprehensive income, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

(u) Foreign currency transactions and translations

Transactions in foreign currencies are recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling as at reporting date.

All foreign exchange differences are taken to the statement of comprehensive income in the period in which they arise.

(v) Related parties

A party is related to an entity if:-

- (i) directly or indirectly through one or more intermediaries, the party:-
  - (1) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
  - (2) has an interest in the entity that gives it significant influence over the entity; or
  - (3) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);

**12. ACCOUNTANTS' REPORT (Cont'd)****5. ACCOUNTING STANDARDS AND POLICIES (CONT'D)****5.4 Significant Accounting Policies (cont'd)****(v) Related parties (cont'd)**

- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

**6. FINANCIAL INFORMATION**

The financial information of APFT, APFTSB, APFT Services, APFT Engineering, APFT Express and APFT Maintenance Training as presented in Section 6.1 to Section 6.6 are based on the audited financial statements, modified as appropriate, for the purpose of this report.

The scope of work involved in the preparation of this report does not constitute an audit in accordance with approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except those in italics which are prepared based on calculation, representation and/or explanation provided by the management and those as otherwise indicated.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.1 APFT

## 6.1.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFT for FP from 19 January 2010 to 31 December 2010:-

	Note	Group FP 2010 RM	Company FP 2010 RM
Revenue	1	38,094,883	-
Cost of services		(20,293,376)	-
Gross profit		17,801,507	-
Other income		322,340	-
Marketing expenses		(374,240)	-
Administration expenses		(4,195,856)	(7,292)
Other expenses		(2,988,648)	-
Finance cost		(1,676,053)	-
Profit/(loss) before taxation ("PBT")("LBT")	2	8,889,050	(7,292)
Taxation	3	(27,250)	-
Profit/(loss) after taxation ("PAT")("LAT")		8,861,800	(7,292)
Earnings before interest, taxation and depreciation ("EBITDA")		14,250,354	(7,292)
Attributable to:-			
Equity holders of APFT		8,861,800	(7,292)
Gross profit margin (%)		46.73	-
PBT margin (%)		23.34	-
PAT margin (%)		23.27	-
Effective tax rate (%)		0.31	-
Weighted average number of ordinary shares issued		71,013,703	71,013,703
Gross earnings per share ("EPS") (RM)#		0.13	@
Net EPS (RM) #		0.12	@

# Based on weighted average number of ordinary shares issued during the financial period

@ Less than RM0.01

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.1 APFT (cont'd)

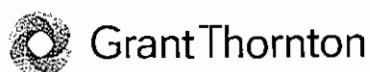
## 6.1.2 Statements of Financial Position

	Note	Group FP 2010 RM	Company FP 2010 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	39,664,532	-
Investment in subsidiary companies	5	-	27,301,297
Goodwill on consolidation	6	12,241	-
<b>Total non-current assets</b>		<b>39,676,773</b>	<b>27,301,297</b>
<b>Current assets</b>			
Inventories	7	193,532	-
Trade receivables	8	12,296,286	-
Other receivables	9	4,308,636	846,431
Cash and bank balances		417,904	-
<b>Total current assets</b>		<b>17,216,358</b>	<b>846,431</b>
<b>Total assets</b>		<b>56,893,131</b>	<b>28,147,728</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the company</b>			
Share capital	10	27,000,000	27,000,000
Merger deficit		(20,999,998)	-
Unappropriated profit/(accumulated loss)		19,487,031	(7,292)
<b>Total equity</b>		<b>25,487,033</b>	<b>26,992,708</b>
<b>Non-current liabilities</b>			
Borrowings	11	11,241,398	-
Hire purchase creditors	12	81,606	-
<b>Total non-current liabilities</b>		<b>11,323,004</b>	<b>-</b>
<b>Current liabilities</b>			
Trade payables	13	1,685,869	-
Other payables	14	1,142,140	4,383
Deferred income	15	1,257,199	-
Amount due to a subsidiary company	16	-	1,150,637
Amount due to a Director	17	6,295,033	-
Borrowings	11	9,554,647	-
Hire purchase creditors	12	121,178	-
Tax payable		27,028	-
<b>Total current liabilities</b>		<b>20,083,094</b>	<b>1,155,020</b>
<b>Total liabilities</b>		<b>31,406,098</b>	<b>1,155,020</b>
<b>Total equity and liabilities</b>		<b>56,893,131</b>	<b>28,147,728</b>
Net asset ("NA")		25,487,033	26,992,708
Number of ordinary shares		135,000,000	135,000,000
NA per share		0.19	0.20

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.3 Statements of Cash Flows**

	Group FP 2010 RM	Company FP 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation	8,889,050	(7,292)
<b>Adjustments for :-</b>		
Bad debts written off	12,000	-
Depreciation	3,685,251	-
Interest income	(18,300)	-
Interest expenses	1,676,053	-
	<u>14,244,054</u>	<u>(7,292)</u>
<b>Changes in working capital :-</b>		
Inventories	(114,043)	-
Receivables	(2,660,445)	(846,431)
Payables	(820,229)	4,383
Deferred income	(2,508,195)	-
Subsidiary company	-	1,150,637
Director	1,448,828	-
	<u>9,589,970</u>	<u>301,297</u>
Cash generated from operations	9,589,970	301,297
Tax paid	(222)	-
Interest paid	(1,676,053)	-
Interest received	18,300	-
	<u>7,931,995</u>	<u>301,297</u>
Net cash from operating activities	7,931,995	301,297
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiary companies, net of cash acquired	(220,071)	(301,299)
Purchase of property, plant and equipment	(6,193,802)	-
	<u>(6,413,873)</u>	<u>(301,299)</u>
Net cash used in investing activities	(6,413,873)	(301,299)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment of term loans	(2,116,134)	-
Repayment of hire purchase creditors	(181,733)	-
Proceeds from issuance of shares	2	2
Dividend paid by a subsidiary company prior to acquisition	(3,000,000)	-
	<u>(5,297,865)</u>	<u>2</u>
Net cash (used in)/from financing activities	(5,297,865)	2
<b>CASH AND CASH EQUIVALENTS</b>		
Net (decrease)/increase	(3,779,743)	-
At beginning of period	4,197,647	-
	<u>417,904</u>	<u>-</u>
At end of period	417,904	-

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.1 APFT (cont'd)

## 6.1.4 Statements of changes in equity

Group	Share capital	Merger deficit	Unappropriated profit	Total
	RM	RM	RM	RM
Balance as at date of incorporation	2	-	-	2
Issuance of shares	26,999,998	-	-	26,999,998
Arising from acquisition of subsidiary companies		(20,999,998)	10,625,231	(10,374,767)
Net profit for the period	-	-	8,861,800	8,861,800
Balance as at 31 December 2010	<u>27,000,000</u>	<u>(20,999,998)</u>	<u>19,487,031</u>	<u>25,487,033</u>

Company	Share capital	Accumulated loss	Total
	RM	RM	RM
Balance as at date of incorporation	2	-	2
Issuance of shares	26,999,998	-	26,999,998
Net loss for the period	-	(7,292)	(7,292)
Balance as at 31 December 2010	<u>27,000,000</u>	<u>(7,292)</u>	<u>26,992,708</u>



**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.5 Notes to the financial statements****1. Revenue**

	<b>Group FP 2010 RM</b>
Course fees received/receivable	38,089,313
Rendering of services	<u>5,570</u>
	<u><u>38,094,883</u></u>

**2. Profit/(loss) before taxation**

Profit/(loss) before taxation has been determined after charging/(crediting) amongst other items the following:-

	<b>Group FP 2010 RM</b>	<b>Company FP 2010 RM</b>
Audit fees	82,000	25,000
Bad debts written off	12,000	-
Depreciation	3,685,251	-
Directors' remuneration	41,960	2,000
Interest expenses		
- term loans	1,653,474	-
- hire purchase	22,579	-
Realised gain on foreign exchange	(46,175)	-
Rental expenses:		
- aircraft	1,926,072	-
- condominium	321,700	-
- dormitory	52,380	-
- hangar	23,250	-
- land	379,073	-
- office	414,086	-
- office equipment	22,800	-
- motor vehicles	660	-
Interest income	<u>(18,300)</u>	<u>-</u>

**3. Taxation**

	<b>Group FP 2010</b>
Current period provision	27,028
Underprovision of taxation in prior year	<u>222</u>
	<u><u>27,250</u></u>

Malaysian income tax is calculated at the statutory rate of 25% of the estimated assessable profits for the financial period.

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

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

**6.1 APFT (cont'd)**

**6.1.5 Notes to the financial statements**

**3. Taxation (cont'd)**

The Group's unabsorbed investment tax allowances which can be carried forward to offset against future taxable profit amounted to approximately RM14,696,000.

The Group's unutilised capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM1,134,000.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.



## 12. ACCOUNTANTS' REPORT (Cont'd)

### 6. FINANCIAL INFORMATION (CONT'D)

#### 6.1 APFT (cont'd)

#### 6.1.5 Notes to the financial statements

#### 4. Property, plant and equipment

Group	Leasehold buildings RM	Buildings in progress RM	Computers RM	Electrical installation and renovation RM	Air-conditioner, signboard, furniture & fittings RM	Motor vehicles RM	Flying equipment and office equipment RM	Simulators RM	Refueller and skid tank RM	Aircrafts RM	Aircrafts engine RM	Total RM
Cost												
Additions through acquisition of subsidiary companies	8,738,297	247,286	322,093	989,024	564,906	801,460	337,738	2,417,927	132,500	20,530,355	1,559,879	36,641,465
Additions	172,050	1,026,120	34,905	120,900	32,068	-	149,625	-	-	8,910,250	590,384	11,036,302
Transfers	478,781	(478,781)	-	-	-	-	-	-	-	-	-	-
As at 31.12.2010	9,389,128	794,625	356,998	1,109,924	596,974	801,460	487,363	2,417,927	132,500	29,440,605	2,150,263	47,677,767
Accumulated depreciation												
Addition through acquisition of subsidiary companies	1,110,771	-	176,032	342,508	161,650	386,589	80,410	654,084	30,583	835,861	549,496	4,327,984
Charge for the period	986,856	-	67,375	105,905	58,570	160,292	44,314	241,793	13,249	910,317	1,096,580	3,685,251
As at 31.12.2010	2,097,627	-	243,407	448,413	220,220	546,881	124,724	895,877	43,832	1,746,178	1,646,076	8,013,235
Net carrying amount												
31.12.2010	7,291,501	794,625	113,591	661,511	376,754	254,579	362,639	1,522,050	88,668	27,694,427	504,187	39,664,532

Property, plant and equipment with net carrying amount of RM197,667 are financed under hire purchase arrangements.

Property, plant and equipment with net carrying amount of RM36,361,654 have been pledged to licensed banks for banking facilities granted to a subsidiary company.

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.5 Notes to the financial statements****5. Investment in subsidiary companies**

	<b>Company FP 2010 RM</b>
Unquoted shares, at cost	<u>27,301,297</u>

Details of the subsidiary companies are as follows:-

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective interest 31.12.2010 %</u>
Asia Pacific Flight Training Sdn. Bhd.	Malaysia	100
APFT Services Sdn. Bhd.	Malaysia	100
APFT Express Sdn. Bhd.	Malaysia	100
APFT Engineering Sdn. Bhd.	Malaysia	100
APFT Maintenance Training Sdn. Bhd.	Malaysia	100

**6. Goodwill on consolidation**

	<b>Group FP 2010 RM</b>
Arising from acquisition of subsidiary companies / At end of period	<u>12,241</u>

**7. Inventories**

	<b>Group FP 2010 RM</b>
<u>At cost:-</u>	
Materials for students	<u>193,532</u>

**8. Trade receivables**

	<b>Group FP 2010 RM</b>
Trade receivables	12,320,760
Less: Allowance for impairment	<u>(24,474)</u>
	<u>12,296,286</u>

Trade receivables are non-interest bearing and are generally on 14 to 60 days terms.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.1 APFT (cont'd)

## 6.1.5 Notes to the financial statements

## 9. Other receivables

	Group FP 2010 RM	Company FP 2010 RM
Non-trade receivables	322,758	-
Deposits	2,282,806	-
Prepayments	1,703,072	846,431
	<u>4,308,636</u>	<u>846,431</u>

## 10. Share capital

	Group & Company FP 2010 RM
Authorised:-	
Ordinary shares of RM0.20 each	
At date of incorporation	100,000
Created during the period	<u>49,900,000</u>
At end of period	<u>50,000,000</u>
Issued and fully paid:-	
Ordinary shares of RM0.20 each	
At date of incorporation	2
Issued during the period	<u>26,999,998</u>
At end of period	<u>27,000,000</u>

## 11. Borrowings

	Group FP 2010 RM
Current	
Secured:-	
Term loan (1)	8,994,456
Term loan (2)	455,539
Term loan (3)	<u>104,652</u>
	<u>9,554,647</u>
Non-current	
Secured:-	
Term loan (1)	10,273,601
Term loan (2)	359,334
Term loan (3)	<u>608,463</u>
	<u>11,241,398</u>
	<u>20,796,045</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.5 Notes to the financial statements****11. Borrowings**

Term loans obtained from local banks bear interest ranging from 5.00% to 8.75% per annum and are secured by the followings:-

Term loan (1)

- a) Debenture;
- b) Charge over aircrafts;
- c) Corporate guarantee by Forad Holdings Sdn Bhd;
- d) Letter of guarantee;
- e) Letter of negative pledge;
- f) Deed of assignment of contract payments from MAS;
- g) Supplemental agreement; and
- h) Joint and several guarantee and indemnity agreement by the Company's Directors and Forad Holdings Sdn Bhd.

Term loan (2)

- a) Joint and several guarantee and indemnity agreement by the Company's Directors and Forad Holdings Sdn Bhd;
- b) The Memorandum of Deposits; and
- c) The specific debenture.

Term loan (3)

- a) Loan Agreement and irrecoverable Power of Attorney;
- b) Private Caveat on master title holding the property;
- c) Original Sales and Purchase Agreement of the property; and
- d) Third party – First charge on the property.

**12. Hire purchase creditors**

	Group FP 2010 RM
Minimum lease payments	
- within 1 year	136,433
- after 1 year but not later than 5 years	80,160
	<hr/>
	216,593
Less : Interest-in-suspense	(13,809)
	<hr/>
Present value of minimum lease payments	202,784
	<hr/>
Present value of minimum lease payments	
- within 1 year	121,178
- after 1 year but not later than 5 years	81,606
	<hr/>
	202,784
	<hr/>

Hire purchase creditors bear interest ranging from 3.20% to 5.50% per annum.

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.5 Notes to the financial statements****13. Trade payables**

Trade payables are non-interest bearing. The normal trade credit terms granted by the trade payables ranging from 30 days to 60 days.

**14. Other payables**

	Group FP 2010 RM	Company FP 2010 RM
Other payables	106,111	4,383
Deposits received	444,961	-
Accruals	591,068	-
	<u>1,142,140</u>	<u>4,383</u>

**15. Deferred income****Group**

Deferred income represents deferred course fees income.

**16. Amount due to a subsidiary company****Company**

Amount due to a subsidiary company is unsecured, bears no interest and repayable on demand.

**17. Amount due to a Director****Group**

Amount due to a Director is unsecured, bears no interest and repayable on demand.

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.1 APFT (cont'd)****6.1.5 Notes to the financial statements****18. Operating segment**

Operating segments are components in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of flight education and training, maintenance training service and non-bank remittance service as its operating segment.

	Flight education and training RM	Maintenance training service RM	Non-bank remittance service RM	Others RM	Consolidated RM
<b>31.12.2010</b>					
<b>REVENUE</b>					
External revenue	37,889,313	200,000	5,570	-	38,094,883
<b>RESULTS</b>					
Segment results	13,665,146	111,713	(13,412)	486,907	14,250,354
Depreciation	(3,573,807)	(3,601)	(1,646)	(106,197)	(3,685,251)
Finance cost	(1,676,053)	-	-	-	(1,676,053)
Profit before taxation					8,889,050
Taxation					(27,250)
Net profit for the period					8,861,800
<b>SEGMENT ASSETS</b>	52,589,488	258,131	214,955	3,830,557	56,893,131
<b>SEGMENT LIABILITIES</b>	31,271,343	1,064	64,221	42,442	31,379,070

There is no geographical information as the Group is predominantly operating in Malaysia.

The Group's customers consist of a large number of relatively same sizes individual.

**19. Fair values of financial instruments**

The carrying amounts of financial assets and liabilities of the Company at the balance sheet date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

**20. Comparative information**

There are no comparative figures as this is the first set of financial statements being prepared.



## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB

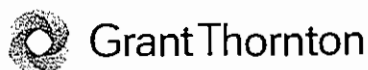
## 6.2.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFTSB for the past four (4) FY 31 December 2007 to 2010:-

	Note	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Revenue	1	20,114,441	34,370,307	38,073,742	37,889,313
Cost of services		(11,046,883)	(19,865,265)	(20,587,975)	(20,724,327)
Gross profit		9,067,558	14,505,042	17,485,767	17,164,986
Other income		263,144	74,140	1,229,967	320,846
Marketing expenses		(52,906)	(592,922)	(522,397)	(374,240)
Administration expenses		(2,664,913)	(4,506,330)	(3,536,115)	(4,143,049)
Other expenses		(416,878)	(1,222,274)	(2,394,407)	(2,877,204)
Finance cost		(252,665)	(227,692)	(1,514,226)	(1,676,053)
Profit before taxation ("PBT")	2	5,943,340	8,029,964	10,748,589	8,415,286
Taxation	3	(1,883,919)	-	471,262	(222)
Profit after taxation ("PAT")		4,059,421	8,029,964	11,219,851	8,415,064
Earnings before interest, taxation and depreciation ("EBITDA")		6,890,158	9,178,844	14,609,528	13,665,146
Attributable to:-					
Equity holders of APFTSB		4,059,421	8,029,964	11,219,851	8,415,064
Gross profit margin (%)		45.08	42.20	45.93	45.30
PBT margin (%)		29.55	23.36	28.23	22.21
PAT margin (%)		20.18	23.36	29.47	22.21
Effective tax rate (%)		31.70	-	-	@
Weighted average number of ordinary shares issued		2,000,000	2,218,579	3,000,000	3,000,000
Gross earnings per share ("EPS") (RM)#		2.97	3.62	3.58	2.81
Net EPS (RM) #		2.03	3.62	3.74	2.81
Gross dividend rate (%)		-	-	400	100

# Based on weighted average number of ordinary shares issued during the financial years

@ Less than 0.01%

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.2 Statements of financial position**

	Note	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	5,242,095	24,653,485	29,702,535	36,616,233
Investment in a subsidiary company	5	3,000,000	-	-	-
Other investment	6	-	62,291	-	-
<b>Total non-current assets</b>		<b>8,242,095</b>	<b>24,715,776</b>	<b>29,702,535</b>	<b>36,616,233</b>
<b>Current assets</b>					
Inventories	7	-	190,515	79,489	193,532
Trade receivables	8	1,772,646	3,898,490	9,575,600	12,096,286
Other receivables	9	7,341,865	17,441,550	1,300,714	3,378,653
Amount due from holding company	10	-	-	-	1,150,637
Amount due from related companies	11	-	-	2,611,584	166,496
Tax recoverable		-	737,267	-	-
Fixed deposits with a licensed bank		-	40,000	68,000	-
Cash and bank balances		1,169,732	987,753	4,126,591	304,784
<b>Total current assets</b>		<b>10,284,243</b>	<b>23,295,575</b>	<b>17,761,978</b>	<b>17,290,388</b>
<b>Total assets</b>		<b>18,526,338</b>	<b>48,011,351</b>	<b>47,464,513</b>	<b>53,906,621</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Share capital	12	2,000,000	3,000,000	3,000,000	3,000,000
Unappropriated profits		6,569,995	14,599,959	10,819,810	19,234,874
<b>Total equity</b>		<b>8,569,995</b>	<b>17,599,959</b>	<b>13,819,810</b>	<b>22,234,874</b>
<b>Non-current liabilities</b>					
Borrowings	13	1,985,333	3,975,837	13,251,878	11,241,398
Deferred tax liabilities	14	105,647	105,647	-	-
Hire purchase creditors	15	302,601	213,730	202,863	81,606
<b>Total non-current liabilities</b>		<b>2,393,581</b>	<b>4,295,214</b>	<b>13,454,741</b>	<b>11,323,004</b>

## 12. ACCOUNTANTS' REPORT (Cont'd)

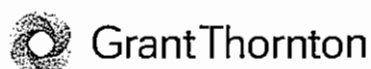


## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.2 Statements of financial position (cont'd)

	Note	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>Current liabilities</b>					
Trade payables	16	-	3,288,384	1,960,473	1,633,799
Other payables	17	2,434,806	3,945,167	4,622,140	1,090,188
Deferred income	18	2,948,674	1,922,122	3,765,394	1,257,199
Amount due to a subsidiary company	5	1,197,386	-	-	-
Amount due to related companies	11	-	-	-	400,404
Amount due to a Director	19	-	-	-	6,291,328
Hire purchase creditors	15	80,939	88,871	181,654	121,178
Borrowings	13	413,470	16,871,634	9,660,301	9,554,647
Taxation		487,487	-	-	-
<b>Total current liabilities</b>		<b>7,562,762</b>	<b>26,116,178</b>	<b>20,189,962</b>	<b>20,348,743</b>
<b>Total liabilities</b>		<b>9,956,343</b>	<b>30,411,392</b>	<b>33,644,703</b>	<b>31,671,747</b>
<b>Total equity and liabilities</b>		<b>18,526,338</b>	<b>48,011,351</b>	<b>47,464,513</b>	<b>53,906,621</b>
<i>Net asset ("NA")</i>		<i>8,569,995</i>	<i>17,599,959</i>	<i>13,819,810</i>	<i>22,234,874</i>
<i>Number of ordinary shares</i>		<i>2,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>
<i>NA per share</i>		<i>4.29</i>	<i>5.87</i>	<i>4.61</i>	<i>7.41</i>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.3 Statements of cash flows**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	5,943,340	8,029,964	10,748,589	8,415,286
<b>Adjustments for:-</b>				
Allowance for impairment loss on other investment	-	31,606	-	-
Allowance for impairment	-	459,314	20,356	-
Allowance for impairment no longer required	-	-	(455,196)	-
Depreciation	694,153	921,188	2,346,713	3,573,807
Bad debts written off	-	55,477	455,196	12,000
Gain on disposal of other investment	-	-	(21,502)	-
Interest income	(53,750)	(1,092)	(3,224)	(18,300)
Loss on disposal of subsidiary companies	-	-	-	48,703
Interest expenses	252,665	227,692	1,514,226	1,676,053
<b>Operating profit before working capital changes</b>	<b>6,836,408</b>	<b>9,724,149</b>	<b>14,605,158</b>	<b>13,707,549</b>
<b>Changes in working capital:-</b>				
Inventories	-	(190,515)	111,026	(114,043)
Receivables	(2,663,548)	(12,740,320)	7,831,786	(4,610,625)
Payables	2,105,380	4,798,745	(3,650,938)	(858,626)
Deferred income	(1,568,797)	(1,026,552)	1,843,272	(2,508,195)
Holding company	2,739,471	-	-	(1,150,637)
Related companies	-	-	2,611,584	3,332,559
Subsidiary company	1,197,386	(1,197,386)	-	-
Director	-	-	-	1,448,828
<b>Cash generated from/(used in) operations</b>	<b>8,646,300</b>	<b>(631,879)</b>	<b>23,351,888</b>	<b>9,246,810</b>
Interest paid	(252,665)	(227,692)	(1,514,226)	(1,676,053)
Interest received	53,750	1,092	3,224	18,300
Tax refund	-	-	1,102,882	-
Tax paid	(1,874,667)	(1,224,754)	-	(222)
<b>Net cash from/(used in) operating activities</b>	<b>6,572,718</b>	<b>(2,083,233)</b>	<b>22,943,768</b>	<b>7,588,835</b>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.3 Statements of cash flows (cont'd)**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of other investment	-	-	83,793	-
Purchase of property, plant and equipment	(3,274,584)	(20,332,578)	(9,792,347)	(6,132,072)
Acquisition of subsidiary companies	-	-	-	(300,000)
Investment in subsidiary company	(3,000,000)	-	-	-
Proceeds from disposal of subsidiary companies	-	3,000,000	-	251,297
Purchase of other investment	-	(93,897)	-	-
Net cash used in investing activities	<u>(6,274,584)</u>	<u>(17,426,475)</u>	<u>(9,708,554)</u>	<u>(6,180,775)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net (repayment)/drawdown of term loans	(3,405,824)	18,448,668	2,064,708	(2,116,134)
Repayment of hire purchase creditors	(60,567)	(80,939)	(133,084)	(181,733)
Proceeds from issuance of shares	-	1,000,000	-	-
Dividend paid	-	-	(12,000,000)	(3,000,000)
Net cash (used in)/from financing activities	<u>(3,466,391)</u>	<u>19,367,729</u>	<u>(10,068,376)</u>	<u>(5,297,867)</u>
<b>CASH AND CASH EQUIVALENTS</b>				
Net (decrease)/increase	(3,168,257)	(141,979)	3,166,838	(3,889,807)
At beginning of year	<u>4,337,989</u>	<u>1,169,732</u>	<u>1,027,753</u>	<u>4,194,591</u>
At end of year	<u>1,169,732</u>	<u>1,027,753</u>	<u>4,194,591</u>	<u>304,784</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.4 Statements of changes in equity

	<u>Share capital</u> RM	<u>Unappropriated profits</u> RM	<u>Total</u> RM
Balance at 1 January 2007	2,000,000	2,510,574	4,510,574
Net profit for the financial year	-	4,059,421	4,059,421
Balance at 31 December 2007	2,000,000	6,569,995	8,569,995
Issuance of shares	1,000,000	-	1,000,000
Net profit for the financial year	-	8,029,964	8,029,964
Balance at 31 December 2008	3,000,000	14,599,959	17,599,959
Final single-tier tax exempt dividend of 150% per share	-	(4,500,000)	(4,500,000)
First interim single-tier tax exempt dividend of 150% per share	-	(4,500,000)	(4,500,000)
Second interim single-tier tax exempt dividend of 100% per share	-	(3,000,000)	(3,000,000)
Third interim single-tier tax exempt dividend of 100% per share	-	(3,000,000)	(3,000,000)
Net profit for the financial year	-	11,219,851	11,219,851
Balance at 31 December 2009	3,000,000	10,819,810	13,819,810
Net profit for the financial year	-	8,415,064	8,415,064
Balance at 31 December 2010	3,000,000	19,234,874	22,234,874

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.5 Notes to the financial statements

## 1. Revenue

Revenue represents pilot training course fees received and receivable during the respective years.

## 2. Profit before taxation

Profit before taxation has been determined after charging/(crediting) amongst other items the following:-

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Audit fee	23,300	33,250	35,000	38,000
Allowance for impairment loss on other investment	-	31,606	-	-
Allowance for impairment	-	459,314	20,356	-
Bad debts written off	-	55,477	455,196	12,000
Depreciation	694,153	921,188	2,346,713	3,573,807
Directors' remuneration	40,000	-	63,940	39,960
Interest expenses				
- term loans	223,318	199,467	1,484,097	1,653,474
- hire purchase	29,347	28,225	30,129	22,579
Realised loss/(gain) on foreign exchange	-	16,213	33,088	(46,175)
Allowance for impairment no longer required	-	-	(455,196)	-
Loss on disposal of subsidiary companies	-	-	-	48,703
Rental expenses:				
- aircraft	3,965,204	5,653,149	2,036,701	1,926,072
- meeting room	500	-	-	-
- battery room	11,371	5,000	-	-
- condominium	-	81,039	183,375	321,700
- dormitory	51,690	-	63,000	52,380
- hangar	43,476	69,100	42,948	23,250
- land	55,000	71,297	155,065	379,073
- land for skidtank	3,553	-	-	-
- office	375,345	284,985	353,985	402,386
- office equipment	14,940	14,940	22,145	22,800
- bus	11,600	-	-	-
- motor vehicles	-	-	2,990	660
Staff costs	2,914,200	5,877,903	7,497,429	8,843,164
Interest income:				
- fixed deposits with a licensed bank	(53,750)	(622)	-	-
- others	-	(470)	(3,224)	(18,300)
Gain on disposal of other investment	-	-	(21,502)	-

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****3. Taxation**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Current year taxation	1,865,111	-	-	-
(Over)/under provision of taxation in prior year	-	-	(365,615)	222
Transferred to/(from) deferred tax liability (Note 14)	18,808	-	(105,647)	-
	<u>1,883,919</u>	<u>-</u>	<u>(471,262)</u>	<u>222</u>

No taxation has been provided for the FY2008 to 2010 as the company has been granted Investment Tax Allowances (Industry in Corridor East Coast Peninsular Malaysia, Perlis, Sabah and Sarawak) under Promotion of Investment Act, 1986 (Amended), which exempt 100% from the Malaysia income tax of its profits earned for 10 years commencing from 12 January 2006.

Based on the existing tax law, any dividend distributed out of tax exempted profit will be tax exempted in the hand of the shareholders.

The company's unabsorbed investment tax allowances which can be carried forward to offset against future taxable profit amounted to approximately RM14,696,000 (2009:RM10,783,000, 2008:RM11,596,000, 2007:Nil).

The company has tax exempt account of RM19,540,000 (2009:RM14,472,000, 2008:RM5,847,000, 2007:RM1,389,000) on which tax exempt dividends can be declared.

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.



## 12. ACCOUNTANTS' REPORT (Cont'd)

## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.5 Notes to the financial statements (cont'd)

## 4. Property, plant and equipment

Cost	Lenshold buildings		Buildings in progress		Computers		Electrical installation and renovation		Air-conditioner, signboard, furniture & fittings		Motor vehicles		Flying equipment and office-equipment		Simulators		Refueller and skid tank		Aircrafts		Aircraft engine		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1.1.2007	-	165,760	-	750,961	115,897	191,760	361,240	74,339	1,230,818	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,890,775
Additions	-	2,606,988	49,409	137,917	235,548	139,618	145,104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,384,584
Transfers	2,772,748	(2,772,748)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2007	2,772,748	-	4,107,836	888,878	165,306	427,308	500,858	219,443	1,230,818	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	6,275,359
Additions	-	-	4,107,836	41,263	130,457	70,094	-	59,996	1,160,432	62,500	-	-	-	-	-	-	-	-	-	-	-	-	-	20,332,578
Balance as at 31.12.2008	2,772,748	4,107,836	4,107,836	930,141	295,763	497,402	500,858	279,439	2,391,250	132,500	-	-	-	-	-	-	-	-	-	-	-	-	-	26,607,937
Additions	-	2,104,999	2,104,999	40,333	19,598	67,504	300,602	57,400	26,677	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,007,347
Transfers	5,965,549	(5,965,549)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,611,584)
Balance as at 31.12.2009	8,738,297	247,286	247,286	970,474	315,361	564,906	801,460	336,839	2,417,927	132,500	-	-	-	-	-	-	-	-	-	-	-	-	-	34,003,700
Additions	172,050	1,026,120	1,026,120	120,900	34,905	32,068	-	87,895	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,974,572
Transfers	478,781	(478,781)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(520,000)
Balance as at 31.12.2010	9,389,128	794,625	794,625	1,091,374	350,266	596,974	801,460	424,734	2,417,927	132,500	-	-	-	-	-	-	-	-	-	-	-	-	-	44,458,272



## 12. ACCOUNTANTS' REPORT (Cont'd)

## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.5 Notes to the financial statements (cont'd)

## 4. Property, plant and equipment (cont'd)

	Leasehold buildings	Buildings in progress	Computers	Electrical installation and renovation	Air-conditioner, signboard, furniture & fittings	Motor vehicles	Flying equipment and office equipment	Simulators	Refueller and skid tank	Aircrafts	Aircraft engine	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation												
Balance as at 1.1.2007	-	-	42,075	75,097	19,176	72,248	7,433	123,082	-	-	-	339,111
Charge for the year	277,275	-	33,061	88,887	42,731	100,172	21,945	123,082	7,000	-	-	694,153
Balance as at 31.12.2007	277,275	-	75,136	163,984	61,907	172,420	29,378	246,164	7,000	-	-	1,033,264
Charge for the year	277,275	-	48,316	90,526	45,185	100,172	21,278	181,103	10,333	147,000	-	921,188
Balance as at 31.12.2008	554,550	-	123,452	254,510	107,092	272,592	50,656	427,267	17,333	147,000	-	1,954,452
Charge for the year	556,221	-	52,356	87,534	54,558	113,997	29,739	226,817	13,250	662,745	549,496	2,346,713
Balance as at 31.12.2009	1,110,771	-	175,808	342,044	161,650	386,589	80,395	654,084	30,583	809,745	549,496	4,301,165
Charge for the year	986,856	-	66,701	104,978	58,570	160,292	40,668	241,793	13,249	804,120	1,096,580	3,573,807
Disposals	-	-	-	-	-	-	-	-	-	(32,933)	-	(32,933)
Balance as at 31.12.2010	2,097,627	-	242,509	447,022	220,220	546,881	121,063	895,877	43,832	1,580,932	1,646,076	7,842,039
Net carrying amount												
31.12.2010	7,291,501	794,625	107,757	644,352	376,754	254,579	303,671	1,522,050	88,668	24,728,089	504,187	36,616,233
31.12.2009	7,627,526	247,286	139,553	628,430	403,256	414,871	256,444	1,763,843	101,917	17,109,026	1,010,383	29,702,535
31.12.2008	2,218,198	4,107,836	172,311	675,631	390,310	228,266	228,783	1,963,983	115,167	14,553,000	-	24,653,485
31.12.2007	2,495,473	-	90,170	724,894	365,401	328,438	190,065	984,654	63,000	-	-	5,242,095

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****4. Property, plant and equipment (cont'd)**

Property, plant and equipment with net carrying amount of RM197,667 (2009:RM345,853, 2008: RM228,266, 2007: RM328,438) are financed under hire purchase arrangements.

Property, plant and equipment with net carrying amount of RM36,361,654 (2009: RM29,287,664, 2008: RM14,553,000, 2007: Nil) have been pledged to a licensed banks for banking facilities granted.

**5. Investment in a subsidiary company/amount due to a subsidiary company**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM		
Net carrying amount	3,000,000	-	-	-		
Name of company	Country of incorporation		Effective interest			
			2007 %	2008 %	2009 %	2010 %
APFT Services Sdn. Bhd.	Malaysia		100	-	-	-

The amount due to a subsidiary company arose mainly from advances and rental of aircraft charged by subsidiary company which is unsecured, bears no interest and no scheme of repayment has been arranged.

**6. Other investment**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Equity fund	-	93,897	-	-
Less : Accumulated impairment losses	-	(31,606)	-	-
	-	62,291	-	-
Market value as at 31 December	-	62,291	-	-

**7. Inventories**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<u>At cost</u>				
Materials for students	-	190,515	79,489	193,532

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****8. Trade receivables**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Trade receivables	1,772,646	4,357,804	9,600,074	12,120,760
Less: Allowance for impairment	-	(459,314)	(24,474)	(24,474)
	<u>1,772,646</u>	<u>3,898,490</u>	<u>9,575,600</u>	<u>12,096,286</u>

Trade receivables are non-interest bearing and are generally on 14 to 45 days (2009: 14 to 45 days, 2008: 14 to 45 days, 2007: 14 to 45 days) terms.

**9. Other receivables**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Non-trade receivables	4,590,409	11,134,461	405,125	322,204
Deposits and prepayments	2,751,456	6,307,089	895,589	3,056,449
	<u>7,341,865</u>	<u>17,441,550</u>	<u>1,300,714</u>	<u>3,378,653</u>

Included in the above is an amount of Nil (2009: RM34,476, 2008: RM10,863,286, 2007: RM4,285) which is due from certain companies in which Directors have interest. The amount due from these companies is unsecured, bears no interest and repayable on demand.

**10. Amount due from holding company**

The holding company is APFT Berhad, a public limited liability company incorporated in Malaysia.

Amount due from holding company is unsecured, bears no interest and repayable on demand.

**11. Amount due from/(to) related companies**

Related companies refer to other subsidiary companies of APFT Berhad.

Amounts due from/(to) related companies are unsecured, bear no interest and repayable on demand.

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****12. Share capital**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Authorised:- Ordinary shares of RM1 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and fully paid:- Ordinary shares of RM1 each				
At beginning of year	2,000,000	2,000,000	3,000,000	3,000,000
Issued during the year	-	1,000,000	-	-
At end of year	2,000,000	3,000,000	3,000,000	3,000,000

**13. Borrowings**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>Current</b>				
<b>Secured</b>				
Term loan (1)	119,079	16,413,896	9,212,598	8,994,456
Term loan (2)	294,391	457,738	447,703	455,539
Term loan (3)	-	-	-	104,652
	413,470	16,871,634	9,660,301	9,554,647
<b>Non-current</b>				
<b>Secured</b>				
Term loan (1)	1,237,646	2,713,262	12,437,006	10,273,601
Term loan (2)	747,687	1,262,575	814,872	359,334
Term loan (3)	-	-	-	608,463
	1,985,333	3,975,837	13,251,878	11,241,398
	2,398,803	20,847,471	22,912,179	20,796,045

Term loans obtained from local banks bear interest ranging from 5.00% to 8.75% (2009: 5.00% to 8.75%, 2008: 4.76% to 8.75%, 2007: 4.76% to 8.75%) per annum and are secured by the followings:-

**Term loan (1)**

- a) Debenture;
- b) Charge over aircrafts;
- c) Corporate guarantee by Forad Holdings Sdn Bhd;
- d) Letter of guarantee;
- e) Letter of negative pledge;
- f) Deed of assignment of contract payments from MAS;
- g) Supplemental agreement; and
- h) Joint and several guarantee and indemnity agreement by the Company's Directors and Forad Holdings Sdn Bhd.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.5 Notes to the financial statements (cont'd)

## 13. Borrowings (cont'd)

Term loan (2)

- a) Joint and several guarantee and indemnity agreement by the Company's Directors and Forad Holdings Sdn Bhd;
- b) Memorandum of Deposits; and
- c) Specific debenture.

Term loan (3)

- a) Loan Agreement and irrevocable Power of Attorney;
- b) Private Caveat on master title holding the property;
- c) Original Sales and Purchase Agreement of the property; and
- d) Third party – First charge on the property.

## 14. Deferred tax liabilities

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
At beginning of the year	86,839	105,647	105,647	-
Transfer from/(to) Statements of Comprehensive Income (Note 3)	18,808	-	(105,647)	-
	105,647	105,647	-	-
Carrying amount of qualifying property, plant and equipment in excess of their tax base	105,647	105,647	-	-

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****15. Hire purchase creditors**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Minimum lease payments				
- within 1 year	109,164	109,164	216,593	136,433
- after 1 year but not later than 5 years	328,518	232,367	204,312	80,160
- more than 5 years	13,013	-	-	-
	450,695	341,531	420,905	216,593
Less : Interest-in-suspense	(67,155)	(38,930)	(36,388)	(13,809)
Present value of hire purchase creditors	383,540	302,601	384,517	202,784
Present value of hire purchase creditors				
- within 1 year	80,939	88,871	181,654	121,178
- after 1 year but not later than 5 years	302,601	213,730	202,863	81,606
	383,540	302,601	384,517	202,784

Hire purchase creditors bear interest ranging from 3.20% to 5.50% (2009: 3.20% to 5.50%, 2008: 3.20% to 5.50%, 2007: 3.20% to 5.50%) per annum.

**16. Trade payables**

Trade payables are non-interest bearing. The normal trade credit terms granted by the trade payables ranging from 30 days to 60 days (2009: 30 days to 60 days, 2008: 30 days to 60 days, 2007: 30 days to 60 days).

**17. Other payables**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Other payables	1,109,129	1,555,984	694,409	68,322
Accruals	1,314,677	1,925,668	261,726	576,905
Deposits received	11,000	463,515	666,005	444,961
Dividend payable	-	-	3,000,000	-
	2,434,806	3,945,167	4,622,140	1,090,188

**18. Deferred income**

Deferred income represents deferred course fees income.

**19. Amount due to a Director**

Amount due to a Director is unsecured, bears no interest and repayable on demand.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.2 APFTSB (cont'd)

## 6.2.5 Notes to the financial statements (cont'd)

## 20. Related party transactions

Significant transactions with related party were as follows:-

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Aircraft rental expenses paid and payable to a related company - APFT Services	716,000	2,148,000	-	600,000
Proceeds from disposal of aircrafts to a related company - APFT Services	-	-	2,611,584	487,067
Purchase of aircraft from a related company - APFT Services	-	14,700,000	-	-
Food and catering services paid to a company in which certain directors have interest	1,025,504	1,083,713	1,638,683	309,364
Rental of dormitory from a director	-	-	22,000	52,380

The Directors of APFTSB are of the opinion that the above transactions were entered into in the normal course of business and have been established under negotiated terms.

The remuneration of directors and other members of management personnel during the financial year was as follows:-

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Salaries and other short-term employee benefits	271,720	357,160	391,020	1,478,738

## 21. Capital commitments

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Capital expenditure Authorised and contracted for: Acquisition of properties	-	-	-	1,878,000



**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.2 APFTSB (cont'd)****6.2.5 Notes to the financial statements (cont'd)****22. Fair values of financial instruments**

The carrying amounts of financial assets and liabilities of the company at the balance sheet date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

**6.2.6 Restatements to the audited financial statements**

Certain comparative figures of APFTSB have been reclassified to ensure consistent presentation:-

	As restated RM	As previously reported RM
<b>FY 2007</b>		
<b>Statements of financial position (EXTRACT):-</b>		
Property, plant and equipment	5,242,095	2,746,622
Prepaid land lease payments	-	2,495,473
Trade receivables	1,772,646	16,642,636
Deferred income	2,948,674	17,818,664
<b>Statements of cash flows (EXTRACT)</b>		
Net cash from operating activities	6,572,718	6,518,968
Net cash used in investing activities	(6,274,584)	(6,330,834)
Net cash used in financing activities	(3,466,391)	(3,356,391)
<b>FY 2008</b>		
<b>Statements of financial position (EXTRACT):-</b>		
Property, plant and equipment	24,653,485	22,435,287
Prepaid land lease payments	-	2,218,198
Trade receivables	3,898,490	18,030,741
Deferred income	1,922,122	16,054,373
<b>Statements of cash flows (EXTRACT)</b>		
Net cash used in operating activities	(2,083,233)	(2,124,325)
Net cash used in investing activities	(17,426,475)	(17,425,383)
Cash and cash equivalents – Net decrease	(141,979)	181,979

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.3 APFT SERVICES

## 6.3.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFT Services for FP from 4 January 2007 to 31 December 2007 and the past three (3) FY 31 December 2008 and 2010:-

	Note	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Revenue	1	716,000	2,148,000	-	600,000
Costs of services		-	-	-	(89,876)
Gross profit		716,000	2,148,000	-	510,124
Other income		-	-	40,000	-
Administration expenses		(21,942)	(69,005)	(9,186)	(9,005)
Other expenses		(169,305)	(567,173)	(26,116)	(106,197)
Finance cost		(518,507)	(1,477,740)	-	-
PBT	2	6,246	34,082	4,698	394,922
Taxation	3	(4,513)	(27,932)	(207,160)	-
PAT/Loss after taxation ("LAT")		1,733	6,150	(202,462)	394,922
EBITDA		694,058	2,077,819	30,814	501,119
Attributable to:- Equity holders of APFT Services		1,733	6,150	(202,462)	394,922
Gross profit margin (%)		100	100	-	85
PBT margin (%)		0.87	1.59	-	65.82
PAT margin (%)		0.24	0.29	-	65.82
Effective tax rate (%)		72.25	81.96	4,409.54	-
Weighted average number of ordinary shares issued		2,404,433	3,000,000	3,000,000	3,000,000
Gross EPS (RM)#		@	@	@	0.13
Net EPS/Loss per share ("LPS") (RM) #		@	@	(0.07)	0.13

# Based on weighted average number of ordinary shares issued during the financial period/years

@ Less than RM0.01

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.3 APFT SERVICES (cont'd)

## 6.3.2 Statements of financial position

	Note	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>ASSETS</b>					
<b>Non-current asset</b>					
Property, plant and equipment	4	15,267,173	-	2,585,468	2,966,338
<b>Current assets</b>					
Trade receivables	5	-	2,064,377	-	-
Other receivables	6	452,449	443,164	2,857,638	-
Amount due from holding company	7	1,197,386	-	-	-
Amount due from a related company	8	-	-	-	261,685
Cash and bank balances		2,708	603,088	3,056	3,040
<b>Total current assets</b>		<b>1,652,543</b>	<b>3,110,629</b>	<b>2,860,694</b>	<b>264,725</b>
<b>Total assets</b>		<b>16,919,716</b>	<b>3,110,629</b>	<b>5,446,162</b>	<b>3,231,063</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Share capital	9	3,000,000	3,000,000	3,000,000	3,000,000
Unappropriated profits/(Accumulated losses)		1,733	7,883	(194,579)	200,343
<b>Total equity</b>		<b>3,001,733</b>	<b>3,007,883</b>	<b>2,805,421</b>	<b>3,200,343</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	4,513	-	-	-
Borrowings	11	13,203,261	-	-	-
<b>Total non-current liabilities</b>		<b>13,207,774</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Other payables	12	11,839	70,301	29,157	30,720
Amount due to a related company	8	-	-	2,611,584	-
Borrowings	11	698,370	-	-	-
Tax payable		-	32,445	-	-
<b>Total current liabilities</b>		<b>710,209</b>	<b>102,746</b>	<b>2,640,741</b>	<b>30,720</b>
<b>Total liabilities</b>		<b>13,917,983</b>	<b>102,746</b>	<b>2,640,741</b>	<b>30,720</b>
<b>Total equity and liabilities</b>		<b>16,919,716</b>	<b>3,110,629</b>	<b>5,446,162</b>	<b>3,231,063</b>
<i>NA</i>		<i>3,001,733</i>	<i>3,007,883</i>	<i>2,805,421</i>	<i>3,200,343</i>
<i>Number of ordinary shares</i>		<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>
<i>NA per share</i>		<i>1.00</i>	<i>1.00</i>	<i>0.94</i>	<i>1.07</i>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.3 APFT SERVICES (cont'd)****6.3.3 Statements of cash flows**

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	6,246	34,082	4,698	394,922
<b>Adjustments for:-</b>				
Depreciation	169,305	565,997	26,116	106,197
Interest expenses	518,507	1,477,740	-	-
Loss on disposal of property, plant and equipment	-	1,176	-	-
Operating profit before working capital changes	694,058	2,078,995	30,814	501,119
Receivables	(452,449)	(2,055,092)	(350,097)	2,857,638
Payables	11,839	58,462	(41,144)	1,563
Holding company	(1,197,386)	1,197,386	-	(3,360,336)
Cash (used in)/generated from operations	(943,938)	1,279,751	(360,427)	(16)
Tax paid	-	-	(239,605)	-
Interest paid	(518,507)	(1,477,740)	-	-
Net cash used in operating activities	(1,462,445)	(197,989)	(600,032)	(16)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(15,436,478)	-	-	-
Proceeds from disposal of property, plant and equipment	-	14,700,000	-	-
Proceeds from issuance of new shares	3,000,000	-	-	-
Net cash (used in)/from investing activities	(12,436,478)	14,700,000	-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of term loan	(698,369)	(13,901,631)	-	-
Drawdown of term loan	14,600,000	-	-	-
Net cash from/(used in) financing activities	13,901,631	(13,901,631)	-	-
<b>CASH AND CASH EQUIVALENTS</b>				
Net increase/(decrease)	2,708	600,380	(600,032)	(16)
At beginning of period/year	-	2,708	603,088	3,056
At end of period/year	2,708	603,088	3,056	3,040

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.3 APFT SERVICES (cont'd)

## 6.3.4 Statements of changes in equity

	Share capital RM	Unappropriated profits/ (Accumulated losses) RM	Total RM
Balance at date of incorporation	2	-	2
Issuance of shares	2,999,998	-	2,999,998
Net profit for the financial period	-	1,733	1,733
Balance at 31 December 2007	3,000,000	1,733	3,001,733
Net profit for the financial year	-	6,150	6,150
Balance at 31 December 2008	3,000,000	7,883	3,007,883
Net profit for the financial year	-	(202,462)	(202,462)
Balance at 31 December 2009	3,000,000	(194,579)	2,805,421
Net profit for the financial year	-	394,922	394,922
Balance at 31 December 2010	3,000,000	200,343	3,200,343

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.3 APFT SERVICES (cont'd)****6.3.5 Notes to the financial statements****1. Revenue**

Revenue represents rental income received and receivable from renting of pilot training aircrafts.

**2. Profit before taxation**

Profit before taxation has been determined after charging/(crediting) amongst other items the following:-

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Audit fee	10,000	15,000	6,000	7,000
Depreciation	169,305	565,997	26,116	106,197
Director's fee	-	(40,000)	-	-
Interest expenses	518,507	1,477,740	-	-
Loss on disposal of property, plant and equipment	-	1,176	-	-

**3. Taxation**

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Current year taxation	-	32,445	-	-
Underprovision in prior year	-	-	207,160	-
Transferred to/(from) deferred tax liabilities (Note 10)	4,513	(4,513)	-	-
	4,513	27,932	207,160	-

Malaysian income tax is calculated at the statutory rate of 25% (2009: 25%, 2008:26%, 2007:27%) of the estimated assessable profits for the financial year.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.3 APFT SERVICES (cont'd)

## 6.3.5 Notes to the financial statements (cont'd)

## 3. Taxation (cont'd)

A reconciliation of income tax expenses on profit before taxation with the applicable statutory income tax rate is as follows:-

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Profit before taxation	6,246	34,082	4,698	394,922
Income tax at rate of 25% (2009:25%, 2008: 26%, 2007: 27%)	1,686	8,861	1,174	98,730
Tax effect in respect of:				
Expenses not deductible for tax purposes	2,827	3,544	-	27,112
Deferred tax liabilities not recognised	-	-	(1,174)	-
Utilisation of unutilised capital allowances	-	-	-	(125,842)
Underprovision of deferred tax liability in prior year	-	15,527	-	-
Underprovision in prior year	-	-	207,160	-
Total tax expenses	4,513	27,932	207,160	-

The company's unutilised capital allowances which can be carried forward to offset against future taxable profits amounted to approximately RM1,134,000 (2009: RM1,011,000, 2008: Nil; 2007:RM5,927,000).

However, the above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

## 4. Property, plant and equipment

Cost	Aircraft RM	Total RM
Balance as at 4.1.2007	-	-
Additions	15,436,478	15,436,478
Balance as at 31.12.2007	15,436,478	15,436,478
Disposals	(15,436,478)	(15,436,478)
Balance as at 31.12.2008	-	-
Additions	2,611,584	2,611,584
Balance as at 31.12.2009	2,611,584	2,611,584
Additions	487,067	487,067
Balance as at 31.12.2010	3,098,651	3,098,651

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.3 APFT SERVICES (cont'd)****6.3.5 Notes to the financial statements (cont'd)****4. Property, plant and equipment (cont'd)**

	<u>Aircraft</u> RM	<u>Total</u> RM
Accumulated depreciation		
Balance as at 4.1.2007	-	-
Charge for the period	169,305	169,305
Balance as at 31.12.2007	169,305	169,305
Charge for the year	565,997	565,997
Disposals	(735,302)	(735,302)
Balance as at 31.12.2008	-	-
Charge for the year	26,116	26,116
Balance as at 31.12.2009	26,116	26,116
Charge for the year	106,197	106,197
Balance as at 31.12.2010	132,313	132,313
<b>Net carrying amount</b>		
31 December 2010	2,966,338	2,966,338
31 December 2009	2,585,468	2,585,468
31 December 2008	-	-
31 December 2007	15,267,173	15,267,173

Aircraft with net carrying amount of Nil (2009: Nil, 2008: Nil, 2007: RM15,267,173) have been pledged to a licensed bank for banking facilities granted.

**5. Trade receivables**

Included in the trade receivable is an amount of Nil (2009: Nil, 2008: RM2,064,377, 2007: Nil) which is due from APFTSB. The amount due from the company is unsecured, bears no interest and repayable on demand.

**6. Other receivables**

Included in the other receivable is an amount of Nil (2009: RM50,000, 2008: RM50,000, 2007: RM50,000) which is due from a company in which Directors have interest. The amount due from the company is unsecured, bears no interest and repayable on demand.



**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.3 APFT SERVICES (cont'd)****6.3.5 Notes to the financial statements (cont'd)****7. Amount due from holding company**

The amount due from holding company arose mainly from advances which is unsecured, bears no interest and repayable on demand.

**8. Amount due from/(to) a related company**

Related companies refer to other subsidiary companies of APFT Berhad.

Amounts due from/(to) a related company are unsecured, bear no interest and repayable on demand.

**9. Share capital**

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Authorised:-				
Ordinary shares of RM1 each				
At date of incorporation/At beginning of period/year	100,000	5,000,000	5,000,000	5,000,000
Created during the period/year	4,900,000	-	-	-
At end of period/year	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid:-				
Ordinary shares of RM1 each				
At date of incorporation/At beginning of period/year	2	3,000,000	3,000,000	3,000,000
Issued during the period/year	2,999,998	-	-	-
At end of period/year	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

**10. Deferred tax liabilities**

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
At beginning of period/year	-	4,513	-	-
Transfer from/(to) Statements of Comprehensive Income (Note 3)	4,513	(4,513)	-	-
At end of period/year	<u>4,513</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6.3 APFT SERVICES (cont'd)

## 6.3.5 Notes to the financial statements (cont'd)

## 11. Borrowing

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>Current</b>				
<b>Secured</b>				
Term loan	698,370	-	-	-
<b>Non-current</b>				
<b>Secured</b>				
Term loan	13,203,261	-	-	-
	<u>13,901,631</u>	<u>-</u>	<u>-</u>	<u>-</u>

Term loan was obtained from a local bank, bear interest of 8% per annum for 2007 and secured by:-

- Fixed charge over the assets financed;
- Corporate guarantee from Asia Pacific Flight Training Sdn Bhd and Forad Holdings Sdn. Bhd.;
- Deed of assignment for contract payment from Asia Pacific Flight Training Sdn Bhd; and
- Joint and several guarantee by the APFT Services's Directors.

## 12. Other payables

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Non-trade payables	-	11,840	14,994	16,557
Accrual of expenses	11,839	58,461	14,163	14,163
	<u>11,839</u>	<u>70,301</u>	<u>29,157</u>	<u>30,720</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.3 APFT SERVICES (cont'd)****6.3.5 Notes to the financial statements (cont'd)****13. Significant related party transactions**

Significant transactions with a related party were as follows:-

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Purchase of aircraft from a related company - APFTSB	-	-	2,611,584	487,067
Rental of aircraft charged to a related company - APFTSB	716,000	2,148,000	-	600,000
Proceeds from disposal of aircraft to a related company -APFTSB	-	14,700,000	-	-

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under negotiated terms.

**14. Fair values of financial instruments**

The carrying amounts of financial assets and liabilities of APFT Services as at balance sheet date approximate their fair values due to their short-term nature.

**6.3.6 Restatements to the audited financial statements**

Certain comparative figures of APFT Services have been reclassified to ensure consistent presentation:-

	As restated RM	As previously reported RM
<b>FP 2007</b>		
Statements of Comprehensive Income (EXTRACT):-		
Administrative expenses	21,942	191,247
Other expenses	169,305	-
<b>FY 2008</b>		
CASH FLOWS STATEMENTS (EXTRACT)		
Net cash used in operating activities	(197,989)	(199,165)
Net cash from investing activities	14,700,000	14,701,176

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.4 APFT ENGINEERING

## 6.4.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFT Engineering for FP from 4 January 2007 to 31 December 2007 and the past three (3) FY 31 December 2008 and 2010:-

	Note	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Revenue	1	-	-	-	-
Administrative expenses		(4,311)	(1,666)	(1,666)	(10,446)
Loss before taxation ("LBT")	2	(4,311)	(1,666)	(1,666)	(10,446)
Taxation	3	-	-	-	-
LAT		(4,311)	(1,666)	(1,666)	(10,446)
<i>Gross profit margin (%)</i>		-	-	-	-
<i>PBT margin (%)</i>		-	-	-	-
<i>PAT margin (%)</i>		-	-	-	-
<i>Effective tax rate (%)</i>		-	-	-	-
<i>Weighted average number of ordinary shares issued</i>		2	2	2	124,521
<i>Gross LPS (RM)#</i>		(2,155)	(833)	(833)	(0.08)
<i>Net LPS (RM) #</i>		(2,155)	(833)	(833)	(0.08)

# *Based on weighted average number of ordinary shares issued during the financial period/years*

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.4 APFT ENGINEERING (cont'd)

## 6.4.2 Statements of financial position

	Note	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>ASSETS</b>					
<b>Current assets</b>					
Amount due from a related company	4	-	-	-	138,719
Cash in hand		2	2	2	2,507
<b>Total assets</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>141,226</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Share capital	5	2	2	2	150,000
Accumulated losses		(4,311)	(5,977)	(7,643)	(18,089)
<b>Total equity</b>		<b>(4,309)</b>	<b>(5,975)</b>	<b>(7,641)</b>	<b>131,911</b>
<b>Current liabilities</b>					
Other payables		1,696	2,276	3,942	5,612
Amount due to a director	6	2,615	3,701	3,701	3,703
<b>Total liabilities</b>		<b>4,311</b>	<b>5,977</b>	<b>7,643</b>	<b>9,315</b>
<b>Total equity and liabilities</b>		<b>2</b>	<b>2</b>	<b>2</b>	<b>141,226</b>
<i>Net liabilities/assets ("NL"/"NA")</i>		<i>(4,309)</i>	<i>(5,975)</i>	<i>(7,641)</i>	<i>131,911</i>
<i>Number of ordinary shares</i>		<i>2</i>	<i>2</i>	<i>2</i>	<i>150,000</i>
<i>NL/NA per share</i>		<i>(2,155)</i>	<i>(2,988)</i>	<i>(3,821)</i>	<i>0.88</i>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.4 APFT ENGINEERING (cont'd)

## 6.4.3 Statements of cash flows

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation/Operating loss before working capital changes	(4,311)	(1,666)	(1,666)	(10,446)
Changes in working capital:-				
Related company	-	-	-	(138,719)
Director	2,615	1,086	-	2
Payables	1,696	580	1,666	1,670
Net cash used in operating activities	-	-	-	(147,493)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Proceeds from issuance of shares	2	-	-	149,998
Net cash from financing activity	2	-	-	149,998
<b>CASH AND CASH EQUIVALENTS</b>				
Net increase	2	-	-	2,505
At beginning of period/year	-	2	2	2
At end of period/year	2	2	2	2,507

## 6.4.4 Statements of changes in equity

	Share capital RM	Accumulated losses RM	Total RM
Balance at date of incorporation	2	-	2
Net loss for the financial period	-	(4,311)	(4,311)
Balance at 31 December 2007	2	(4,311)	(4,309)
Net loss for the financial year	-	(1,666)	(1,666)
Balance at 31 December 2008	2	(5,977)	(5,975)
Net loss for the financial year	-	(1,666)	(1,666)
Balance at 31 December 2009	2	(7,643)	(7,641)
Issuance of shares	149,998	-	149,998
Net loss for the financial year	-	(10,446)	(10,446)
Balance at 31 December 2010	150,000	(18,089)	131,911

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.4 APFT ENGINEERING (cont'd)****6.4.5 Notes to the financial statements****1. Revenue**

There was no revenue generated by APFT Engineering since the date of its incorporation.

**2. Loss before taxation**

Loss before taxation has been determined after charging amongst other items the following:-

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Audit fee	500	500	1,000	2,000

**3. Taxation**

There was no provision for taxation for the four financial period/years as APFT Engineering has no chargeable income.

**4. Amount due from a related company**

Related companies refer to other subsidiary companies of APFT Berhad.

Amount due from a related company is unsecured, bears no interest and repayable on demand.

**5. Share capital**

	FP 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Authorised:-				
Ordinary shares of RM1 each				
At date of incorporation/				
At beginning of period/year	100,000	100,000	100,000	100,000
Created during the year	-	-	-	400,000
At end of period/year	100,000	100,000	100,000	500,000
Issued and fully paid:-				
Ordinary shares of RM1 each				
At date of incorporation/				
At beginning of period/year	2	2	2	2
Issued during the period/year	-	-	-	149,998
At end of period/year	2	2	2	150,000

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

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

**6.4 APFT ENGINEERING (cont'd)**

**6.4.5 Notes to the financial statements (cont'd)**

**6. Amount due to a Director**

Amount due to a director is unsecured, bears no interest and repayable on demand.

**7. Fair values of financial instruments**

The carrying amounts of financial assets and liabilities of APFT Engineering at the balance sheet date approximate their fair values due to their short-term nature.



## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.5 APFT EXPRESS

## 6.5.1 Statements of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFT Express for the past four (4) FY 31 December 2007 to 2010:-

	Note	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Revenue	1	-	-	-	5,715
Other income		-	-	-	1,494
Administrative expenses		(4,321)	(2,591)	(2,581)	(28,629)
Other expenses		-	-	-	(2,349)
LBT	2	(4,321)	(2,591)	(2,581)	(23,769)
Taxation	3	6,487	-	-	-
PAT / (LAT)		2,166	(2,591)	(2,581)	(23,769)
EBITDA		(4,321)	(2,591)	(2,581)	(21,420)
Attributable to:-					
Equity holders of APFT Express		2,166	(2,591)	(2,581)	(23,769)
<i>Gross profit margin (%)</i>		-	-	-	100
<i>LBT margin (%)</i>		-	-	-	(4.16)
<i>LAT margin (%)</i>		-	-	-	(4.16)
<i>Effective tax rate (%)</i>		-	-	-	-
<i>Weighted average number of ordinary shares issued</i>		2	2	2	166,028
<i>Gross LPS (RM)#</i>		(2,161)	(1,296)	(1,291)	(0.14)
<i>Net EPS/(LPS) (RM) #</i>		1,083	(1,296)	(1,291)	(0.14)

# *Based on weighted average number of ordinary shares issued during the financial years*

## 12. ACCOUNTANTS' REPORT (Cont'd)

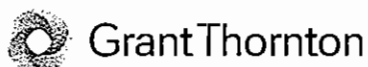


## 6. FINANCIAL INFORMATION (CONT'D)

## 6.5 APFT EXPRESS (cont'd)

## 6.5.2 Statements of financial position

	Note	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>ASSET</b>					
<b>Non-current asset</b>					
Plant and equipment	4	-	-	-	23,832
<b>Current assets</b>					
Other receivables	5	-	-	-	83,552
Cash at bank		3,018	-	-	107,571
<b>Total current assets</b>		<b>3,018</b>	<b>-</b>	<b>-</b>	<b>191,123</b>
<b>Total assets</b>		<b>3,018</b>	<b>-</b>	<b>-</b>	<b>214,955</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the company</b>					
Share capital	6	2	2	2	200,000
Accumulated losses		(35,892)	(38,483)	(41,064)	(64,833)
<b>Total equity</b>		<b>(35,890)</b>	<b>(38,481)</b>	<b>(41,062)</b>	<b>135,167</b>
<b>Current liabilities</b>					
Trade payable	7	-	-	-	52,070
Other payables	8	7,831	6,127	8,708	12,149
Amount due to a related company	9	-	-	-	15,567
Amount due to directors	10	31,077	32,354	32,354	2
<b>Total liabilities</b>		<b>38,908</b>	<b>38,481</b>	<b>41,062</b>	<b>79,788</b>
<b>Total equity and liabilities</b>		<b>3,018</b>	<b>-</b>	<b>-</b>	<b>214,955</b>
<i>NL/NA</i>		<i>(35,890)</i>	<i>(38,481)</i>	<i>(41,062)</i>	<i>135,167</i>
<i>Number of ordinary shares</i>		<i>2</i>	<i>2</i>	<i>2</i>	<i>200,000</i>
<i>NL/NA per share</i>		<i>(17,945)</i>	<i>(19,241)</i>	<i>(20,531)</i>	<i>0.68</i>

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.5 APFT EXPRESS (cont'd)****6.5.3 Statements of cash flows**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(4,321)	(2,591)	(2,581)	(23,769)
Adjustment for:-				
Depreciation	-	-	-	2,349
Operating loss before working capital changes	(4,321)	(2,591)	(2,581)	(21,420)
Receivables	-	-	-	(83,552)
Payables	(1,271)	(1,704)	2,581	55,511
Related company	-	-	-	15,567
Directors	(15,780)	1,277	-	(32,352)
Cash used in operations	(21,372)	(3,018)	-	(66,246)
Tax refund	22,878	-	-	-
Net cash from/(used in) operating activities	1,506	(3,018)	-	(66,246)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>				
Purchase of plant and equipment	-	-	-	(26,181)
Net cash used in investing activity	-	-	-	(26,181)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>				
Proceeds from issuance of shares	-	-	-	199,998
Net cash from financing activity	-	-	-	199,998
<b>CASH AND CASH EQUIVALENTS</b>				
Net increase/(decrease)	1,506	(3,018)	-	107,571
At beginning of year	1,512	3,018	-	-
At end of year	3,018	-	-	107,571

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.5 APFT EXPRESS (cont'd)

## 6.5.4 Statements of changes in equity

	<u>Share capital</u> RM	<u>Accumulated losses</u> RM	<u>Total</u> RM
Balance at 1 January 2007	2	(38,058)	(38,056)
Net profit for the financial year	-	2,166	2,166
Balance at 31 December 2007	2	(35,892)	(35,890)
Net loss for the financial year	-	(2,591)	(2,591)
Balance at 31 December 2008	2	(38,483)	(38,481)
Net loss for the financial year	-	(2,581)	(2,581)
Balance at 31 December 2009	2	(41,064)	(41,062)
Issuance of shares	199,998	-	199,998
Net loss for the financial year	-	(23,769)	(23,769)
Balance at 31 December 2010	<u>200,000</u>	<u>(64,833)</u>	<u>135,167</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.5 APFT EXPRESS (cont'd)

## 6.5.5 Notes to the financial statements

## 1. Revenue

Revenue represents commission income received from customers.

## 2. Loss before taxation

Loss before taxation has been determined after charging amongst other items the following:-

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Audit fee	1,000	700	1,000	5,000
Depreciation	-	-	-	2,349
Rental of office	-	-	-	11,700

## 3. Taxation

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Overprovision in prior year	(6,487)	-	-	-

There was no provision for taxation for the three financial years as APFT Express has no chargeable income.

## 4. Plant and equipment

	<u>Computers</u> RM	<u>Electrical installation</u> RM	<u>Office equipment</u> RM	<u>Total</u> RM
Cost				
Additions/balance as at 31.12.2010	6,732	18,550	899	26,181
Accumulated depreciation				
Charge for the year/balance as at 31.12.2010	898	1,391	60	2,349
Net carrying amount				
31.12.2010	5,834	17,159	839	23,832

## 5. Other receivables

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Non-trade receivables	-	-	-	554
Deposits	-	-	-	82,450
Prepayment	-	-	-	548
	-	-	-	83,552

**12. ACCOUNTANTS' REPORT (Cont'd)****6. FINANCIAL INFORMATION (CONT'D)****6.5 APFT EXPRESS (cont'd)****6.5.5 Notes to the financial statements****6. Share capital**

	FY 2007 RM	FY 2008 RM	FY 2009 RM	FY 2010 RM
Authorised:- Ordinary shares of RM1 each				
At beginning of year	100,000	100,000	100,000	100,000
Created during the year	-	-	-	400,000
	<hr/>			
At end of year	100,000	100,000	100,000	500,000
	<hr/>			
Issued and fully paid:- Ordinary shares of RM1 each				
At beginning of year	2	2	2	2
Issued during the year	-	-	-	199,998
	<hr/>			
At end of year	2	2	2	200,000
	<hr/>			

**7. Trade payable**

Trade payable is generally on 30 days (2009: Nil, 2008: Nil, 2007: Nil) term.

**8. Other payables**

Included in the above is an amount of RM4,285 in 2007 which is due to APFTSB, bears no interest and repayable on demand.

**9. Amount due to a related company**

Related companies refer to other subsidiary companies of APFT Berhad.

Amount due to a related company is unsecured, bears no interest and repayable on demand.

**10. Amount due to directors**

Amount due to directors is unsecured, bears no interest and repayable on demand.

**11. Fair values of financial instruments**

The carrying amounts of financial assets and liabilities of APFT Express at the balance sheet date approximate their fair values due to their short-term nature.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.6 APFT MAINTENANCE TRAINING

## 6.6.1 Statement of Comprehensive Income

The following table sets out the summary of the financial results prepared based on the audited financial statements of APFT Maintenance Training for FP from 27 April 2010 to 31 December 2010:-

	Note	FP 2010 RM
Revenue	1	200,000
Cost of services		<u>(79,173)</u>
Gross profit		120,827
Administrative expenses		(9,114)
Other expense		<u>(3,601)</u>
PBT	2	108,112
Taxation	3	<u>(27,028)</u>
PAT		<u>81,084</u>
EBITDA		111,713
Attributable to:- Equity holders of APFT Maintenance Training		81,084
<i>Gross profit margin (%)</i>		60.41
<i>PBT margin (%)</i>		54.06
<i>PAT margin (%)</i>		40.54
<i>Effective tax rate (%)</i>		25.00
<i>Weighted average number of ordinary shares issued</i>		2
<i>Gross EPS (RM)#</i>		54,056
<i>Net EPS (RM) #</i>		40,542

# *Based on weighted average number of ordinary shares issued during the financial period*

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.6 APFT MAINTENANCE TRAINING SDN BHD (cont'd)

## 6.6.2 Statement of financial position

	Note	FP 2010 RM
<b>ASSET</b>		
<b>Non-current asset</b>		
Plant and equipment	4	58,129
<b>Current assets</b>		
Trade receivable	5	200,000
Cash in hand		2
<b>Total current assets</b>		<u>200,002</u>
<b>Total assets</b>		<u>258,131</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	6	2
Unappropriated profits		81,084
<b>Total equity</b>		<u>81,086</u>
<b>Current liabilities</b>		
Other payables		1,064
Amount due to a related company	7	148,953
Tax payable		27,028
<b>Total liabilities</b>		<u>177,045</u>
<b>Total equity and liabilities</b>		<u>258,131</u>
<i>NA</i>		<i>81,086</i>
<i>Number of ordinary shares</i>		<i>2</i>
<i>NA per share</i>		<i>40,543</i>



## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.6 APFT MAINTENANCE TRAINING SDN BHD (cont'd)

## 6.6.3 Statement of cash flows

	FP 2010 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	108,112
Adjustment for:-	
Depreciation	<u>3,601</u>
Operating profit before working capital changes	111,713
Receivables	(200,000)
Payables	1,064
Related company	<u>148,953</u>
Net cash from operating activities	<u>61,730</u>
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>	
Purchase of plant and equipment	<u>(61,730)</u>
Net cash used in investing activity	<u>(61,730)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>	
Proceeds from issuance of shares	<u>2</u>
Net cash from financing activity	<u>2</u>
<b>CASH AND CASH EQUIVALENTS</b>	
Net increase	2
At beginning of period	<u>-</u>
At end of period	<u>2</u>

## 6.6.4 Statement of changes in equity

	Share capital RM	Unappropriated profits RM	Total RM
Balance as at date of incorporation	2	-	2
Net profit for the period	<u>-</u>	81,084	81,084
Balance at 31 December 2010	<u>2</u>	81,084	<u>81,086</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.6 APFT MAINTENANCE TRAINING SDN BHD (cont'd)

## 6.6.5 Notes to the financial statements

## 1. Revenue

Revenue represents course fees receivable during the period.

## 2. Profit before taxation

Profit before taxation has been determined after charging amongst other items the following:-

	FP 2010 RM
Audit fee	5,000
Depreciation	3,601
	<u>          </u>

## 3. Taxation

	FP 2010 RM
Current year taxation	27,028
	<u>          </u>

Malaysian income tax is calculated at the statutory rate of 25% of the estimated assessable profits for the financial period.

	FP 2010 RM
Profit before taxation	108,112
	<u>          </u>
Income tax at rate of 25%	27,028
Tax effect in respect of:	
Expenses not deductible for tax purposes	1,867
Utilisation of capital allowances	(9,260)
Overprovision of taxation in current period	7,393
	<u>          </u>
Total tax expense	27,028
	<u>          </u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## 6. FINANCIAL INFORMATION (CONT'D)

## 6.6 APFT MAINTENANCE TRAINING SDN BHD (cont'd)

## 6.6.5 Notes to the financial statements

## 4. Plant and equipment

	<u>Office equipment</u>	<u>Total</u>
Cost	RM	RM
Additions/balance as at 31.12.2010	61,730	61,730
Accumulated depreciation		
Charge for the period/balance as at 31.12.2010	3,601	3,601
Net carrying amount		
31.12.2010	<u>58,129</u>	<u>58,129</u>

## 5. Trade receivable

The normal credit terms granted by the company to the company's students are 60 days.

## 6. Share capital

	FP 2010 RM
Authorised:-	
Ordinary shares of RM1 each	
At date of incorporation/at end of period	<u>100,000</u>
Issued and fully paid:-	
Ordinary shares of RM1 each	
At date of incorporation/at end of period	<u>2</u>

## 7. Amount due to a related company

Related companies refer to other subsidiary companies of APFT Berhad.

Amount due to a related company is unsecured, bears no interest and repayable on demand.

## 8. Fair values of financial instruments

The carrying amounts of financial assets and liabilities of the company at the balance sheet date approximate their fair values due to their short-term nature.

## 9. Comparative information

There are no comparative figures as this is the first set of financial statements being prepared.

**12. ACCOUNTANTS' REPORT (Cont'd)****7. SIGNIFICANT AND SUBSEQUENT EVENTS DURING/AFTER THE FINANCIAL PERIOD**

- (i) On 26 January 2010, APFTSB entered into a Sale and Purchase Agreement to acquire a unit of Service Apartment located at Lot No. 1, Floor 3, Block 1, Amaya Saujana Phase 3 for a total purchase consideration of RM815,000.

The acquisition of the said property was completed on 29 December 2010.

- (ii) On 3 February 2010, APFTSB entered into a Sale and Purchase Agreement to acquire 10 units of Warrior III aircraft for a total purchase consideration of USD2,600,000 (approximately RM8,910,250).

- (iii) On 8 February 2010, the name of the Company has been changed from APFT Sdn. Bhd. to APFT Berhad ("APFT").

- (iv) On 3 March 2010, APFTSB subscribed 149,998 ordinary shares of RM1 each in APFT Express Sdn. Bhd. representing 99.99% of the issued and paid-up capital of APFT Express Sdn. Bhd. and 149,998 ordinary shares of RM1 each in APFT Engineering Sdn. Bhd. representing 99.99% of the issued and paid-up capital of APFT Engineering Sdn. Bhd. for a total consideration of RM299,996.

- (v) On 10 March 2010, APFTSB entered into a Sale and Purchase Agreement to acquire a unit of office premises located at 50-5-5, 5<sup>th</sup> Floor, Wisma UOA Damansara, for a total purchase consideration of RM1,000,000. The company has paid a deposit amounting to RM200,000 as at balance sheet date.

The acquisition of the said property was completed on 13 January 2011.

- (vi) On 29 April 2010, APFT acquired the equity interest of APFT Maintenance Training Sdn. Bhd., comprising 2 ordinary shares of RM1.00 which represent 100% of equity interest for a cash consideration of RM2.

- (vii) On 10 May 2010, APFTSB acquired 2 ordinary shares of RM1 each in APFT Express Sdn. Bhd. representing 0.01% of the issued and paid-up capital of APFT Express Sdn. Bhd. and 2 ordinary shares of RM1 each in APFT Engineering Sdn. Bhd. representing 0.01% of the issued and paid-up capital of APFT Engineering Sdn. Bhd. for a total consideration of RM4.

- (viii) On 13 May 2010, APFT consolidated 8 ordinary shares of RM0.25 each into 10 ordinary shares of RM0.20 each.

- (ix) On 18 May 2010, APFTSB entered into a Share Purchase Agreement with APFT Berhad for the disposal of 150,000 ordinary shares of RM1 each in APFT Express Sdn. Bhd. representing 100% of the issued and paid-up capital of APFT Express Sdn. Bhd. and 150,000 ordinary shares of RM1 each in APFT Engineering Sdn. Bhd. representing 100% of the issued and paid-up capital of APFT Engineering Sdn. Bhd. for a total consideration of RM251,297.

The disposals were completed on 22 June 2010.

**12. ACCOUNTANTS' REPORT (Cont'd)****7. SIGNIFICANT AND SUBSEQUENT EVENTS DURING/AFTER THE FINANCIAL PERIOD (CONT'D)**

- (x) On 22 June 2010, APFTSB entered into a Sale and Purchase of Lease Agreement to acquire 3 Storey Shop Office located at Bandar Baru Kubang Kerian, Kota Bharu, Kelantan for a total purchase consideration of RM690,000. The Company has paid a deposit amounting to RM138,000 as at balance sheet date.

The acquisition of the said property is still not complete as at date of our report.

- (xi) On 22 June 2010, APFT acquired the entire issued and paid-up share capital of Asia Pacific Flight Training Sdn. Bhd., comprising 3,000,000 ordinary shares of RM1.00 each which represents 100% equity interest for a total purchase consideration of RM24,194,577, wholly satisfied through the issuance of 120,972,885 new APFT Shares of RM0.20 each.
- (xii) On 22 June 2010, APFT acquired the issued and paid-up share capital of APFT Services Sdn. Bhd., comprising 3,000,000 ordinary shares of RM1.00 each which represents 100% equity interest for a total purchase consideration of RM2,805,421, wholly satisfied through the issuance of 14,027,105 new APFT Shares of RM0.20 each.
- (xiii) On 23 July 2010, APFT subscribed 50,000 ordinary shares of RM1.00 each of APFT Express Sdn. Bhd for a cash consideration of RM50,000.
- (xiv) On 27 September 2010, APFTSB entered into a Sale and Purchase Agreement to acquire 1 unit of Diamond Aircraft DA 42 Twin Star for a total purchase consideration of RM1,400,000. The company has paid a deposit amounting to RM1,200,000 as at balance sheet date.

The acquisition of the said aircraft is still not complete as at date of our report.

- (xv) On 21 October 2010, the Company has received an approval from Securities Commission Malaysia in relation to their proposed flotation on the Main Market of Bursa Malaysia Securities Berhad.
- (xvi) On 27 January 2011, the Company has received an approval from Bursa Securities for the admission to the Official List on the Main Market of Bursa Malaysia Securities Berhad.

**8. AUDITED FINANCIAL STATEMENTS**

As at the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 December 2010 for APFT and its subsidiary companies.

12. ACCOUNTANTS' REPORT (Cont'd)



Yours faithfully,

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton'.

**SJ GRANT THORNTON**  
Firm Number: AF 0737  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Hooi Kok Mun'.

**HOOI KOK MUN**  
Approval Number: 2207/01/12 (J)  
Partner of the Firm

**B. L. TAN & CO.** (AF 1153)

APPENDIX I

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
ASIA PACIFIC FLIGHT TRAINING SDN BHD**

Company No: 534715 - H  
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 6 to 25. The financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for private entities so as to give a true and fair view of:
  - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
  - ii) the state of affairs of the Company as at 31st December 2007 and of the results and cash flow of the Group and of the Company for the financial year ended on that date;

and

- b) the accounting and other records and its subsidiary company of which we have acted as auditor and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

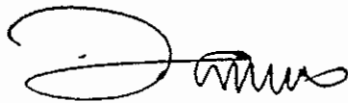
12. ACCOUNTANTS' REPORT (Cont'd)

APPENDIX I

Company No : 534715 - H

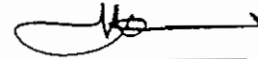
We are satisfied that the financial statements of the subsidiary that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' report on the financial statements of the subsidiary were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.



B.L. TAN & CO  
AF 1153  
Chartered Accountants

Dated : 03 JUN 2008  
KUALA LUMPUR



TAN BOON LENG  
NO. 1779/09/08 (J)  
Partner



**B. L. TAN & CO.** (AF 1153)

APPENDIX I

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ASIA PACIFIC FLIGHT TRAINING SDN BHD**

Company No: 534715 - H  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of ASIA PACIFIC FLIGHT TRAINING SDN BHD, which comprise the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 26.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

12. ACCOUNTANTS' REPORT (Cont'd)

Company No: 534715 - H

APPENDIX I

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



B.L. TAN & CO  
AF 1153  
Chartered Accountants



TAN BOON LENG  
NO. 1779/09/10(J)  
Partner

Dated: 23 MAR 2009  
KUALA LUMPUR

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****ASIA PACIFIC FLIGHT TRAINING SDN. BHD.**

(Incorporated in Malaysia)

Company No: 534715- H

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

[www.gt.com.my](http://www.gt.com.my)**Report on the Financial Statements**

We have audited the financial statements of Asia Pacific Flight Training Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 39.

*Directors' Responsibilities for the Financial Statements*

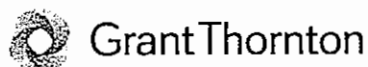
The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibilities*

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

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

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



Company No: 534715- H

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 31 December 2008 were audited by another auditor whose report dated 23 March 2009, expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

DATO' N. K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/12(J/PH))  
PARTNER

Kuala Lumpur  
12 May 2010

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF**

**ASIA PACIFIC FLIGHT TRAINING SDN. BHD.**  
(Incorporated in Malaysia)  
Company No: 534715- H

**SJ Grant Thornton (AF:0737)**  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia  
T +603 2692 4022  
F +603 2691 5229  
[www.gt.com.my](http://www.gt.com.my)

**Report on the Financial Statements**

We have audited the financial statements of Asia Pacific Flight Training Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 45.

*Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

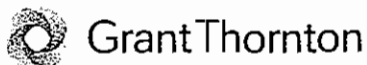
*Auditors' Responsibilities*

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

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

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

## 12. ACCOUNTANTS' REPORT (Cont'd)



APPENDIX II

Company No: 534715- H

## Report on the Financial Statements (cont'd)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

## Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton'.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

A handwritten signature in black ink, appearing to read 'Hooi Kok Mun'.

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2207/01/12(J))  
PARTNER

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
APFT SERVICES SDN BHD**

Company No: 758131 - M  
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 7 to 18. The financial statements are the responsibility of the Company's directors.

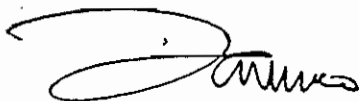
It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.


In our opinion :

- a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for private entities so as to give a true and fair view of:
- i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
  - ii) the state of affairs of the Company as at 31st December 2007 and of the results and cash flow of the Company for the financial period ended on that date;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.



B. L. TAN & CO  
AF 1153  
Chartered Accountants

Dated : 03 JUN 2008  
KUALA LUMPUR



TAN BOON LENG  
NO. 1779/09/08 (J)  
Partner

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
APFT SERVICES SDN BHD**

Company No: 758131 - M  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of APFT SERVICES SDN BHD, which comprise the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 19.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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



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

APPENDIX III

Company No: 758131 - M

*Opinion*

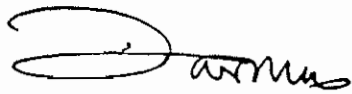
In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December 2008 and of its financial performance and cash flows for the year then ended.

**Report on Other Legal and Regulatory Requirements**

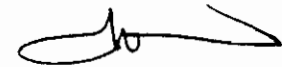
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



B.L. TAN & CO  
AF 1153  
Chartered Accountants



TAN BOON LENG  
NO. 1779/09/10(J)  
Partner

Dated : 16 MAR 2009  
KUALA LUMPUR



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### APFT SERVICES SDN. BHD.

(Incorporated in Malaysia)

Company No: 758131-M

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

[www.gt.com.my](http://www.gt.com.my)

#### Report on the Financial Statements

We have audited the financial statements of APFT Services Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 30.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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



Company No: 758131-M

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.


**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.


**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 31 December 2008 were audited by another auditor whose report dated 16 March 2009, expressed an unqualified opinion on those financial statements.

  
SF GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
12 May 2010

  
DATO' N.K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/12(J/PH))  
PARTNER



## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

### APFT SERVICES SDN. BHD.

(Incorporated in Malaysia)

Company No: 758131-M

**SJ Grant Thornton (AF:0737)**

Level 11, Faber Imperial Court

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P. O. Box 12337

50774 Kuala Lumpur, Malaysia

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[www.gt.com.my](http://www.gt.com.my)

### Report on the Financial Statements

We have audited the financial statements of APFT Services Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 30.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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



Company No: 758131-M

Report on the Financial Statements (cont'd)

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton".

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

A handwritten signature in black ink, appearing to read "Hooi Kok Mun".

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2297/01/12(J))  
PARTNER

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
KOTA BHARU FLYING CLUB SDN BHD**

(Formerly known as APFT Maintenance Sdn Bhd)  
Company No : 758108 - D  
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 6 to 12. The financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

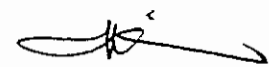
In our opinion :

- a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for private entities so as to give a true and fair view of :
  - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
  - ii) the state of affairs of the Company as at 31st December 2007 and of the results and cash flows of the Company for the period ended on that date;
 and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to Note 2 (a) to the financial statements. The Company has a capital deficiency of RM4,309 as at 31st December 2007 which arose as a result of loss incurred for the current year and liabilities exceeded current asset by RM4,309. However, the financial statements have been properly drawn up on a going concern basis, the validity of which is dependent upon the Company's ability to obtain financial support from its shareholders and other sources.



B.L. TAN & CO.  
AF 1153  
Chartered Accountants  
Dated : 12 MAY 2008  
KUALA LUMPUR



TAN BOON LENG  
NO. 1779/09/08 (J)  
Partner

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KOTA BHARU FLYING CLUB SDN BHD**

Company No : 758108 - D  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of KOTA BHARU FLYING CLUB SDN BHD, which comprise the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 13.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

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

APPENDIX V

Company No : 758108 - D

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December 2008 and of its financial performance and cash flows for the year then ended.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 (a) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM1,666 during the year ended 31st December 2008, and as of that date, the Company's current liabilities exceeded its current assets by RM5,975, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



B.L. TAN & CO  
AF 1153  
Chartered Accountants



TAN BOON LENG  
NO. 1779/09/10(J)  
Partner

Dated : 23 APR 2009  
KUALA LUMPUR



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF****APFT ENGINEERING SDN. BHD.****(formerly known as Kota Bharu Flying Club Sdn. Bhd.)****(Incorporated in Malaysia)****Company No: 758108 - D****SJ Grant Thornton (AF:0737)**

Level 11, Faber Imperial Court

Jalan Sultan Ismail,

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022

F +6 (03) 2691 5229

www.gt.com.my

**Report on the Financial Statements**

We have audited the financial statements of APFT Engineering Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

*Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibilities*

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

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

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



Company No: 758108 - D

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

Without qualifying our opinion, we wish to highlight that the Company has a capital deficiency of RM7,641 and its total current liabilities exceeded its total current asset by the same amount. Hence the validity of the continuation as going concern is dependent upon future profitable operating and the continuing financial support from its shareholders or other sources. In view of the fact that the preparation of the financial statements is on a going concern basis, we consider that these disclosures should be brought to your attention.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 31 December 2008 were audited by another auditor whose report dated 23 April 2009, expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
12 May 2010

DATO' N. K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/12(J/PH))  
PARTNER



## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

### APFT ENGINEERING SDN. BHD.

(Incorporated in Malaysia)

Company No: 758108 - D

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +603 2692 4022

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[www.gt.com.my](http://www.gt.com.my)

#### Report on the Financial Statements

We have audited the financial statements of APFT Engineering Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 24.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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



Company No: 758108 - D

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read 'SJ Grant Thornton'.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

A handwritten signature in black ink, appearing to read 'Hooi Kok Mun'.

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2207/01/12(J))  
PARTNER

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
FORAD CONSULT SDN BHD**

Company No : 127572 - P  
(Incorporated in Malaysia)

We have audited the financial statements set out on pages 6 to 13. The financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

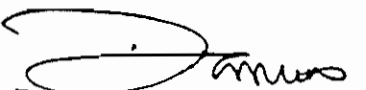
We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

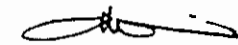
In our opinion :

- a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for private entities so as to give a true and fair view of:
  - i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company ; and
  - ii) the state of affairs of the Company as at 31st December 2007 and of the results and cash flows of the Company for the financial year ended on that date;
 and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. The Company has a capital deficiency of RM35,890 as at 31st December 2007, which arose as a result of losses sustained over the years and current liabilities exceeded current assets by RM35,890. However, the financial statements have been prepared on a going concern basis, the validity of which is dependent upon the Company obtaining financial support from its shareholders or other sources.

  
B.L. TAN & CO  
AF 1153  
Chartered Accountants

Dated : 03 JUN 2008  
KUALA LUMPUR

  
TAN BOON LENG  
NO. 1779/09/08 (J)  
Partner

12. ACCOUNTANTS' REPORT (Cont'd)

**B.L. TAN & CO.** (AF 1153)

Chartered Accountants  
M2C/17, 2nd Floor, Jalan Pandan Indah 4/3A,  
Pandan Indah, 55100 Kuala Lumpur  
Tel: 03-4297 2022 Fax: 03-4295 3200

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
APFT EXPRESS SDN BHD**

(formerly known as Forad Consult Sdn Bhd)  
Company No : 127572 - P  
(Incorporated in Malaysia)

**Report on the Financial Statements**

We have audited the financial statements of APFT EXPRESS SDN BHD (formerly known as Forad Consult Sdn Bhd), which comprise the balance sheet as at 31st December 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 14.

*Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

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

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

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

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

Company No : 127572 - P

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Private Entity Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31st December 2008 and of its financial performance and cash flows for the year then ended.

*Emphasis of Matter*

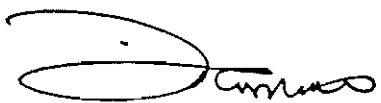
Without qualifying our opinion, we draw attention to Note 2 (a) in the financial statements which discloses the premise upon which the Company has prepared its financial statements by applying the going concern assumption, notwithstanding that the Company incurred a net loss of RM2,591 during the year ended 31st December 2008, and as of that date, the Company's current liabilities exceeded its current assets by RM38,481, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

**Report on Other Legal and Regulatory Requirements**

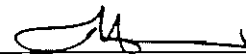
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



B.L. TAN & CO  
AF 1153  
Chartered Accountants



TAN BOON LENG  
NO. 1779/09/10(J)  
Partner

Dated : **25 MAR 2009**  
KUALA LUMPUR



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### APFT EXPRESS SDN. BHD.

(Incorporated in Malaysia)

Company No: 127572 - P

**SJ Grant Thornton** (AF:0737)  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail,  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia

T +6 (03) 2692 4022  
F +6 (03) 2691 5229  
[www.gt.com.my](http://www.gt.com.my)

#### Report on the Financial Statements

We have audited the financial statements of APFT Express Sdn. Bhd., which comprise the balance sheet as at 31 December 2009, and the income statement, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 23.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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





Company No: 127572 - P

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and cash flows for the financial year then ended.

Without qualifying our opinion, we wish to highlight that the Company has a capital deficiency of RM41,062 and its total net current liabilities of the same amount. Hence the validity of the continuation as going concern is dependent upon future profitable operating and the continuing financial support from its shareholders or other sources. In view of the fact that the preparation of the financial statements is on a going concern basis, we consider that these disclosures should be brought to your attention.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of the Company as at 31 December 2008 were audited by another auditor whose report dated 25 March 2009, expressed an unqualified opinion on those financial statements.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
12 May 2010

DATO' N. K. JASANI  
CHARTERED ACCOUNTANT  
(NO: 708/03/12(J/PH))  
PARTNER



## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

### APFT EXPRESS SDN. BHD.

(Incorporated in Malaysia)

Company No: 127572 - P

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +603 2692 4022

F +603 2691 5229

[www.gt.com.my](http://www.gt.com.my)

### Report on the Financial Statements

We have audited the financial statements of APFT Express Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 29.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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



Company No: 127572 - P

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial year then ended.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton".

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

A handwritten signature in black ink, appearing to read "Hooi Kok Mun".

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2207/01/12(J))  
PARTNER



## INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF

### APFT MAINTENANCE TRAINING SDN. BHD.

(Incorporated in Malaysia)  
Company No: 899773-K

**SJ Grant Thornton** (AF:0737)  
Level 11, Faber Imperial Court  
Jalan Sultan Ismail  
P. O. Box 12337  
50774 Kuala Lumpur, Malaysia  
T +603 2692 4022  
F +603 2691 5229  
[www.gt.com.my](http://www.gt.com.my)

#### Report on the Financial Statements

We have audited the financial statements of APFT Maintenance Training Sdn. Bhd., which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period from 27 April 2010 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 29.

#### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibilities*

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

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

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



Company No: 899773-K

**Report on the Financial Statements (cont'd)**

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial period from 27 April 2010 (date of incorporation) to 31 December 2010.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other Matters**

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

A handwritten signature in black ink, appearing to read "SJ Grant Thornton".

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

A handwritten signature in black ink, appearing to read "Hooi Kok Mun".

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2201/01/12(J))  
PARTNER



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### APFT BERHAD

(Incorporated in Malaysia)

Company No: 886873 - T

**SJ Grant Thornton** (AF:0737)

Level 11, Faber Imperial Court

Jalan Sultan Ismail

P. O. Box 12337

50774 Kuala Lumpur, Malaysia

T +603 2692 4022

F +603 2691 5229

[www.gt.com.my](http://www.gt.com.my)

### Report on the Financial Statements

We have audited the financial statements of APFT Berhad, which comprise the Statements of Financial Position as at 31 December 2010 of the Group and of the Company, and the Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial period from 19 January 2010 (date of incorporation) to 31 December 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 51.

### *Directors' Responsibilities for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibilities*

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

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

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

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

APPENDIX X



Grant Thornton

Company No: 886873 - T

**Report on the Financial Statements (cont'd)***Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial period from 19 January 2010 (date of incorporation) to 31 December 2010.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON  
(NO. AF: 0737)  
CHARTERED ACCOUNTANTS

Kuala Lumpur  
31 January 2011

HOOI KOK MUN  
CHARTERED ACCOUNTANT  
(NO: 2207/01/12(J))  
PARTNER



Date: 16 FEB 2011

To: The Shareholders of  
**APFT Berhad**  
Unit 07-02, Level 7, Persoft Tower  
6B Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan

Dear Sir/Madam,

On behalf of the Board of Directors of APFT Berhad ("Board"), I wish to report that, after making due enquiries in relation to the Company and its subsidiaries ("Group") during the period between 31 December 2010, being the date on which the last audited financial statements have been made up, and the date hereof, being a date not earlier than 14 days before the date of issue of this Prospectus:

- (a) in the opinion of the Board, the business of the Group has been satisfactorily maintained;
- (b) in the opinion of the Board, there have been no circumstances, which have arisen since the date of the last audited financial statements of the Group, which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the Group;
- (e) since the date of the last audited financial statements of the Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Board is aware of; and



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**13. DIRECTORS' REPORT (Cont'd)**

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- (f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the date of the last audited financial statements of the Group.

Yours faithfully  
For and on behalf of the Board of Directors of  
**APFT Berhad**



.....  
**Dato' Faruk Bin Othman**  
Executive Chairman

**14 ADDITIONAL INFORMATION****14.1 SHARE CAPITAL**

- (i) No shares will be allotted on the basis of this Prospectus later than 12 months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Group. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares of RM0.20 each, all of which rank equally with one another.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option.
- (iv) There is no scheme involving our employees in the capital of our Group, except for the pink form allocation pursuant to the Public Issue.
- (v) Save as disclosed in Sections 3.5, 5.1.3 and 5.2 of this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities.

**14.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION**

The following provisions are reproduced from our Company's Articles of Association which comply with the Listing Requirements of Bursa Securities, the Act and Rules of Bursa Depository:-

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Articles of Association or the context otherwise require:-

**(i) Transfer of Securities****Article 29 - Transfer of securities and Instrument of Transfer**

*The transfer of any Listed Securities or class of Listed Securities of the Company shall be by way of book entry by the Bursa Depository in accordance with the Rules and, notwithstanding Sections 103 and 104 of the Act, but subject to Subsection 107C(2) of the Act and any exemption that may be made from compliance with Subsection 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Listed Securities. Every instrument of transfer for Listed Securities shall be in writing and in the form approved in the Rules and shall be presented to the Bursa Depository with such evidence (if any) as the Bursa Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.*

**Article 30 - No restriction on transfer of fully paid shares**

- (1) *Subject to the provisions of the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid shares except where required by law.*
- (2) *The Directors may decline to register any instrument of transfer of shares which are not fully paid (whether these are quoted or otherwise) to a person of whom they do not approve. Subject to the Act, the Listing Requirements, the Central Depositories Act and the Rules, if the Directors refuse to register a transfer they shall send to the transferee written notice of the refusal and reasons therefore.*

**14. ADDITIONAL INFORMATION (Cont'd)****Article 31 - Bursa Depository's discretion to refuse to effect transfer**

- (1) *The Bursa Depository may, in its absolute discretion, refuse to effect any transfer of a share that is a Deposited Security which does not comply with the Central Depositories Act, the Listing Requirements and the Rules.*

**No transfer to minor etc**

- (2) *Shares may be registered in the name of an incorporated company or other corporate body but not in the name of a minor or a person of unsound mind or who is insolvent or in the name of any firm or partnership.*

**Article 32 - Non-liability of Company Directors and Officers in respect of transfer**

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares registered by the Bursa Depository, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner.*

**Article 33 - Suspension of registration**

- (1) *The registration of transfer may be suspended at such times and such period as the Director may from time to time determine not exceeding in the whole thirty (30) days in any year. The Company shall give the Bursa Securities prior written notice and publication in a daily newspaper circulating in Malaysia of the period of the intended suspension or closure and the purposes thereof, which notice shall be for such number of days as may be prescribed by the Bursa Securities. In relation to such closure the Company shall give notice, in accordance with the Rules, to the Bursa Depository to prepare the appropriate Record of Depositors.*

**Record of Depositors**

- (2) *The Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date for the specified purpose. If there shall be more than one (1) Record of Depositors made available to the Company as at the specified date for the specified purpose then the later or last of the Record of Depositors prepared by Bursa Depository and confirmed by Bursa Depository as a correct Record of Depositors shall be the final Record of Depositors as at the specified date for the specified purpose. If such confirmation from Bursa Depository shall not be available, then the later or last of the Record of Depositors received by the Company shall be deemed to be the final Record of Depositors as at the specified date and for the specified purpose.*

**Article 34 - Renunciation**

*Nothing in these Articles contained shall preclude the Board from recognising the renunciation of any share by the allottee thereof in favour of some other person.*

**Article 36 - Persons recognised on death of shareholders**

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, in the case of the death of a Member, the executor or administrator or legal personal representatives of*

**14. ADDITIONAL INFORMATION (Cont'd)**

*the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares.*

**Article 37 - Right to be registered as Member or to make transfer**

*Any person becoming entitled to a share in consequence to the death or bankruptcy of any Member may, upon such evidence of his title being produced as may from time to time be required by the Board (but subject to the provisions hereinafter contained) elect either to be registered himself as a Member in respect of the share or to have some person nominated by him registered as transferee thereof PROVIDED ALWAYS that where the share is a Deposited Security, subject to the Rules, a transfer or withdrawal of the share may be carried out by the person so becoming entitled.*

**Article 38 - Right to be registered as Member how effected**

*If a person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects, PROVIDED that where the share is a Deposited Security and the person becoming so entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Bursa Depository. If he elects to have another person registered he shall testify his election by executing to that person a transfer of the share or such other instrument as the Bursa Depository may require. All the limitations, restrictions and provisions of these Articles relating to the rights to transfer and the registration of transfers of shares, the Central Depositories Act and the Rules shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice of transfer were a transfer signed by that Member.*

**Article 40 - Transmission of Securities**

*Where:-*

- (a) the Securities of the Company are listed on another stock exchange; and*
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules in respect of such Securities,*

*the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.*

**(ii) Remuneration of Directors****Article 90 - Remuneration of Directors**

*The fees payable to the Directors shall be divided among the Directors in such proportions and manner as that Directors may determine PROVIDED ALWAYS that:-*

- (a) Fees payable to Directors who hold non-executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;*
- (b) Salaries payable to Directors who hold an executive office in the Company may not include a commission on or percentage of turnover; and*
- (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a General Meeting, where notice of the proposed increase has been given in the notice convening the meeting.*

**14. ADDITIONAL INFORMATION (Cont'd)**

*The Directors may also be paid all such traveling, hotel and other expenses reasonably incurred by them in attending and returning from meeting of the Directors or any committee of the Directors or General Meeting of the Company or in connection with the business of the Company. Any Director who is appointed to any executive office including the office of Chairman or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary lump sum payment or percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Any such extra remuneration payable to a non-executive Director shall not include a commission on or percentage of profits or turnover.*

**(iii) Voting and borrowing powers of Directors****Article 93 - Director contract with other companies**

*Subject always to sections 131, 132E and 132F of the Act, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profits or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established but it is declared that the nature of his interests must be disclosed by him at the meeting of the Directors at which the contract or arrangement is first taken into consideration if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interests. If a Director becomes interested in a contract or arrangement after it is made or entered into the disclosure of his interest shall be made at the first meeting of the Directors held after he becomes so interested. No Director shall vote on any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest or on any matter arising thereon and if he votes, his vote shall not be counted. Provided always that a Director may vote on any loan or money he may make to the Company and on any security to be given by the Company to him for any such loan and on any contract or indemnity to himself against any loss he may suffer by reason of becoming or being a surety for the Company and on any contract in which he is only interested by reason of being a member of any company which is a party to or interested in such contract. Provided further that this prohibition may be suspended or relaxed to any extent by an Ordinary Resolution in a General Meeting.*

**Article 94 - Director may act himself or by his firm in professional capacity**

*Unless prohibited by the Rules and / or requirements of the Bursa Securities, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as Auditor of the Company.*

**Article 95 - General notice satisfied**

*A general notice that a Director is a member or a director of any specified firm or company, and is to be regarded as interested in all transactions with that firm or company, shall be a sufficient disclosure under this Article as regards such Director and the said transactions, and after such general notice it shall not be necessary for such Director to give a special notice relating to any particular transaction with that firm or company provided such notice is given at a meeting of the Directors or brought up and read at the next meeting of Directors after it is given.*

**14. ADDITIONAL INFORMATION (Cont'd)****Article 118 - Validity of acts of Directors and committee**

All acts bona fide done at any meeting of the Directors, or of a Committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

**Article 119 - Power to borrow**

The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the Company's or its subsidiaries' undertaking, property and uncalled capital, or any part thereto, and to issue debentures, debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company or of its related corporations only.

**Article 120 - Conditions on which money may be borrowed**

Notwithstanding the above, the Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**Article 123 - Register of mortgages to be kept**

The Directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirement of Section 108 of the Act with regard to the registration of mortgages and charges therein specified and otherwise.

**Article 124 - Power of Directors to indemnify out of Company assets**

If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnify to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

**Article 128 - Resolution in writing signed by Directors effective**

A resolution in writing signed or approved by letter, telex, telefax or telegram or other written electronic communications by majority of the Directors who may at the time of the said resolution being passed are present in Malaysia, and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that where a Director is not so present but has an alternate who is so present then such resolution must also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolutions" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book and submitted for confirmation at a meeting of the Board following the receipt thereof by him. A Directors' Circular Resolution shall be inoperative if it shall purport to authorise or to do any act which a meeting of the Board has previously decided shall not be authorised or done, until confirmed by a meeting of the Board to be held following the receipt of the Directors' Circular Resolutions by the Secretary. Any such resolution may consist of several documents in like form, each signed by one (1) or more Directors. A resolution in writing signed by a majority of the Directors or their alternates shall be as effective for all purposes as a resolution passed at a meeting of the Directors duly convened, held and constituted. Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.

**14. ADDITIONAL INFORMATION (Cont'd)**

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**(iv) Changes in share capital and variation of class rights**

The provision in our Company's Articles of Association dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:-

**Article 45 - Company may increase its capital**

The Company may from time to time by Ordinary Resolution passed at a General Meeting of the Company, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company in such General Meeting directs and the Company may in such General Meeting direct that new shares or any of them may have such preference or priority over the then existing shares of the Company and that such right privileges be different from those of such existing shares as they may think fit, PROVIDED ALWAYS that the total nominal value of the issued preference shares, if any, shall not exceed the total nominal value of the issued ordinary shares at any time.

**Article 46 - Offer of new Securities to existing Members**

Subject to any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Security which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

**Article 47 - Approval of shareholders in General Meeting**

Subject to the provisions of the Act, the Central Depositories Act, the Listing Requirements and the Rules and notwithstanding the existence of a resolution pursuant to Section 132D of the Act, the Company must not issue any shares or convertible Securities if the nominal value of those shares or convertible Securities, when aggregated with the nominal value of any such shares or convertible Securities issued during the preceding 12 months, exceeds ten percent (10%) of the nominal value of the issued and paid up capital (excluding treasury shares) of the Company except where the shares or convertible Securities are issued with the prior approval of the shareholders in a General Meeting of the precise terms and conditions of the issue.

**Article 48 - New shares subject to same provisions as original shares**

Subject to any directions that may be given in accordance with the power contained in the Memorandum of Association or these Articles any capital raised by the creation of new shares shall be considered as part of the original and as consisting of ordinary shares, and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it has been part of the original capital.

**14. ADDITIONAL INFORMATION (Cont'd)****Article 50 - Modification of class rights**

- (1) *If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 152 of the Act shall with such adaptation as are necessary apply.*
- (2) *The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights may only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that, where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths (3/4) of the preference capital concerned within two (2) months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.*
- (3) *The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards to participation in the profits or assets of the Company in some or in all respect pari passu therewith.*

**Article 51 - Issue of shares**

*Without prejudice to any rights or privileges for the time being conferred on the holders of any existing shares or class of shares, any shares in the present capital of the Company and any new shares may be issued with such preferred, deferred or other rights or such restrictions, whether in regard to dividend, return of capital, voting or otherwise as the Company may from time to time by Special Resolution determine. Any share may be issued on the terms that it is, or at the option of the Company or the holder of the share is to be liable, to deem on such terms and in such manner as the Company may in accordance with the provisions of the Act prescribe.*

**Article 52 - Company may alter its capital in certain ways**

*Subject to the provisions of the Act, the Company may by Ordinary Resolution:-*

- (a) *cancel any shares which, at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or*
- (b) *consolidate and divide any of its existing shares into shares of larger amount; upon any consolidation of fully paid up shares into shares of larger amount, the Board may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any Member shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed shall stand authorised to transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned. The net proceeds of such sale shall be distributed among the Member who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests;*



**14. ADDITIONAL INFORMATION (Cont'd)**

- (c) *sub-divide any of its existing shares into shares of smaller amount and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one (1) or more of such shares may have such preferred, deferred or other special rights or be subject to any such restrictions, compared with the other share or shares, as the Company has power to attach to new shares; or*
- (d) *increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe;*  
*and may by Special Resolution:-*
- (e) *reduce its share capital and any capital redemption reserve fund and any share premium account in any manner authorised by the Act.*

**14.3 LIMITATIONS ON RIGHTS TO OWN SECURITIES**

There is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

**14.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

- (i) The names, addresses and occupations of our Directors are set out in Section 1 of this Prospectus.
- (ii) We do not require any Director to hold any qualification shares unless we fixed it as a requirement in the general meeting.
- (iii) Save as disclosed in Sections 7.2.7 and 11.5 of this Prospectus, there has been no amounts and benefits that have been or are intended to be paid or given to our Promoters, Directors and/or substantial shareholders within the two (2) years preceding the date of this Prospectus.
- (iv) There are no existing or proposed services agreement/contract between our Company or Subsidiary Companies, and our Directors or key management.
- (v) The details of our Directors' and substantial shareholders' direct and indirect interests in our Shares before and after the IPO are set forth in Sections 7.1.1 and 7.2.3 of this Prospectus.
- (vi) Save as disclosed in Section 10 of this Prospectus, none of our Directors and substantial shareholders have any interest, direct or indirect, in any contract or arrangement subsisting as at the date of this Prospectus which is significant in relation to our business taken as a whole.
- (vii) Save for the risk factors highlighted in Section 4 of this Prospectus, our Directors and substantial shareholders are not aware of any material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (viii) Save for our Promoters and substantial shareholders as disclosed in Section 7.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.

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**14. ADDITIONAL INFORMATION (Cont'd)**

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**14.5 GENERAL INFORMATION**

- (i) Save as disclosed in Section 9 of this Prospectus, neither we nor our Subsidiary Companies have acquired or proposed to acquire any property.
- (ii) Save as disclosed in Sections 3.9 and 3.10 of this Prospectus, no preliminary expenses are to be repaid by us in contemplation of the Public Issue.
- (iii) The nature of our business and the names of all corporations which are deemed to be related to us by virtue of Section 6 of the Act are disclosed in Section 5 of this Prospectus.
- (iv) The time of the opening of the IPO is set out in Sections 3.2 and 15 of this Prospectus.
- (v) The amount payable in full on application is RM0.50 per IPO Share.
- (vi) The name and address of our auditors are set out in Section 1 of this Prospectus.
- (vii) We have not established any place of business outside Malaysia.
- (viii) The manner in which copies of this Prospectus together with the official Application Forms and envelopes may be obtained is set forth in Section 15 of this Prospectus.

**14.6 EXPENSES**

- (i) There have been no commissions, discounts, brokerages or other special terms granted to or paid by us within the two (2) years preceding the date of this Prospectus in connection with the issue or sale of any Shares in or debentures of our Group for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscription for, any shares in or debentures of our Group, and none of our Directors or Promoters or experts are entitled to receive any such payment.
- (ii) We will fully bear all expenses incidental to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities amounting to approximately RM2.5 million as set out in Section 3.9 of this Prospectus.
- (iii) Brokerage fee is payable by our Group in respect of the 15,000,000 Issue Shares at the rate of one percent (1%) of the Issue Price.

**14.7 MATERIAL LITIGATIONS**

As at the LPD, we are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

**14.8 MATERIAL CONTRACTS**

Save as disclosed below, neither we nor our Subsidiary Companies have entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Prospectus:-

- a) On 9 February 2011, our Company had entered into an Underwriting Agreement with the Underwriters for the underwriting of 22,000,000 Issue Shares under the Public Issue, for managing fees and underwriting commission at the rates set out in Section 3.10.2 of this Prospectus;

**14. ADDITIONAL INFORMATION (Cont'd)**

- b) On 22 June 2010, APFTSB had entered into a Sale and Purchase Agreement with Dato' Faruk for the purchase of a 3-storey shop lot held under the title Number HS(D) 3468, PT 1661 of Bandar Baru Kubang Kerian, Jajahan Kota Bharu, Kelantan Darul Naim for a total cash consideration of RM690,000. As at the LPD, the transaction is pending completion;
- c) On 18 May 2010, our Company had entered into a share purchase agreement with the Offerors for the Acquisition of APFTSB and the Acquisition of APFT Services. As at the LPD, the transactions have been completed;
- d) On 18 May 2010, our Company had entered into a share purchase agreement with APFTSB for the Acquisition of APFT Engineering and the Acquisition of APFT Express. As at the LPD, the transactions have been completed;
- e) On 31 March 2010, APFTSB had entered into an Agreement with Serving Platter Sdn Bhd ("SPSB") for the provision by SPSB to APFTSB, of food and beverage catering services to the staff, crew and students at APFTSB's academy in Kota Bharu, Kelantan for a period of three (3) years commencing 1 March 2010 for a fee of RM17.50 per person per day. As at the LPD, the agreement is subsisting;
- f) On 10 March 2010, APFTSB had entered into a Sale and Purchase Agreement with Datin Nik Radiah Binti Nik Hassan for the purchase of Unit No.5-D, Storey 5 in Wisma UOA Damansara measuring 1,956 sq ft held under Master Title Geran No. 10474, Lot No. 8345, Daerah and Negeri Wilayah Persekutuan and known as Site 1 and Site 2, Stage 4 Bukit Damansara, Kuala Lumpur bearing a postal address of Suite 50-5-5, 5<sup>th</sup> Floor, Wisma UOA Damansara, 50 Jalan Dungun, Bukit Damansara, 50490 Kuala Lumpur for a total cash consideration of RM1,000,000. As at the LPD, the transaction has been completed; and
- g) On 31 December 2009, APFTSB had entered into a Sale and Purchase Agreement with Khuan Choo Development Sdn Bhd (as vendor) and Diversified Rank Sdn Bhd (as proprietor) for the purchase of Parcel No. 1-3-1, Floor 3, Block 1, Amaya Saujana Phase 3, 41050 Selangor Darul Ehsan, measuring 167.96 sq m within Storey No. 3 of Building No. Block 1 with accessory parcel with vacant possession distinguished as parcel No. 792 & 793 (car park) in a housing development known as Amaya Saujana Phase 3 for a total cash consideration of RM815,000. As at the LPD, the transaction has been completed.

**14.9 MATERIAL CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

As at the LPD, save as disclosed in Section 11.4.5 of this Prospectus, our Directors are not aware of any material capital commitment contracted or known to be contracted by us which, upon becoming enforceable, may have a material impact on our financial position.

Further, our Directors are not aware of any contingent liabilities incurred by us that, upon becoming enforceable, may have a material impact on our financial position, save as disclosed in Section 11.4.7 of this Prospectus.

**14.10 PUBLIC TAKE-OVERS**

During the last financial year and the current financial year, there were no:-

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

**14. ADDITIONAL INFORMATION (Cont'd)****14.11 CONSENTS**

- (i) The written consents of the Principal Adviser, Managing Underwriter, Underwriters, Placement Agent, Solicitors for the Listing, Principal Bankers, Corporate Finance Advisor, Share Registrar, Issuing House, Company Secretary and previous auditors for APFTSB, APFT Services, APFT Engineering and APFT Express for FYE 31 December 2007 and 2008 for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Letter on the Proforma Consolidated Financial Information in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher for the inclusion in this Prospectus of its name and Executive Summary of its Independent Market Research Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

**14.12 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of our Company during office hours for a period of 12 months from the date of this Prospectus:-

- (i) Our Memorandum and Articles of Association;
- (ii) The Accountants' Report and Directors' Report as included in Sections 12 and 13 of this Prospectus respectively;
- (iii) The Reporting Accountants' letter relating to the Proforma Consolidated Financial Information of our Group as at 31 December 2010 referred to in Section 11.2 of this Prospectus;
- (iv) The letters of consent referred to in Section 14.11 of this Prospectus;
- (v) The audited financial statements of APFTSB and APFT Express for the last four (4) FYE 31 December 2007 to 2010, the audited financial statements of APFT Services and APFT Engineering for the financial period ended 31 December 2007 and last three (3) FYE 31 December 2008 to 2010 and the audited financial statements of APFT Berhad and APFT Maintenance Training for the financial period ended 31 December 2010;
- (vi) The material contracts referred to in Section 14.8 of this Prospectus;
- (vii) The Independent Market Research Report referred to in Section 6 of this Prospectus; and
- (viii) Licence from the DCA referred to in Section 4.1.1 of this Prospectus.

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**14. ADDITIONAL INFORMATION (Cont'd)**

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**14.13 RESPONSIBILITY STATEMENTS**

- (i) Bank Islam 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 relating to the IPO.
  
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offerors and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

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**15 PROCEDURES FOR APPLICATION AND ACCEPTANCE**

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**15.1 OPENING AND CLOSING OF APPLICATION LISTS**

Applications will be accepted from 10.00 a.m. on 24 February 2011 and will remain open until 5.00 p.m. on 8 March 2011 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 for the Applications is extended, you will be notified of the change in a widely circulated daily Bahasa Malaysia and English newspaper in Malaysia. **Late Applications will not be accepted.**

**15.2 METHODS OF APPLICATIONS**

Applications for the Issue Shares may be made using any of the following ways:-

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

**15.3 PROCEDURES FOR APPLICATIONS**

The Applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed and issued together with this Prospectus and form an integral part of this Prospectus:-

**15.3.1 Applications by the Malaysian Public**

Applications for the 15,000,000 Issue Shares made available for application by the Malaysian Public, must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

**15.3.2 Applications by Eligible Employees and Persons who have Contributed to the Success of our Group**

Applications for the 7,000,000 Issue Shares made available for eligible employees and persons who have contributed to the success of our Group must be made on the **Pink Application Forms** provided only and not by way of other Application Forms or by way of Electronic Share Application or Internet Share Application.

**15.3.3 Application by places under the Private Placement**

Selected investors being allocated the Offer Shares under this method will be contacted directly by the Placement Agent and are to follow the instructions communicated by the Placement Agent should they wish to accept the APFT Shares offered to them. Applications for the allocated Offer Shares reserved for the identified places under the private placement must be made **ONLY** on the **Blue Application Forms** and **not on any other Application Forms and not by way of Electronic Share Application or Internet Share Application.**

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**


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**15.4 APPLICATIONS USING APPLICATION FORMS**

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus:-

- (a) **White** Application Forms for application by the Malaysian Public;
- (b) **Pink** Application Forms for applications by our eligible employees and persons who have contributed to the success of our Group; and
- (c) **Blue** Application Forms for applications by placees identified under the private placement.

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability, from Bank Islam, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and Association of Islamic Banking Institution Malaysia and MIDFCCS.

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Issue Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications **must have a CDS account**.

The amount payable in full on application is RM0.50 per Share. Persons submitting applications by way of Application Forms **may not** submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD ("NRIC") NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:-

- (a)
  - (i) THE APPLICANT'S NRIC;
  - (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
  - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("KPPK 09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS / HER AUTHORITY CARD.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

IN THE CASE OF A CORPORATE OR INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or Application monies will be made by us and / or MIDFCCS.

**15.4.1 Terms and Conditions**

Applications by way of White, Pink and Blue Application Forms shall be made on, and subject to, the following terms and conditions set out below:-

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address (White Application Forms only).

Applicant who is an individual must have a CDS account and a correspondence address in Malaysia (Pink and Blue Application Forms only).

- (b) Applicant that is a corporation / institution incorporated in Malaysia, must have a CDS account and be subject to the following:-

- if the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
- there is a majority of Malaysian citizens on the board of Directors / trustee.

Applicant that is a corporation / institution incorporated outside Malaysia must have a CDS account and provide a correspondence address in Malaysia (Pink Application Forms only).

- (c) Applicant which is a superannuation, provident or pension fund must be established or operating in Malaysia and must have a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in Section 15.4.1(b) and (c) above or the trustees thereof.
- (e) Applications for the Issue Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed therein, or which are illegible will not be accepted.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER:-
- BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR
- GUARANTEED GIRO ORDER ("GGO") FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD (DIFFERENTIATED BY A SPECIAL RED BAND FOR BUMIPUTERA APPLICANTS); OR
- ATM STATEMENT OBTAINED ONLY FROM
  - AFFIN BANK BERHAD;
  - ALLIANCE BANK MALAYSIA BERHAD;
  - AMBANK (M) BERHAD;
  - CIMB BANK BERHAD;
  - EON BANK BERHAD;
  - HONG LEONG BANK BERHAD;
  - MALAYAN BANKING BERHAD;
  - PUBLIC BANK BERHAD; OR
  - RHB BANK BERHAD.

AND MUST BE MADE OUT IN FAVOUR OF "MIDF SHARE ISSUE ACCOUNT NO. 638" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS / CASHIER'S ORDERS / MONEY ORDERS OR POSTAL ORDER / ATM STATEMENT / GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT SHOULD STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO MIDFCCS / COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER OR GGO FROM BANK SIMPANAN MALAYSIA BERHAD.
- (i) Our Directors reserve the right to require any successful Applicant to appear in person at the registered office of MIDFCCS at anytime within 14 days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful Applicant for the purpose of complying with this provision.
- (j) MIDFCCS, acting on the authority of our Directors reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIDFCCS, acting on the authority of our Directors reserves the right not to accept any Application or accept any Application in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establishing a liquid and adequate market for the shares.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the Applicant within ten (10) market days from the date of the final ballot of the Applications lists by ordinary post or registered post respectively at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara ("KPPK 09")" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The Applicant shall ensure that his personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (n) MIDFCCS, acting on the authority of our Directors reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by ordinary post or registered post respectively.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

**MIDF Consultancy and Corporate Services Sendirian Berhad**  
 Level 8, Menara MIDF  
 82, Jalan Raja Chulan  
 50200 Kuala Lumpur  
 P.O. Box 11122  
 50736 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the Ground Floor of Menara MIDF, 82, Jalan Raja Chulan, 50200 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 8 March 2011, or for such further period or periods as our Directors, the Offerors together with the Managing Underwriter in their absolute discretion may mutually decide.

**We will not accept late applications.**

- (p) Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for the Shares.
- (q) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIDFCCS.**

**15.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION****15.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM**

- (a) Applicant must have an account with a Participating Financial Institution (as detailed in Section 15.5.1(d) of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant **must** have a CDS account; and

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

(c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 15.5.2 of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so:-

- Personal Identification Number ("PIN");
- MIDF Share Issue Account No. 638;
- CDS Account number;
- Number of Shares applied for and / or the Ringgit Malaysia amount to be debited from the account; and
- Confirmation of several mandatory statements.

(d) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:-

- Affin Bank Berhad; or
- AmBank (M) Bhd; or
- Bank Muamalat Malaysia Berhad; or
- CIMB Bank Berhad; or
- EON Bank Berhad; or
- HSBC Bank Malaysia Berhad; or
- Malayan Banking Berhad; or
- OCBC Bank (Malaysia) Berhad; or
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only)

Except for Affin Bank Berhad, a surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

**15.5.2 Terms and Conditions for Electronic Share Application**

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "**Steps**"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATMs" in Section 15.5.1 of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

**Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.**

The Applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for the shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the Applicant will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIDFCCS. The

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Transaction Record is for retention by the Applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Issue Shares, on 8 March 2011 at **5.00 p.m.** ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Issue Shares to MIDFCCS as soon as practicable but not later than **12.00 p.m.** of the second (2<sup>nd</sup>) business day after the Closing Date and Time.

An Applicant will be allowed to make an Electronic Share Application for the shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the Applicant making only one (1) Application. An Applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the Applicant making only one (1) Application.

**AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below:-

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) The Applicant is required to confirm the following statement (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:-
  - The applicant has attained 18 years of age as of the closing date of the share application;
  - The applicant is a Malaysian citizen residing in Malaysia;
  - The applicant has read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
  - This is the only Application that the applicant is submitting; and
  - The applicant hereby gives consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to himself and his account with the Participating Financial Institution and Bursa Depository to MIDFCCS and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the Applicant completes all the Steps required by the Participating Financial Institution. By doing so, the Applicant shall be treated as signifying his confirmation of each of the said statements as well as giving consent in accordance with the relevant laws of Malaysia, including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIDFCCS or any relevant regulatory body.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS A NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES, WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The Applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The Applicant agrees and undertakes to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to him in respect of his Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of the Issue Shares or not to allot or allocate any Issue Shares to the Applicant, the Applicant agrees to accept any such decision as final. If the Applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Issue Shares that may be allotted or allocated to him and to be bound by the Memorandum and Articles of Association of our Company.
- (f) MIDFCCS, on the authority of the Directors of our Company, reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the confirmation from MIDFCCS. MIDFCCS shall inform the Participating Financial Institution of the non-successful or partially successful applicants within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIDFCCS. A number of Applicants will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to Applicants by MIDFCCS by way of cheques issued through registered post. The cheques will be issued to the Applicants not later than ten (10) market days from the day of the final ballot of the Application list.

Should Applicants encounter any problems in their Applications, they may refer to the Participating Financial Institution.

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**


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- (h) The Applicant requests and authorises our Company:-
- to credit the Issue Shares allotted or allocated to the Applicant into the CDS account of the Applicant; and
  - to issue share certificate(s) representing such Issue Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The Applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control of our Company, MIDFCCS or the Participating Financial Institution, irrevocably agrees that if:-
- our Company or MIDFCCS does not receive the Applicant's Electronic Share Application; or
  - data relating to the Applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIDFCCS,
- the Applicant shall be deemed not to have made an Electronic Share Application and the Applicant shall not claim whatsoever against our Company, MIDFCCS or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.
- (j) All particulars of the Applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIDFCCS and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (k) The Applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The Applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the Applicant agrees that:-
- in consideration of our Company agreeing to allow and accept the making of any Application for shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
  - our Company, the Participating Financial Institutions, Bursa Depository and MIDFCCS shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or any cause beyond their control;
  - notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the Applicant to subscribe for and purchase the Issue Shares for which the Applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said shares;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- the Applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and / or other documents required for the issue or transfer of the Issue Shares allotted or allocated to the Applicant; and
  - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require any successful applicant to appear in person at the registered office of MIDFCCS at anytime within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) MIDFCCS, acting on the authority of our Board reserves the right to reject applications that do not conform to these instructions.

**15.6 APPLICATIONS USING INTERNET SHARE APPLICATION****15.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application in respect of the Issue Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the Issue Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Log in to the Internet financial services facility by entering the applicant's user identification and PIN / password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (g) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the applicant also undertakes that the following information given are true and correct:-
- the applicant has attained 18 years of age as at the closing date of the application for the Issue Shares;
  - the applicant is a Malaysian citizen residing in Malaysia;
  - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
  - the applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
  - the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
  - the applicant authorises the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Authorised Financial Institution;
  - the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;
  - the applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - the applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the Public Issue.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

**15.6.2 Terms and Conditions for Internet Share Application**

Applications for the Issue Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

**Internet Participating Financial Institution**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:-

- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- RHB Bank Berhad at [www.rhbbank.com.my](http://www.rhbbank.com.my); or
- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com).

**PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.**

**THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

**PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**


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An Internet Share Application shall be made on and shall be subject to the terms and conditions as set out herein:-

(a) An applicant making an Internet Share Application shall:-

- be an individual with a CDS account;
- have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification ("User ID") and Personal Identification Numbers ("PIN") / password for the relevant Internet financial services facilities; and
- be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN / password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Articles of Association.

(c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given is true and correct:-

- the applicant has attained 18 years of age as at the date of the application for the Issue Shares;
- the applicant is a Malaysian citizen residing in Malaysia;
- the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of this Prospectus, the contents of which the applicant has read and understood;
- the applicant agrees to all the terms and conditions of the Internet Share Application as set out in this Prospectus and has carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Issue Shares;
- the Internet Share Application is the only application that the applicant is submitting for the Issue Shares;
- the applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
- the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Central Depositories Act) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

account with the Internet Participating Financial Institution, to the MIDFCCS and the Authorised Financial Institution, the SC and any other relevant authority;

- the applicant is not applying for the Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- the applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the Public Issue, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Issue Shares applied, for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 15.6.2(c) of this Prospectus.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Issue Shares or not to allot any Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- acceptance by the applicant of the number of Issue Shares that may be allotted or allocated to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
  - the applicant's agreement to be bound by the Memorandum and Articles of Association of our Company.
- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in whole or in part without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing a liquid and adequate market for the shares.
- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIDFCCS.

MIDFCCS shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from MIDFCCS.

A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by MIDFCCS by way of cheques issued by MIDFCCS by registered post. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within two (2) Market Days after receiving confirmation from MIDFCCS.

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

Except where the MIDFCCS is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Issue Shares allotted, if any, before trading the Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 8 March 2011 or for such further period and periods as our Directors, the Offerors together with the Managing Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion that is when the Confirmation Screen is displayed on the Internet financial services website. Applicants are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, MIDFCCS and / or the Internet Participating Financial Institution and / or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, the MIDFCCS or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the Issue Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.
- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, the MIDFCCS and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that:-
  - in consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
- the applicant has irrevocably requested and authorised our Company to register the Issue Shares allotted to the applicant for deposit into the applicant's CDS account;
  - neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the MIDFCCS or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 15.6.2(i) of this Prospectus or to any cause beyond their control;
  - the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by the MIDFCCS, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
  - the acceptance of the offer made by the applicant to subscribe for the Issue Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or on behalf of our Company;
  - the applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
  - in making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Underwriters, the Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application; and
  - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:-
- CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;
  - CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) - RM 2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - RHB Bank Berhad ([www.rhbbank.com.my](http://www.rhbbank.com.my)) – RM2.50;

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
- Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00 and
- Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fee will be charged for application by their account holders.

**15.7 APPLICATIONS AND ACCEPTANCES**

MIDFCCS, acting on the authority of our Board reserves the right not to accept any Application which does not strictly comply with the instructions, or to accept any Application in part only without assigning any reason therefor.

The submission of an Application Form, or the completion of the applicant's Electronic Share Application or Internet Share Application, does not necessarily mean that the Application will be successful.

**ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.**

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the IPO Shares, to a reasonable number of Applicants with a view to broadening the shareholding base of our company to meet the public spread requirements, to establish a liquid and adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

In the event of an under-subscription by the eligible employees and persons who have contributed to the success of our Group, such shares will be made available for Application by the Malaysian Public. Likewise, any Issue Shares undersubscribed by the Malaysian Public 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.

Directors and employees of MIDFCCS and their immediate families are strictly prohibited from applying for our Shares.

**WHERE AN APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.**

**NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.**

**MIDFCCS RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL BUMIPUTERA APPLICANTS AND FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL BUMIPUTERA APPLICANTS WHOSE MONIES HAVE BEEN BANKED-IN AND PARTIALLY SUCCESSFUL**

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

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**APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY ORDINARY POST OR REGISTERED POST RESPECTIVELY AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.**

**15.8 CDS ACCOUNTS**

Pursuant to Section 14(1) of the Central Depositories Act, Bursa Securities has prescribed the shares as Prescribed Securities. In consequence thereof, the share issued/offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the Central Depository Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Central Depositories Act, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful Applicants.

Only an Applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he / she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIDFCCS or us. Where an Applicant does not presently have a CDS account, he / she should open a CDS account at an ADA prior to making an Application for the IPO Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominee account may result in your application being rejected. If successful Applicants fails to state his / her CDS account number, MIDFCCS under the instruction of our Company, will reject the application.

In the case of an Application by way of Electronic Share Application, only an Applicant who has a CDS Account can make an Electronic Share Application. The Applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

In the case of an application by way of Internet Share Application, only an Applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

**Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee account, may result in the application being rejected. If a successful applicant fails to state his/her CDS Account number, MIDFCCS under our instruction will reject the Application.**

MIDFCCS, acting on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the Applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application, differ from those in Bursa Depository's records, such as the identity card number, name and nationality.



**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

**15.9 NOTICE OF ALLOTMENT**

Our Shares allotted to all successful or partially successful Applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment will be despatched to the successful or partially successful Applicant at his address last maintained with Bursa Depository at the Applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

All Applicants must inform Bursa Depository of his / her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the Applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIDFCCS website at [www.midf.com.my](http://www.midf.com.my) or by calling their respective ADAs at the telephone number as stated in Section 15.10 of this Prospectus or the MIDFCCS Enquiry Services Telephone at 03-2173 8657, 03-2173 8658 & 03-2173 8659, within five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****15.10 List of ADAs**

The list of ADAs and their respective Broker Codes are as follows:-

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
<b>KUALA LUMPUR</b>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3 <sup>rd</sup> Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26973333	076-001
AMINVESTMENT BANK BERHAD	15th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788	086-001
BIMB SECURITIES SDN BHD	32nd Floor, Menara Multi-Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001
CIMB INVESTMENT BANK BERHAD	9th Floor, Commerce Square Jalan Semantan, Damansara Heights 50490 Kuala Lumpur Tel No : 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	052-009
ECM LIBRA INVESTMENT BANK BERHAD	Bangunan ECMLibra8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20891888	052-001
HONG LEONG INVESTMENT BANK BERHAD	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21681168	066-001

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	2nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	Nos. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan KasKas, 5th Mile Cheras 56100 Kuala Lumpur Tel No : 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7 <sup>th</sup> , 22 <sup>nd</sup> , 23 <sup>rd</sup> & 23A Floor, Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entreprenuer Park 58200 Kuala Lumpur Tel No : 03-79818811	054-005
JUPITER SECURITIES SDN BHD	8th & 9th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11th-14th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	8th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD	5 – 13 Floor, MaybanLife Tower Dataran Maybank No.1 Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2, Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11th & 12th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200	061-001
OSK INVESTMENT BANK BERHAD	4th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	056-058

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	Ground, Mezzanine, 1st & 10th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower Three RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
<b>SELANGOR DARUL EHSAN</b>		
AFFIN INVESTMENT BANK BERHAD	2nd, 3rd & 4th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	028-003
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77173388	065-009

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
HWANGDBS INVESTMENT BANK BERHAD	16th, 18th-20th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15th & 16th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No : 03-79562169	073-005
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No : 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Suite 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03-30057550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	056-048
OSK INVESTMENT BANK BERHAD	3 <sup>rd</sup> Floor, 1A-D Jalan USJ 10/1A Pusat Perniagaan USJ 10 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80236518	056-063
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
HONG LEONG INVESTMENT BANK BERHAD	Level 10, 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel No : 03-5190202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	Damansara Utama Branch 2nd Floor, Wisma TA 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	22A & 22 – 1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No: 06-3372550	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	056-003



## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No : 06-2833622	087-002
<b>PERAK DARUL RIDZUAN</b>		
A.A.ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-62322328	078-009
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd and 3rd Floor No 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2082688	065-010
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>PULAU PINANG</b>		
A.A. ANTHONY SECURITIES SDN BHD	1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebu Light 10200 Penang Tel No : 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanie Floor & Leve 3 No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No : 04-2281833	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7th Floor, Menara PSCI 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	052-010
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust No. 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2106666	073-013
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No : 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No : 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>PERLIS INDRA KAYANGAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No : 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangsar Perlis Indra Kayangan Tel No : 04- 9793888	056-061
<b>KEDAH DARUL AMAN</b>		
A.A.ANTHONY SECURITIES SDN BHD	Lot 4,5 & 5A 1 <sup>st</sup> Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	056-021

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>NEGERI SEMBILAN DARUL KHUSUS</b>		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1 First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	1st & 2nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	056-046
PM SECURITIES SDN BHD	1st, 2nd & 3rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
<b>JOHOR DARUL TAKZIM</b>		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
A.A. ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 <sup>st</sup> Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18 <sup>th</sup> Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-006
AMINVESTMENT BANK BERHAD	2nd & 3rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	052-004

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31 Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No : 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333500	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1st Floor A&B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005



## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106 – 108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2227388	061-002
MIMB INVESTMENT BANK BERHAD	1st Floor, No. 9, Jalan Kundang Taman Bukit Pasir 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4313688	061-003
OSK INVESTMENT BANK BERHAD	6th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1st & 2nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No.119 &121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	056-031

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	1st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor Nos. 21 & 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	056-043
PM SECURITIES SDN BHD	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513232	064-005
PM SECURITIES SDN BHD	Ground & 1st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
<b>PAHANG DARUL MAKMUR</b>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. A-27 (Aras G, 1 & 2) Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-2057800	065-007

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
ECM LIBRA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Lorong Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	056-041
<b>KELANTAN DARUL NAIM</b>		
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7433388	058-004
<b>TERENGGANU DARUL IMAN</b>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1st & 2nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	056-055
<b>SARAWAK</b>		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358688	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel No : 084-367700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No : 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002

**15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

<b>Name</b>	<b>Address and Telephone Number</b>	<b>Broker Code</b>
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No : 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No : 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1st & 6th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No : 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1st & 2nd Floor Lot 1269, 2nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No : 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor & 1st floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002

## 15. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	Broker Code
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No : 082-236333	058-006
<b>SABAH</b>		
CIMB INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 <sup>th</sup> Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No : 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No : 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	056-057