PerakTransit

Kepuasan Anda, Keutamaan Kami

Your Satisfaction, Our Priority

ANNUAL REPORT 2017

INTEGRATED GROWTH, CONNECTING FUTURE

INTEGRATED *GROWTH*,
CONNECTING *FUTURE*

INTEGRATED GROWTH, CONNECTING FUTURE

Perak Transit has a sole mission to serve the public, focusing on ultimate safety and great comfort in its services. Started from a transportation company to operating multiple businesses such as private integrated transportation terminal, transportation hub, and shopping complex, Perak Transit wants to achieve more greatness through venturing into other unexplored areas in the market. As shown in the visual where businesses are interconnected as the businesses offer informative knowledge to help Perak Transit to produce constant growth in its business.

Our Mission

To be a leading developer and operator of integrated terminal complex and transportation services provider in Malaysia and to focus our future in expanding the integrated transportation terminal to other parts of Perak and other states in Malaysia.

Our Vision

To offer wide and comprehensive bus operations, terminal activities and services to enable public users and commuters to interconnect efficiently and seamlessly within a dedicated transportation hub and to upgrade the public transport system.

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CORPORATE INFORMATION

Board of Directors

Tan Sri Dato' Chang Ko Youn
(Independent Non-Executive Chairman)

Dato' Sri Cheong Kong Fitt
(Managing Director)

Dato' Cheong Peak Sooi
(Executive Director)

Dato' Wan Asmadi Bin Wan Ahmad
(Independent Non-Executive Director)

Ng Wai Luen
(Independent Non-Executive Director)

Azian Binti Kassim
(Independent Non-Executive Director)

Audit Committee
Ng Wai Luen (Chairman)
Tan Sri Dato' Chang Ko Youn
Dato' Wan Asmadi Bin Wan Ahmad

Remuneration Committee
Dato' Wan Asmadi Bin Wan Ahmad (Chairman)
Tan Sri Dato' Chang Ko Youn
Ng Wai Luen

Nomination Committee
Tan Sri Dato' Chang Ko Youn (Chairman)
Dato' Wan Asmadi Bin Wan Ahmad
Ng Wai Luen

Company Secretary
Cheai Weng Hoong (LS0005624)

Registered Office
D-3-7 Greentown Square
Jalan Dato' Seri Ahmad Said
30450 Ipoh, Perak
Tel No.: 05-253 0760
Fax No.: 05-241 6761

Corporate Office
No.19, Lebuh Bercham Selatan
Taman Cahaya Tasek
31400 Ipoh, Perak
Tel No.: 05-545 5318
Fax No.: 05-545 5310
Website: www.peraktransit.com.my
E-mail address: enquiry@peraktransit.com.my

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No.: 03-2783 9299
Fax No.: 03-2783 9222

Auditors
Moore Stephens Associates PLT
(LLP0000963-LCA & AF002096)
Chartered Accountants
Unit 3.3A, 3rd Floor, Surian Tower
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya, Selangor
Tel No.: 03-7728 1800 (General);
03-7724 1033 (Assurance)
Fax No.: 03-7728 9800 (General);
03-7733 1033 (Assurance)

Principle Bankers
Bank Islam Malaysia Berhad (98127-X)
Bank Muamalat Malaysia Berhad (6175-W)

Stock Exchange Listing
ACE Market of Bursa Malaysia Securities Berhad
Stock Code: 0186
Stock Name: PTRANS

CORPORATE STRUCTURE

Perak Transit Berhad (831878 - V)

100 %

- CKS Labur Sdn. Bhd. (100%)
- Ipoh Link Sdn. Bhd. (100%)
- Syarikat Sumber Manusia Sdn. Bhd. (100%)
- Terminal Urus Sdn. Bhd. (100%)

99.89 %

- The Combined Bus Services Sdn. Bhd. (99.89%)

95.71 %

- Star Kensington Sdn. Bhd. (95.71%)

69.99 %

- CKS Bumi Sdn. Bhd. (69.99%)

PROFILE OF DIRECTORS

Tan Sri Dato' Chang Ko Youn
Independent Non-Executive Chairman

Tan Sri Dato' Chang Ko Youn, Malaysian, male, aged 61, was appointed to the Board of Directors ("**Board**") on 25 August 2015 as an Independent Non-Executive Chairman. He also serves as the Chairman of the Nomination Committee and is a member of the Audit Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Laws (Hons) from the University of Hull, England in 1981. In 1982, he was called to the English Bar as a Barrister-At-Law of Lincoln's Inn, London and was subsequently called to the Malayan Bar in 1983.

Tan Sri Dato' Chang Ko Youn began his career as a lawyer in Ipoh in 1983 until 1995 where he was attached to Chang Ko Youn & Co. In 1987, he was appointed as Councilor of the Kuala Kangsar District Council until 1995. Over the years, he has held numerous political positions in Parti Gerakan including Perak Gerakan Youth Chairman, Perak State Chairman, Chairman of its National Youth, National Deputy President and Acting President. In 1995, he was appointed as a Member of the Perak State Executive Council after winning the Jalong State Seat and held the post until 2008. In 2009, he was appointed as the Advisor of the Menteri Besar of Perak until 2013.

Currently, he is Gerakan National Advisor, Perak Gerakan State Advisor and Chairman of Beruas Division.

Since 2014, he resumed his legal practice at Toh Theam Hock & Co in Ipoh, specialising in banking, commercial and conveyancing matters. He has been appointed as the Chairman of Yayasan Penjaja Dan Peniaga Kecil 1 Malaysia (YPPKM), a body handling micro-credit for petty traders sponsored by the Ministry of Finance and also as an Independent Non-Executive Director of Pengurusan Aset Air Berhad.

Tan Sri Dato' Chang Ko Youn does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the financial year ended 31 December 2017 ("**FYE 2017**"). He does not hold any directorship in any other public listed companies.

Dato' Sri Cheong Kong Fitt
Managing Director

Dato' Sri Cheong Kong Fitt, Malaysian, male, aged 58, was appointed to the Board on 5 September 2008 and is responsible for the Group's day-to-day management as well as setting the corporate vision and direction, including planning and implementing strategic business plans for the Group. He graduated with a Diploma in Business from the School of Marketing, Ipoh, obtained in 1986 and awarded Postgraduate Certificate in International Business from York St John University, England in 2017. He has approximately 25 years of working experience in the public bus terminal operations.

Dato' Sri Cheong Kong Fitt commenced his career as a supervisor in Choong Sam Tin Mine in 1980. In 1985, he joined Swee Keong Construction Pte Ltd, Singapore as a supervisor. He subsequently left Swee Keong Construction Pte Ltd, Singapore in 1992 and joined The Combined Bus Services (Partnership), operator of Stesen Bas, Jalan Kidd as supervisor where he was principally responsible for managing public bus terminal operations. He eventually left The Combined Bus Services (Partnership) in 2013. During the period from 2006 to 2009, he was instrumental in leading the initiative to merge the bus services operations of The General Omnibus Company (Perak) Sdn Bhd, Ipoh Omnibus Company Sdn Bhd and The Kinta Omnibus Company Sdn Bhd, owing to his knowledge and experience in managing terminal and bus operations.

In 2008, he founded the Company which in 2010 was converted into a public company. Under his management, the Group successfully built and commenced operations of Terminal AmanJaya in 2012.

Dato' Sri Cheong Kong Fitt is the brother of Dato' Cheong Peak Sooi, an Executive Director of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Dato' Cheong Peak Sooi
Executive Director

Dato' Cheong Peak Sooi, Malaysian, male, aged 51, is an Executive Director of the Group. He was appointed to the Board on 12 August 2010 and resigned on 23 April 2012. He was re-appointed to the Board on 1 October 2012. He was a member of the Remuneration Committee of the Company. He holds a Certificate in Business Management from MDIS Business School, Singapore, obtained in 1988.

Dato' Cheong Peak Sooi commenced his career in 1992 as a site manager for G&C Civil Engineering Pte Ltd in Singapore. In 2000, he left G&C Civil Engineering Pte Ltd and subsequently took a position as a field service representative in Ameron Pte. Ltd., Singapore. During his eight (8) years tenure with Ameron Pte. Ltd., his responsibilities were to liaise with clients and prepare proposals for clients, supervise and monitor the installation of piping, as well as quality check and handover the completed installation work to clients. In 2008, he joined Star Kensington Sdn Bhd as a director where he was responsible for the operation of the company's petrol station operations and subsequently resigned in 2011. In the same year, he was appointed as the director of The Combined Bus Services Sdn Bhd and was responsible to supervise and monitor the construction, and subsequently day-to-day operations of Terminal AmanJaya.

Dato' Cheong Peak Sooi is the brother of Dato' Sri Cheong Kong Fitt, the Managing Director and a shareholder of the Company. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Dato' Wan Asmadi Bin Wan Ahmad
Independent Non-Executive Director

Dato' Wan Asmadi Bin Wan Ahmad, Malaysian, male, aged 52, was appointed to the Board on 25 August 2015 as a Non-Independent Non-Executive Director and redesignated as Independent Non-Executive Director on 18 July 2017. He also serves as the Chairman of the Remuneration Committee of the Company and is a member of the Audit Committee and Nomination Committee.

Dato' Wan Asmadi Bin Wan Ahmad graduated with a Bachelor degree in Business Administration with a major in Accounting from Temple University, Philadelphia, United States of America in 1989. Subsequently, in 1996, he graduated with a Masters of Business Administration ("**MBA**") specialising in Finance from the same university.

Dato' Wan Asmadi Bin Wan Ahmad began his career in the area of tax and audit in 1989 before moving on to oil and gas industry in the area of Budget and Management Accounting in 1991. Upon completion of his MBA in 1996, Dato' Wan Asmadi Bin Wan Ahmad shifted his career into investment banking where had obtained hands-on experience in the areas of corporate finance, privatisation/project advisory, equities placement/underwriting, stockbroking and Islamic capital markets. Between 2009 to 2012, Dato' Wan Asmadi Bin Wan Ahmad was working in the Kingdom of Saudi Arabia where he assisted in the successful setting up an investment banking outfit, Anfaal Capital.

Upon returning from the Kingdom of Saudi Arabia, Dato' Wan Asmadi Bin Wan Ahmad co-founded DWA Advisory Sdn Bhd, a boutique financial advisory firm licensed by the Securities Commission Malaysia in 2013 and later DWA Private Equity Sdn Bhd in 2015 which is registered with the Securities Commission Malaysia as a Private Equity Management Corporation. He is also currently a member of the Market Participants Committee of Bursa Malaysia.

Dato' Wan Asmadi Bin Wan Ahmad does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Ng Wai Luen
Independent Non-Executive Director

Ng Wai Luen, Malaysian, male, aged 49, was appointed to the Board on 25 August 2015 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and is a member of the Nomination Committee and Remuneration Committee of the Company. He graduated with a Bachelor of Business (Accounting) with distinction from RMIT University, Australia, in 1992. In 1994, he completed the Certified Public Accountant Australia ("**CPA Australia**") examinations. Subsequently, in 1995, he completed The Malaysian Institute of Certified Public Accountant ("**MICPA**") examinations. He is a member of CPA Australia, MICPA and a Chartered Accountant registered with the Malaysian Institute of Accountants.

Ng Wai Luen began his career with KPMG Malaysia in 1993 where he was responsible for statutory audits. His role involved the audit of public listed companies, due diligence reviews for corporate exercises and special audits for mergers and acquisitions. He was leading a team of audit staff for statutory audits. In 1996, he joined OKA Corporation Berhad as a Finance Manager. In 1997, he was appointed as joint company secretary. In 1998, he led a team to achieve ISO 9002 accreditation for the company. Subsequently, in 2002, he was promoted to General Manager and Chief Financial Officer, where he was responsible for the restructuring and the listing of OKA Corporation Berhad on the Second Board of the Kuala Lumpur Stock Exchange in 2002. He was appointed as head of the risk management committee from 2003 to 2011, head of the strategic business management team, member of a remunerations committee and member of the Employee Share Option Scheme ("**ESOS**") committee from 2004 to 2011 in OKA Corporation Berhad. He left OKA Corporation Berhad in November 2011.

He joined Starken AAC Sdn Bhd and G-Cast Concrete Sdn Bhd in 2012 as an executive director to head the business activities, where he is responsible for the operations of both companies including the initiation of the planning and setting up of the respective companies' factories. In 2016, he was appointed to the Board of Directors as the Executive Director and subsequently as the Chief Executive Officer of Starken AAC Sdn Bhd and G-Cast Concrete Sdn. Bhd.

Ng Wai Luen has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Azian Binti Kassim
Independent Non-Executive Director

Azian Binti Kassim, Malaysian, female, aged 52 was appointed to the Board on 15 August 2017 as an Independent Non-Executive Director. She is a Fellow of the Association of Chartered Certified Accountants ("**ACCA**"), United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants. She has approximately 27 years of experience in the capital market and managing investment portfolios.

Azian Binti Kassim began her career as an auditor. In 1992, she joined BBMB Unit Trust Management Berhad as an Investment Officer/Analyst and in 1995, she joined Perwira Affin Merchant Bank Berhad as an Assistant Manager. Subsequently in 1996, she joined RHB Asset Management Sdn Bhd as a Manager and in 1999 and 2001, she was promoted to Senior Manager and Assistant General Manager respectively.

Azian Binti Kassim was then attached to Mayban Investment Management Sdn Bhd as the Chief Investment Officer from 2004 to 2007. She was responsible for the investments and strategy for the company.

In 2007, Azian Binti Kassim joined Syarikat Takaful Malaysia Berhad as Chief Investment Officer and currently spearheading investment division and develops a strong portfolio management capability for the division.

Azian Binti Kassim does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she has any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. She does not hold any directorship in any other public listed companies.

KEY MANAGEMENT PERSONNEL

Perak Transit Berhad has a team of Executive Directors and key management that understand the public transportation industry. The Managing Director and the Executive Director have been with the Group for more than five (5) years and will continue to be loyal and committed to the Company's growth.

Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi both understand the market which the Group operates in and have been the key driving force of the Group's recent success to date. The Group is also supported by a group of directors and key management with diverse background (i.e. legal, accounting and finance, marketing as well as being experienced in the public transportation sector), which will continue to drive the Group's growth in the future.

The profiles of Dato' Sri Cheong Kong Fitt and Dato' Cheong Peak Sooi are set out in Profiles of Directors. The profiles of the other key management personnel are as follows:

Loh Kwang Yean

Chief Financial Officer
Malaysian, Male, Aged 42

Loh Kwang Yean, Malaysian, male, aged 42, is the Chief Financial Officer of the Group. He graduated with a Bachelor of Accounting with honours from Universiti Utara Malaysia in 1999. In 2002, he became a member of the Malaysian Institute of Accountants.

Loh Kwang Yean began his career as an Audit Assistant with Deloitte KassimChan in 1999. In 2002, he left Deloitte KassimChan and joined P.I.E. Industrial Berhad as a Project Officer in the Corporate Finance department. Subsequently in 2004, he left P.I.E. Industrial Berhad and joined Dufu Technology Corp. Berhad as a Group Accountant.

In 2011, Loh Kwang Yean left Dufu Technology Corp. Berhad and founded Northern Bridge Advisory Sdn Bhd, an independent advisory company providing advisory services in the area of finance and accounting services. In 2012, he joined LNG Resources Berhad as an Executive Director where he was involved in the management of corporate finance strategy and outlining management policies. He left LNG Resources Berhad in February 2014 and was involved in Northern Bridge Advisory Sdn Bhd until he joined the Group in April 2015. Loh Kwang Yean joined the Group as Chief Financial Officer on 1 April 2015.

As Chief Financial Officer, Loh Kwang Yean is responsible for all aspects of the Group's finance, accounting and reporting functions.

Loh Kwang Yean does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Jennifer Chin Yi Teng

Administration & Finance Manager
Malaysian, Female, aged 30

Jennifer Chin Yi Teng, Malaysian, female, aged 30, is the Administration and Finance Manager of the Group. She graduated with a Bachelor of Science (Hons) in Applied Accounting from Oxford Brookes University, United Kingdom, in 2011. She is currently pursuing a professional qualification with the Association of Chartered Certified Accountants ("**ACCA**"). Jennifer Chin Yi Teng began her career as an Account Executive with Kin Kun Group Sdn Bhd in April 2010. Her responsibilities included the preparation of monthly financial statements, budget review as well as schedules for year-end audit exercises for Kin Kun Group Sdn Bhd and its subsidiaries.

In September 2012, Jennifer Chin Yi Teng left Kin Kun Group Sdn Bhd and joined the Group as an Account Executive and undertook the preparations of annual and monthly financial statements, as well as budget reviews. She was also responsible for liaising with the Group's external auditors and tax agents. In July 2014, she was promoted to Administration and Finance Manager, and her responsibilities include performing financial analysis, reporting and management activities, reviewing financial forecasts and projections, managing cash flow and investments, as well as employees' welfare.

Jennifer Chin Yi Teng does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. She does not hold any directorship in any other public listed companies.

Narendran A/L Murgayai
Terminal Manager
Malaysian, Male, aged 39

Narendran A/L Murgayai, Malaysian, male, aged 39, is the Terminal Manager of the Group. He obtained a Bachelor of Science in Mechanical Engineering with honours from Atlantic International University, United States of America in 2003.

Narendran A/L Murgayai began his career as a Technical Supervisor with Super Cord Sdn Bhd in 2000 and left in 2003. In 2015, he returned from Singapore after gaining 11 years of working experience there to start his career as an Assistant Operation Manager with Lion Ipoh Parade Sdn Bhd where his duties involved managing the daily operations of the shopping mall, including the security and carpark department. He was also managing the annual budget, supervising staff, work schedules, maintenance, attending meetings and enhancing staff performances to meet the daily, weekly and monthly targets.

Narendran A/L Murgayai joined the Group as the Terminal Manager in September 2017. As the Terminal Manager of our Group, he is responsible for the whole terminal operation that covers administration, terminal operation activity, recruitment, business development and maintenance of the terminal.

Narendran A/L Murgayai does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. He does not hold any directorship in any other public listed companies.

Chen Lee Keen
Bus Operation Administrator
Malaysian, Female, aged 54

Chen Lee Keen, Malaysian, female, aged 54, is the Bus Operations Administrator of the Group. She graduated with a Sijil Pelajaran Malaysia from SMJK Ave Maria Convent, Ipoh, Perak, in year 1982. She has around 27 of years working experience in the public transportation industry.

She started her career in 1984 with Homegym Pte Ltd and left in 1985. In 1986, she joined CDF Chimie Pte Ltd, a Singapore company based in Petaling Jaya, Selangor as a Shipping Executive. She was responsible for shipment arrival and departure, cargo coordinating and schedule of shipments. In 1991, she left CDF Chimie Pte Ltd and joined Ipoh Omnibus Company Sdn Bhd as a Chief Clerk and was in-charge of the daily bus operations. In 1998, she was promoted as Personal Assistant to the director, where her duties involved assisting the director in the management of the company which included liaising with employees and managing and updating all permits and licenses. She was also responsible for liaising with government bodies such as Jabatan Pengangkutan Jalan, Puspakom and other relevant departments.

Chen Lee Keen joined the Group as the Bus Operations Administrator in November 2009. She is responsible for the application and renewal of all bus route permits and licenses and ensuring that the Group's bus operations are conducted in compliance with the relevant legislation, policies and procedures.

Chen Lee Keen does not hold any shares in the Company or its subsidiaries, and has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years and has not been imposed any penalty by the relevant regulatory bodies during the FYE 2017. She does not hold any directorship in any other public listed companies.

FINANCIAL HIGHLIGHTS

Group	2017 (RM'000)	2016 (RM'000)
Revenue	106,766	90,180
Profit before taxation	30,482	25,268
Profit for the year	29,015	21,725
Profit attributable to owners of the Company	28,831	21,567
Total equity attributable to owners of the Company	219,336	200,744
Total assets	408,066	343,326
Share Information	**2017**	**2016**
Basic earnings per share (sen)	2.29 [(1)]	2.23 [(1)]
Dividends per share (sen)	0.70 [(2)]	0.48 [(3)]
Net asset per share (sen)	17.44 [(2)]	17.56 [(3)]
Financial Ratios	**2017**	**2016**
Net profit margin	27%	24%
Return on equity attributable to owners of the company	13%	11%
Return on total assets	7%	6%
Revenue growth rate	18%	22%

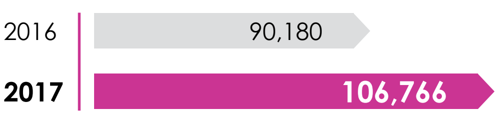
Notes:

(1) Basic earnings per share for the FYE 2016 and FYE 2017 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2016 and 31 December 2017 respectively.

(2) The share information for the FYE 2017 is calculated based on the Company's issued and paid-up share capital of 1,257,399,300 ordinary shares as at 31 December 2017.

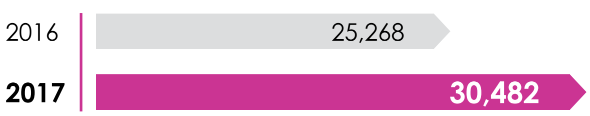
(3) The share information for the FYE 2016 is calculated based on the Company's issued and paid-up share capital of 1,142,948,000 ordinary shares as at 31 December 2016.

REVENUE (RM'000)



BASIC EARNINGS PER SHARE (sen)

PROFIT BEFORE TAXATION (RM'000)



NET PROFIT MARGIN (%)

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

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

Mission and Vision

The Group strives to be a leading developer and operator of integrated terminal complex and transportation services provider in Malaysia and to focus our future in expanding the integrated transportation terminal to other parts of Perak and other states in Malaysia while offering wide and comprehensive bus operations, terminal activities and services to enable public users and commuters to interconnect efficiently and seamlessly within a dedicated transportation hub and to upgrade the public transport system.

Principle activities of the Group

The Group's revenue is mainly derived from:

a) Integrated public transportation terminal operations;
   i) Rental of advertising and promotional ("**A&P**") spaces;
   ii) Rental of shops and kiosks;
   iii) Project facilitation fee; and
   iv) Others such as bus and taxi entrance fee and fee imposed for the usage of the basement car park and lavatory.

b) Providing public stage bus and express bus services and bus charter services; and

c) Petrol stations operations and the management of Automative Diesel Oil ("**ADO**") incentive programme.

Strategies in creating value

The Group continues to focus on the development and enhancement of integrated public transportation terminal to achieve business growth. The Group continue to explore potential market and expand its value to deliver maximum value to its shareholders.

Highlights of the Group's financial information for the past 5 financial years

	Audited				
	FYE 2013 (RM'000)	**FYE 2014 (RM'000)**	**FYE 2015 (RM'000)**	**FYE 2016 (RM'000)**	**FYE 2017 (RM'000)**
Revenue	64,394	77,578	74,123	90,180	106,766
Profit before taxation	4,277	13,308	19,251	25,268	30,482
EBITDA	14,282	25,586	33,461	40,441	46,915
Finance costs	4,811	6,512	7,464	7,296	7,119
Profit for the year	7,213	13,483	19,189	21,725	29,015
Equity attributable to owners of the Company	72,979	90,432	126,441	200,744	219,336
Total assets	205,069	244,148	267,359	343,326	408,066
Borrowings	73,752	96,520	117,339	120,268	169,699
Basic earnings per share (sen)	1.79 (1)	2.68 (1)	3.27 (1)	2.23 (1)	2.29 (1)
Net asset per share (sen)	0.15 (2)	0.18 (3)	0.18 (4)	0.18 (5)	0.17 (6)

COMPANY OVERVIEW (Cont'd)

Notes:

1) Basic earnings per share for the FYE 2013, FYE 2014, FYE 2015, FYE 2016 and FYE 2017 are calculated based on the Company's weighted average number of ordinary shares in Perak Transit issued as at 31 December 2013, 31 December 2014, 31 December 2015, 31 December 2016 and 31 December 2017 respectively.

2) The share information for the FYE 2013 is calculated based on the Company's issued and paid-up share capital of 500,472,000 ordinary shares as at 31 December 2013.

3) The share information for the FYE 2014 is calculated based on the Company's issued and paid-up share capital of 500,472,000 ordinary shares as at 31 December 2014.

4) The share information for the FYE 2015 is calculated based on the Company's issued and paid-up share capital of 707,472,000 ordinary shares as at 31 December 2015.

5) The share information for the FYE 2016 is calculated based on the Company's issued and paid-up share capital of 1,142,948,000 ordinary shares as at 31 December 2016.

6) The share information for the FYE 2017 is calculated based on the Company's issued and paid-up share capital of 1,257,399,300 ordinary shares as at 31 December 2017.

Financial Review

For FYE 2017, the Group is organised and managed into business units based on three reportable segments as follows:

i) Integrated public transportation terminal operations – Engaged in the rental of A&P spaces, shops and kiosks, project facilitation and others such as entrance fee for parking, taxi and lavatory in Terminal AmanJaya.

ii) Bus operations – Engaged in the operation of stage and express buses.

iii) Petrol stations operations and the management of ADO incentive programme
– Involved in sale of petrol and management of the ADO incentive programme for ADO buyer.

There have been no changes on the basis of segmentation or on the basis of measurement of segment profit or loss from the last annual audited financial statements.

Group Financial Performance

The Group's revenue of RM106.77 million for FYE 2017 increased by approximately 18.40% compared to the previous FYE 2016 of RM90.18 million. The major contributor to the Group's revenue during FYE 2017 was from the integrated public transportation terminal operations segment.

The Group's profit before taxation had increased by 20.62% for FYE 2017 of RM30.48 million as compared to the previous FYE 2016 of RM25.27 million. The higher profit before taxation for FYE 2017 was mainly due to income derived from the project facilitation fee.

Integrated Public Transportation Terminal Operations Segment

The Group recorded revenue from this segment of RM40.53 million which accounted for 37.96% of the total revenue recorded for FYE 2017. The Group's revenue from this segment improved by RM3.52 million or 9.51% compared to the previous FYE 2016 of RM37.01 million. This increase was mainly contributed by the increase in revenue from project facilitation fee.

Bus Operations Segment

The Group's revenue from bus operations segment improved from RM24.60 million during FYE 2016 to RM30.38 million in FYE 2017 mainly due to revenue generated from Stage Bus Service Transformation ("**SBST**") programme as the operation runs all the nineteen (19) approved routes since September 2016.

Petrol Stations Operations and the Management of ADO Incentive Program Segment

The Group's revenue from petrol station operations and the management of ADO incentive programme improved from RM28.57 million during FYE 2016 to RM35.85 million in FYE 2017. This mainly due to the increase in fuel prices during the FYE 2017.

COMPANY OVERVIEW (Cont'd)

Consolidated Statement of Financial Position

The non-current assets consisted of property, plant and equipment ("**PPE**"), goodwill on consolidation and deferred tax assets. For the FYE 2017, the non-current assets increased to RM331.04 million (FYE 2016: RM255.68 million) was mainly due to the increased in PPE resulted from the additional upgrading work at Terminal AmanJaya, construction cost of Terminal Kampar, purchases of seventeen (17) new express buses and purchase of a corporate office.

The current assets of the Group consisted of inventories, trade receivables, other receivables, other assets, current tax assets, fixed deposits with licensed banks and cash and bank balances. The current assets for the FYE 2017 decreased to RM77.03 million from RM87.64 million in FYE 2016, which was mainly due to the decrease in other assets to RM25.61 million (FYE 2016: RM29.70 million) and decrease in fixed deposits, cash and bank balances to RM25.85 million (FYE 2016: RM33.16 million). Other assets mainly consist of deposit paid for construction material pertaining to Terminal Kampar.

The non-current liabilities consisted of non-current portion of obligations under hire-purchase arrangements, deferred tax liabilities, non-current portion of deferred capital grant and non-current portion bank borrowings. The non-current portion of borrowings had increased to RM126.64 million (FYE 2016: RM89.23 million) mainly resulted from the drawdown of loan for construction of Terminal Kampar, purchase of new commercial vehicles and purchase of a corporate office.

The current liabilities of the Group consisted of trade payables, other payables, current portion of obligations under hire-purchase arrangements, current portion of bank borrowing, current portion deferred capital grant, other liabilities and current tax liabilities. The major contributor of the current liabilities is Cash Line-i and bank overdraft of RM33.75 million (FYE 2016: RM22.18 million). These Cash Line-i and bank overdrafts were used as working capital.

The equity of the Group consisted of share capital, revaluation reserve, retained earnings and non-controlling interests. The major contributor of the equity is share capital of RM127.53 million.

DIVIDEND

In line with the good performance of the Group for FYE 2017, the Board of Directors ("**Board**") declared and paid the first interim single-tier dividend of RM0.002 per share in respect of FYE 2017 on 19 May 2017. Combined with the second interim single-tier dividends of RM0.0025 per share paid on 15 September 2017 and the third interim single-tier dividends of RM0.0025 per share paid on 13 December 2017. The total dividends declared and paid for FYE 2017 were approximately RM8.29 million.

ANTICIPATED OR KNOWN RISK

Operational, competition and business risks

Some of generic business risks that are inherent within the industry and may affect the Group include, among others, increased competition over costing and pricing, labour and raw materials shortages, increases in labour and raw materials costs, equipment and electricity tariffs as well as changes in general economic, business, credit and interest rate conditions, fluctuations in exchange rates and changes in the legal and environmental framework within which the industry operates.

Whilst noting that borrowing is essential to finance the Group's operations and growth, efforts are being made to minimise utilisation. In this manner, the risk of fluctuations of interest rates is also minimised.

Dependency on key personnel

The continued success of the Group depends, to a significant extent, on the abilities and continued efforts of the Directors and key management personnel and the Group's ability to attract and retain these individuals. A loss, without a suitable replacement in a timely manner could affect the Group's ability to remain competitive in the industry.

OUTLOOK

Looking ahead, the Group's performance is expected to continue to grow especially upon the completion of the integrated public transportation terminal in Kampar in the 4th Quarter of 2018. The Group will continue focusing on the enhancement and development of the integrated public transportation terminal sector to maintain the advantages that well-managed public transport terminal will provide people with the mobility that is essential to the economic and social needs connecting cities and town. The Group's operation ensures that the business is well-positioned to meet this challenge.

The Group had announced to undertake the proposed transfer of the listing of and quotation for the entire issued share capital and the outstanding warrants from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") on the 22 February 2018. The proposed transfer marks another milestone for the Group subsequent to its listing on the ACE Market of Bursa Securities on 6 October 2016. It signifies the growth and financial strength of the Group as it has met the profit track record requirements for a transfer to the Main Market of Bursa Securities. The Board believes that the proposed transfer will enhance the Group's credibility and reputation, and accord the Group greater recognition and following amongst investors, including institutional investors. The success of the transfer would create countless opportunities for growth to excel.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Perak Transit Berhad ("**Company**") acknowledges the importance of the principles, intended outcomes and practices for good corporate governance set out in the Malaysian Code on Corporate Governance 2017 ("**MCCG 2017**") and is committed to ensure good corporate governance is practiced and applied throughout the Company and its subsidiaries ("**Group**") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and all stakeholders' interest.

The Board is pleased to present to the shareholders the Corporate Governance Overview Statement which provides an overview of the Company's commitment to apply the principles and practices with reference to the three principles set out in the MCCG 2017, except where stated otherwise, during the financial year ended 31 December 2017 under the leadership of the Board. The extent of the application of each practice encapsulated in the principles of the MCCG 2017 is further presented in the Corporate Governance Report which can be viewed on the Company's website at www.peraktransit.com.my.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS

Board Roles and Responsibilities

The Board retains full and effective control of the Company and plays an important role in defining the scope of corporate governance within the Group. This includes the responsibility for determining the Company's overall strategic direction as well as development and control of the Group.

As at the date of this Statement, the Board has six (6) members comprising two (2) executive directors, including the Managing Director, and four (4) independent non-executive directors. More than half of the Board members are independent directors.

During the year, the Company has appointed Puan Azian Binti Kassim as independent non-executive director on 15 August 2017 in place of Encik Mohd Annas Bin Md Isa who resigned as director on 20 June 2017.

In light of these changes, the Board has considered that it members collectively possessed the appropriate competencies and attributes that enable the Board to discharge its responsibilities effectively, contribute to the Company's strategic direction and oversee the delivery of its corporate objectives.

The balanced Board composition also enables the Board to provide clear and effective leadership to the Company and to bring informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that the Company maintains the highest standard of conduct and integrity.

The profile of the Board members is set out on pages 6 to 8 of this Annual Report.

The functions reserved for the Board are clearly stated in the Board Charter besides the discharge of their fiduciary duties.

In order to assist the Board in the discharge of its responsibilities, the Board also delegates specific duties and responsibilities to three (3) Board committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, which operate within defined terms of reference. The Chairman of the respective committees reports to the Board on the matters considered and their recommendation thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

Board Meetings

In 2017, the Board held four (4) scheduled meetings on the following dates: 23 February 2017, 25 May 2017, 24 August 2017 and 27 November 2017. At the scheduled meetings, the Board reviewed and deliberated on the operational and financial performance, risk management, internal audit findings and internal control system.

The details of meeting attendance of each individual director are as follows:

	Meeting attendance during their tenure in office in 2017
Tan Sri Dato' Chang Ko Youn (Chairman)	4/4
Dato' Sri Cheong Kong Fitt	4/4
Dato' Wan Asmadi Bin Wan Ahmad	4/4
Dato' Cheong Peak Sooi	4/4
Ng Wai Luen	4/4
Azian Binti Kassim (Appointed as director on 15 August 2017)	2/2
Mohd Annas Bin Md Isa (Resigned as director on 20 June 2017)	1/2

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

The Board Chairman

Tan Sri Dato' Chang Ko Youn is the independent non-executive Chairman of the Board. The Chairman is responsible for the oversight, leadership, effectiveness, conduct and governance of the Board.

Separation of Roles between the Chairman and the Managing Director

Dato' Sri Cheong Kong Fitt, the Managing Director and a Board member, leads the management team. There is a clear division of responsibility between the Chairman and the Managing Director. The Managing Director, supported by his management team, is responsible for the day-to-day management of the business and implementation of the Board's policies and decisions. The Managing Director also assesses business opportunities which are of potential benefit to the Group.

Company Secretary

The Board is supported by an experienced and competent Company Secretary who is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary reports directly to the Board and plays an advisory role to the Board and Board Committees, particularly with regard to their policies and procedures and the Company's compliance with regulatory requirements, rules, guidelines and legislation, as well as the best practices of corporate governance.

All directors have access to the advice and services of the Company Secretary and are updated on the changes in the regulatory framework and corporate governance practices. The Company Secretary provides support to the Board in ensuring that the applicable rules and regulations are complied with as well as that the governance structure of the Group remains relevant and effective.

The Company Secretary attends all meetings of the Board and Board Committees and ensures that meeting procedures are followed and deliberations and proceedings at the meetings are accurately recorded and well-documented.

Supply of Information

Each Board member receives the agenda of a Board meeting, follow by a full set of Board papers prior to the meeting. This enables the directors to have sufficient time to review the meeting materials before attending the meeting.

The directors have unrestricted and immediate access to all information within the Company whether as full board members or in their individual capacity, in furtherance to their duties. The directors also have direct access to the services of the Company Secretary who is responsible for ensuring the Board procedures are followed. The directors are entitled to obtain independent professional advice in the course of discharging their duties at the Company's expense.

Board Charter

The Board has adopted a Board Charter which set out the board structure, board roles, board meetings and procedures, access to information, company secretary and independent advice, relationship with shareholders and investors, board evaluation and performance to ensure that all members of the Board are aware of their duties and responsibilities as Board members.

The Board reviews the Board Charter from time to time to ensure its relevance in assisting the Board to discharge its duties in accordance to the prevailing Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad (**"Bursa Securities"**) and current regulations and any new regulations that may have an impact on the discharge of the Board's objectives and responsibilities.

The details of the Board Charter are available for reference on the Company's website at www.peraktransit.com.my.

Code of Conduct

The Board has adopted a Code of Conduct which set out the principles and standards of business conduct of the Group. The Code of Conduct is to assist and guide all directors, officers and employees (including full time, probationary, contract and temporary staff) of the Group in defining the ethical standards and business conduct at work, which collectively leads and is responsible for the success of the Group.

The Board reviews the Code of Conduct when deemed necessary to ensure it remains relevant and appropriate and the Code can be viewed on the Company's website at www.peraktransit.com.my.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Whistle Blowing Policy

The Board has established a Whistle Blowing Policy to promote and support its culture of honest and ethical behaviour. The policy encourages the employees to raise any concerns and report instances of unethical, illegal or fraudulent behaviour or any other matter that may contravene the Company's Code of Conduct and policies or prevailing regulations and laws.

All reports will be investigated promptly and dealt with fairly and equitably. Actions will be taken based on the nature of the allegation and may be resolved by agreed action.

The Board reviews the policy when deemed necessary to ensure it remains relevance and appropriate and the policy can be viewed on the Company's website at www.peraktransit.com.my.

Tenure of Independent Directors

In determining the independence of individual directors, the Board, through the Nomination Committee, conducts assessment on the independent directors of the Company annually. In addition, each independent director is required to declare his independence annually.

All four (4) independent directors' tenure have yet to exceed the cumulative term of nine years as at the end of the financial year 2017.

Board Diversity Policy

The Board recognises the importance of diversity in determining the ideal composition of the Board and amongst its workforce, including but not limited to race, ethnicity, age, gender, skills, experience, exposure and competencies.

The Board considers that gender diversity contributes positively to the performance of the Board which is vital to the sustainability of the Group's businesses. In its pursuit to achieve gender diversity on the Board of the Company, the Board has appointed Puan Azian Binti Kassim as independent non-executive director of the Company. Currently, the Board has one (1) female director out of a total of six (6) directors, representing approximately 17% of women participation in the boardroom. The Board will actively work towards identifying suitably female directors to be appointed to the Board. The Board recognises that the evolution of the diversity is a long process and weighs the various factors relevant to board balance and diversity when vacancies arise.

Overall, the Board is satisfied with the existing number and composition of the members and is of the view that the Board comprises a good mix of members with diverse experiences background to provide for a collective range of skills, expertise and experience which are relevant to support the growth and cope with the complexities of the Group's businesses.

Sourcing and nomination of Board members

The Board, through the Nomination Committee, continuously reviews the composition of the Board and source for suitable directors considering the diversity in business background, area of expertise, skills, educational background, gender, and ethnicity as well as other factors that may provide the Board with a boarder range of viewpoints and perspectives.

The Nomination Committee is responsible for proposing new nominees for appointment to the Board, and recommends to the Board for approval on the appointment, re-appointment, re-election and annual assessment of directors.

The Nomination Committee considers and recommends to the Board candidates of sufficient calibre, knowledge, integrity, reliability, professionalism and experience to fulfill the duties of a director. This Committee also considers the ability of the candidate to attend Board and Board committees' meetings regularly and devote sufficient time and effort to carry out their duties and responsibilities effectively, and be committed to serve on the Board for an extended period of time.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Nomination Committee

The Nomination Committee comprises three (3) members, all of them are independent non-executive directors and is headed by the Senior Independent Director. The Nomination Committee assists the Board in its responsibilities in reviewing the nomination for the appointment or reappointment of Board members and to assess the performance of the Audit Committee and the Board as a whole on an on-going basis.

In 2017, the Committee held two (2) meetings on the following dates: 23 February 2017 and 27 November 2017.

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2017
Tan Sri Dato' Chang Ko Youn (Chairman)	2/2
Ng Wai Luen	2/2
Dato' Wan Asmadi Bin Wan Ahmad (Appointed as member on 6 July 2017)	1/1
Mohd Annas Bin Md Isa (Resigned as director on 20 June 2017)	1/1

The activities of the Nomination Committee during the financial year ended 31 December 2017 include recommendation to the Board on the following matters:

a) Affirmed the terms of reference of the Nomination Committee which cover the duties and responsibilities of the Nomination Committee;

b) Reviewed and assessed the attributes of the new candidate, Puan Azian Binti Kassim, prior to recommending her appointment to the Board;

c) Assessed the directors' training to ensure all directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities and receive appropriate continuous training;

d) Reviewed the eligibility of the retiring directors for the re-election at the Annual General Meeting ("**AGM**") of the Company;

e) Determined the manner to perform annual evaluation of Board, Audit Committee and Individual Director Assessment;

f) Evaluated and assessed the directors, Board as a whole and the independence directors; and

g) Evaluated and assessed the performance of the Audit Committee as a whole and each of its members.

Board, Audit Committee and Individual Director Assessment

The Nomination Committee conducts annual assessment of each individual director under the evaluation process to ensure the effectiveness of the Board as a whole. The assessment of directors is an examination of each director's ability to contribute to the effective decision making of the Board.

The Nomination Committee also conducts annual review of the term of office performance of the Audit Committee's members and the Audit Committee as a whole annually and assess whether the Audit Committee and its members have carried out their duties in accordance with its terms of reference.

The overall results of the evaluation process and the improvements recommended thereon are presented by the Chairman of the Nomination Committee to the Board in respect of the performance of the Audit Committee and its members and the Board as a whole.

Based on the recent annual review, the Nomination Committee is satisfied that the Board composed of directors with appropriate mix of skill and experience to meet the Company's requirements and the Audit Committee and its members discharged their functions, duties and responsibilities in accordance with its terms of reference.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Directors' Training

All directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The directors are encouraged to continuously update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable the directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board shall also on continuous basis, evaluate and determine the training needs of its directors. The subject matter of training must be one that aids the director in discharging his duties as a director.

The directors who have attended the training programmes are as follows:

Tan Sri Dato' Chang Ko Youn	• Effective Internal Audit Function for Audit Committee Workshop
Dato' Sri Cheong Kong Fitt	• LPT Symposium Programme 2017: Reimagining Transportation: Sustainable Mobility
Dato' Cheong Peak Sooi	• LPT Symposium Programme 2017: Reimagining Transportation: Sustainable Mobility
Dato' Wan Asmadi Bin Wan Ahmad	• Global Business Insight Series: High Performance Leadership in Times of Change and Uncertainty • Impact of Smart Phone (M-Cannon) on Capital Market Services Industry • Invest Malaysia 2017 • Effective Internal Audit Function for Audit Committee Workshop
Ng Wai Luen	• New Expectations for Directors, Shareholders, Company Secretaries & Appointment of Auditors under the Companies Act 2016 • Comprehensive GST Compliance through a Structured Review • Corporate Reporting in Malaysia – MFRS and Non Financial Disclosures • Effective Internal Audit Function for Audit Committee Workshop • Leadership Energy Summit Asia 2017 • Invitation to Securities Commission's Malaysia Conversation with Audit Committees • An Anatomy on Income Tax, GST, Company Law implications riding on 2018
Azian Binti Kassim	• Mandatory Accreditation Programme

Remuneration Policy and Procedure

The Board, through the Remuneration Committee, establishes a transparent procedure for developing a policy on the remuneration packages of the Executive and Non-Executive Directors of the Company benched against industry standards and market competitiveness in light of the performance of the Group in the industry.

The Remuneration Committee reviews the remuneration, annual fees, attendance allowance and other benefits for the Executive and Non-Executive Directors. The decision to determine the level of remuneration shall be the responsibility of the Board as a whole after considering recommendations from the Remuneration Committee. In addition, the annual fees of Non-Executive Directors shall be subject to the ultimate approval of shareholders at the AGM.

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Remuneration Committee

The Remuneration Committee comprises three (3) members, all of them are Independent Non-Executive Directors. The Remuneration Committee assists the Board in its responsibilities in establishing a formal and transparent procedure for developing policy on the remuneration packages of the Executive and Non-Executive Directors.

In 2017, the Committee held two (2) meetings on the following dates: 23 February 2017 and 27 November 2017.

The attendance of the members is as follows:

	Meeting attendance during their tenure in office in 2017
Dato' Wan Asmadi Bin Wan Ahmad (Chairman)	2/2
Tan Sri Dato' Chang Ko Youn (Appointed as member on 6 July 2017)	1/1
Ng Wai Luen (Appointed as member on 31 October 2017)	1/1
Mohd Annas Bin Md Isa (Resigned as director on 20 June 2017)	1/1
Dato' Cheong Peak Sooi (Ceased as member on 31 October 2017)	1/1

The activities of the Remuneration Committee during the financial year ended 31 December 2017 include recommendation to the Board on the following matters:

a) Reviewed the discretionary bonus for the Executive Directors for the financial years 2016 and 2017; and

b) Reviewed the Directors' remuneration and benefits packages for financial year 2018.

Directors' Remuneration

The Board noted that the MCCG 2017 recommends the disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors shall include fees, salary, bonus, benefits in-kind and other emoluments.

Accordingly, the aggregate remuneration of the directors received/receivable from the Company and its subsidiaries, categorised into appropriate components, for the financial year ended 31 December 2017 is as follows:

Received from Company

	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
Executive Directors						
Dato' Sri Cheong Kong Fitt	-	94,080	-	-	3,200	97,280
Dato' Cheong Peak Sooi	-	73,920	-	5,300	3,200	82,420
Non-Executive Directors						
Tan Sri Dato' Chang Ko Youn	66,000	-	-	-	3,200	69,200
Dato' Wan Asmadi Bin Wan Ahmad	54,000	-	-	-	3,200	57,200
Ng Wai Luen	54,000	-	-	-	3,200	57,200
Azian Binti Kassim (Appointed on 15 August 2017)	22,500	-	-	-	1,600	24,100
Mohd Annas Bin Md Isa (Resigned on 20 June 2017)	27,000	-	-	-	1,600	28,600

SECTION 1: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

Directors' Remuneration (Cont'd)

Received on Group basis

	Fees	Salaries and other emolument	Bonus	Benefit in kind	Meeting allowance	Total
Executive Directors						
Dato' Sri Cheong Kong Fitt	-	450,460	34,500	8,800	3,200	496,960
Dato' Cheong Peak Sooi	-	367,020	30,000	18,500	3,200	418,720
Non-Executive Directors						
Tan Sri Dato' Chang Ko Youn	66,000	-	-	-	3,200	69,200
Dato' Wan Asmadi Bin Wan Ahmad	54,000	-	-	-	3,200	57,200
Ng Wai Luen	54,000	-	-	-	3,200	57,200
Azian Binti Kassim (Appointed on 15 August 2017)	22,500	-	-	-	1,600	24,100
Mohd Annas Bin Md Isa (Resigned on 20 June 2017)	27,000	-	-	-	1,600	28,600

Senior Management's Remuneration

The Board noted that the MCCG 2017 recommends the disclosure on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board is of the view that the non-disclosure on named basis for the top senior management of the Company will not significantly affect the understanding and the evaluation of the Group's governance and to ensure confidentiality of the remuneration of the top senior management of the Company.

SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee comprises 3 members, all of them are Independent Non-Executive Directors. The Audit Committee is headed by Mr Ng Wai Luen, and the other members are Tan Sri Dato' Chang Ko Youn and Dato' Wan Asmadi Bin Wan Ahmad. The Committee provides assistance to the Board in fulfilling its oversight responsibilities of the financial reporting process, the system of internal controls, the audit process and the process of monitoring compliance with laws and regulations.

The members of the Audit Committee are sufficiently financially literate with good understanding of the Group's businesses to enable them to continuously apply a critical and probing view on the financial reporting process, transactions and other financial information, and effectively challenge management's assertions on the Group's financials.

The role and summary of the activities of the Audit Committee are described in more detail in the Audit Committee Report set out on pages 29 to 32 of this Annual Report.

Financial Reporting

For financial reporting through quarterly interim financial reports to Bursa Securities and the audited annual financial statements to shareholders, the Board has a responsibility to present a balanced and fair assessment of the Group's financial position, performance and future prospects.

The Statement of Directors' Responsibility in relation to the preparation of the annual audited financial statements of the Company and of the Group is set out on page 28 of the Annual Report.

The Audit Committee assists the Board in scrutinising the financial reporting processes and quality of the financial reporting of the Group. This Committee, on a quarterly basis, reviews the quarterly interim financial reports and yearly financial statements to ensure accuracy, adequacy and completeness as well as to comply with applicable financial reporting standards and other regulatory and legal requirements.

SECTION 2: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

Assessment of Suitability and Independence of External Auditors

The primary purpose of an audit is to provide shareholders with an expert, independent opinion as to whether the financial statements of the Company reflect a true and fair view of the financial position of the company. The auditors should be independent from the Company so that their audit opinion will not be influenced by any relationship between both parties.

The Audit Committee maintains a transparent and professional relationship with the external auditors. The Audit Committee is assigned to assess, review and supervise the performance, suitability, objectivity and independence of the external auditors.

In determining the independence of the external auditors of the Company, Messrs Moore Stephens Associates PLT, the Audit Committee has carried out a review and assessment of the suitability, objectivity and independence of the external auditors, Messrs Moore Stephens Associates PLT based on the following:

- the performance, competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the By-Laws (on Professional Conduct and Ethics) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

Based on the annual assessment, the Audit Committee is satisfied with the independence, objectivity, technical competency and professionalism demonstrated by Messrs Moore Stephens Associates PLT. Having regard to the outcome of the annual assessment of external auditors by the Audit Committee, the Board has agreed with the Audit Committee's recommendation to seek shareholders' approval at the forthcoming AGM on the appointment of Messrs Moore Stephens Associates PLT as external auditors of the Company for the financial year ending 31 December 2018.

Risk Management and Internal Control

The Board takes responsibility for the Group's risk management and internal control system and for reviewing its adequacy and integrity. The Board has formed a Risk Management Working Group Committee, headed by the Managing Director, and placed it under the purview of the Audit Committee to identify the risk and findings. The formation of the Risk Management Working Group Committee allows the members to have more time to deliberate various risk issues affecting the Company and the Group at length.

The Board is of the view that the current system of risk management and internal control in place throughout the Group is sufficient to safeguard the Group's assets and shareholders' investment.

The Statement on Risk Management and Internal Control as set out on pages 33 to 35 in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Internal Audit Function

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. The Company has outsourced the internal audit function to an independent professional service firm, Crowe Horwath Governance Sdn Bhd to carry out independent internal audit services, including enterprise risk management services for the Company and the Group.

SECTION 3: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders and other Stakeholders

The Board acknowledges the importance of effective, transparent and timely dissemination of material information and has in place internal corporate disclosure procedures which enable comprehensive, accurate and timely disclosures relating to the Company to shareholders, regulators and other stake stakeholders. These procedures also set out the authority and responsibility to approve such disclosure. In formulating these procedures, the Board is guided by Investor Relations Policy and Corporate Disclosure Guide 2011 introduced by Bursa Securities whilst adhering with the corporate disclosure requirements as set out in the Listing Requirements.

Announcements via Bursa LINK of Annual Reports, quarterly interim financial reports and business acquisitions provide the shareholders and the investing public with an overview of the Group's performance, operations and directions. Members of the public can obtain the Annual Reports, full financial results, quarterly interim financial reports and the Company's announcements on the Company's website at www.peraktransit.com.my. Notices of general meetings and minutes of general meetings are also available on the Company's website.

The Board has designated Tan Sri Dato' Chang Ko Youn as the Senior Independent Director of the Company to whom shareholders may address their concerns relating to the Group. Shareholders are also encouraged to direct their queries by way of correspondence in writing or through email to enquiry@peraktransit.com.my.

Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM together with the Annual Report are sent out to shareholders at least 28 days before the date of meeting.

The Board encourages participation from shareholders by having a question and answer session during the general meetings. The directors, Chief Financial Officer and advisors are available to provide responses to questions from shareholders during the meeting.

All resolutions set out in the notice of general meetings of the Company are to be conducted by poll and an independent scrutineer is appointed to monitor the conduct of polling for each general meeting.

At the AGM held on 25 May 2017, poll voting was conducted in respect of all resolutions and Asia Securities Sendirian Bhd was appointed as Scrutineers to verify the poll results. The outcome of the poll against the resolutions was announced at the same meeting and detailed results stating the votes cast were announced via Bursa LINK.

Other than the AGM, an Extraordinary General Meeting was held on 24 August 2017 to consider the following resolutions:

Ordinary Resolutions	*Result*
Resolution 1 - Proposed Bonus Issue of Shares	Approved
Resolution 2 - Proposed Free Warrants Issue	Approved
Resolution 3 - Authority to Allot Shares	Approved

Poll voting was also conducted in respect of the resolution and the result of the poll was scrutinised by Asia Securities Sendirian Bhd, the appointed Scrutineers.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Board of Directors is committed to ensure the Company and its subsidiaries ("**Group**") run their businesses in a responsible and sustainable manner so as to achieve a fair balance between profitability and contributions in supporting our Corporate Social Responsibility ("**CSR**") initiatives.

The Group has initiated effort and shall continue to contribute and play an active role in promoting CSR activities within our community.

During the year, the Group has initiated CSR activities which include the following:

Community

The Combined Bus Services Sdn Bhd, a subsidiary of the Company, has subsidised and allocated space for the set up of a library at Terminal AmanJaya, namely Perpustakaan Komuniti 1Malaysia Terminal AmanJaya which is equipped with computers and is Wi-Fi enabled, operated by Perbadanan Perpustakaan Awam Negeri Perak. With the facilities, passengers and public community are able to have access to free Wi-Fi and read in comfortable environment while waiting for their transports.

Work Environment

The Group has set a policy for the maintenance of vehicles and replacement of buses that reach its useful life. Through proper and regular maintenance, vehicles run cleaner and more efficiently. Most importantly, this can improve an emission performance and reduce energy consumption of the buses which align with our initiative to protect the environment.

Employees are main assets in driving the business growth. The Group believes that a well-trained, well-motivated and well-managed workforce is essential for efficient operations and the success of the business. The Group shall continue to invest in trainings and skills development programmes for the employees to improve their productivity and to keep themselves abreast with the latest developments in the industry.

ADDITIONAL DISCLOSURE REQUIREMENT

i) Utilisation of Proceeds

a) Initial Public Offering

Pursuant to the initial public offering exercise in 2016, the Company has raised a gross proceeds of RM36.75 million. The details of the utilisation of the gross proceeds as at 31 December 2017 was as follows:

Purpose	Intended utilisation RM'000	Actual utilisation to-date RM'000	Deviation RM'000	Deviation %	Intended timeframe for utilisation (from date of listing)
Business expansion	20,000	20,000	-	-	Within 24 months
Repayment of hire purchase facilities	2,109	1,798	311	14.75	Within 12 months
Working capital	10,481	5,016	-	-	Within 24 months
Estimated listing expenses	4,160	3,775	385	9.25	Within 6 months
Total	**36,750**	**30,589**	**696**		

The utilization of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 15 September 2016.

The deviation from the repayment of hire purchase facilities of RM0.31 million was due to the reduction in the balance of hire purchase facilities as the monthly repayment made which is lower than the amount allocated for. The deviation from the estimated listing expenses of RM0.39 million was mainly due to the actual amount incurred for miscellaneous expenses (within the estimated listing expenses category) was lower than the amount allocated for. The differences will be included into the portion allocated for working capital purposes.

b) Private Placement

Pursuant to the private placement exercise, the Company has so far raised a total proceeds of RM2,594,400 by issuing 10,000,000 ordinary shares in 3 tranches, representing approximately 0.79% of the issued share capital of the Company. The details of the utilisation of the proceeds raised as at the latest practicable date of the printing of this Annual Report, are as follows:

Purpose	Intended utilisation Minimum Scenario RM'000	Intended utilisation Maximum Scenario RM'000	Actual utilisation to-date RM'000	Intended timeframe for utilisation (from date of listing of the placement shares)
Settlement of the Balance Purchase Price of Bidor Land and Tronoh Lands	10,112	10,112	-	Within 18 months
Repayment of bank borrowings	20,876	36,122	2,594	Within 6 months
Installation of terminal management system and Touch 'N Go system	2,500	2,500	-	Within 12 months
Estimated expenses for the Proposed Private Placement	462	641	-	Within 6 months
Total	**33,950**	**49,375**	**2,594**	

ii) Audit and Non-Audit Fees

The audit and non-audit fees to the external auditors and their affiliates for services rendered during the FYE 2017 are as follows:

FYE 2017	Company (RM'000)	Group (RM'000)
Audit	50	122
Non-Audit	5	5

The non-audit fees included review of statement of risk management and internal control.

iii) Options, warrants or convertibles securities

During the FYE 2017, the Company has issued 571,474,000 free warrants on the basis of 1 warrant for every 2 ordinary shares held on 14 September 2017. The Company has not issued any options or convertibles securities.

iv) Material contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' or major shareholders' interests that were still subsisting at the end of the FYE 2017 or, it not then subsisting, entered into since the end of previous financial year.

v) Recurrent related party transactions

During the FYE 2017, the Company did not seek mandate from shareholders for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as there are no recurrent related party transactions which exceeded the materiality threshold stated in paragraph 10.09(1) of the Listing Requirements.

STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The directors are required under the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of their results and cash flows for that year then ended.

The directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made;
- the preparation of the financial statements are on a going concern basis; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Group and the Company maintain accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2016.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 22 February 2018.

AUDIT COMMITTEE REPORT

The Audit Committee was established by the Board on 23 September 2015 to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, related party transactions and the internal and external audit processes of the Company. The Audit Committee also plays a key role in the Company's governance structure.

COMPOSITION AND MEETING ATTENDANCE

The Audit Committee comprises solely of three (3) independent non-executive directors.

The Audit Committee has scheduled to convene at least four (4) meetings a year, with additional meetings to be convened at any time at the Chairman's discretion and if requested by any of its member or the internal or external auditors. The Committee may meet with the external auditors, the internal auditors or both without the attendance of executive directors and employees of the Company, whenever deemed necessary. The Committee may invite any person to be in attendance at each meeting.

The Audit Committee has convened four (4) meetings during the financial year ended 2017 on 23 February 2017, 25 May 2017, 24 August 2017 and 27 November 2017. The attendance of members in 2017 is as follows:

Name of Members	Scheduled meetings	Attendance at Audit Committee meeting
Ng Wai Luen *(Chairman)* Independent Non-Executive Director	4	4
Tan Sri Dato' Chang Ko Youn *(Member)* Independent Non-Executive Director	4	4
Dato' Wan Asmadi Bin Wan Ahmad *(Member)* Independent Non-Executive Director	4	4

SUMMARY OF ACTIVITIES

The summary of the work and key activities undertaken by the Audit Committee during the financial year ended 2017 comprising the following:

1. Financial Reporting

a) Review of Quarterly Reports

The Audit Committee received briefings by the management on the unaudited financial quarterly results during its scheduled quarterly meetings and is informed about significant matters related to the Group's financial results and position and ascertains whether the financial results are consistent with operational and other information known.

The Audit Committee received and reviewed the unaudited interim financial reports with the management during its scheduled quarterly meetings before recommending the reports to the Board for consideration and approval prior to the announcements made to Bursa Malaysia Securities Berhad and the Securities Commission.

b) Audited Financial Statements

The Audit Committee received and considered the 'Final Report to those charged with governance' prepared by the external auditors, Messrs Deloitte PLT, in respect of the audited financial results of the Group for the financial year ended 31 December 2016, outlining the major audit findings arising from the audit and the responses from the management.

The Audit Committee deliberated on the audit findings, the key audit matters relating to the capitalisation of property, plant and equipment and reviewed the audited financial statements for the financial year then ended before recommending the audited financial statements to the Board for consideration and approval.

c) Approval of Statements for inclusion into the Annual Report

The Audit Committee received and reviewed the Statement on Risk Management and Internal Control and Audit Committee Report before recommending the statements to the Board for consideration and approval for inclusion into the Annual Report.

SUMMARY OF ACTIVITIES (Cont'd)

2. External Auditors

a) Change of External Auditors

The Audit Committee deliberated the term of office of the external auditors, Messrs Deloitte PLT who had acted as auditors of the Company and the Group for the past three financial years. The Audit Committee agreed with the management to invite other suitable and independent audit firms, including Messrs Deloitte PLT, to provide their credentials on performing the financial auditing services for the Company and the Group for the next three financial years.

The Audit Committee reviewed and assessed the profile and credentials of Messrs Deloitte PLT, Messrs Moore Stephens Associates PLT and other audit firms as well as comparing the credibility of each of the proposed audit firms such as the size, performance and quality of work, the level of competitiveness in audit services market, professional reputation, skills and knowledge of the audit team and audit partner, the independence of the audit firm and the proposed audit fees.

The Audit Committee having assessed the credential of Messrs Moore Stephens Associates PLT was satisfied with the suitability of Messrs Moore Stephens Associates PLT for the appointment as the external auditors of the Company and the Group and recommended to the Board the appointment of Messrs Moore Stephens Associates PLT as the external auditors of the Company and the Group.

The Audit Committee has carried out its assessment on the suitability, objectivity and independence of Messrs Moore Stephens Associates PLT as the external auditors based on the following:

- the performance, competence, audit quality, sufficiency of resources and allocation of audit staff assigned to the audit;
- the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Company, on 6 April 2017, received Special Notices pursuant to Section 322 and 280(2)(b)(ii) of the Companies Act 2016 from two shareholders in relation to the proposed appointment of Messrs Moore Stephens Associates PLT as the new auditors of the Company in place of the outgoing auditors, Messrs Deloitte PLT, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the directors and the auditors.

At the Annual General Meeting held on 24 May 2017, the shareholders passed an ordinary resolution to appoint Messrs Moore Stephens Associates PLT as auditors of the Company to hold office until the conclusion of the next Annual General Meeting.

b) 2017 Audit Plan

The Audit Committee received and considered the Audit Planning Memorandum in respect of the audit of the financial statements of the Group for the financial year ended 31 December 2017, presented by the external auditors, Messrs Moore Stephens Associates PLT, outlining the audit scope of works, fraud consideration, areas of audit emphasis, audit approach and timeline. The Audit Committee adopted the Audit Planning Memorandum before recommending the memorandum to the Board for consideration and approval.

Messrs Moore Stephens Associates PLT declared and confirmed that they were independent and would be independent throughout their audit engagement.

SUMMARY OF ACTIVITIES (Cont'd)

2. External Auditors (Cont'd)

c) Independent Meeting Sessions

The Audit Committee had two independent meeting sessions during the financial year ended 2017 with the respective external auditors, Messrs Deloitte PLT and Messrs Moore Stephens Associates PLT, without the presence of the executive personnel of the Company. Messrs Deloitte PLT reported that there was no sign of fraud identified during the course of the audit required them to report to the Audit Committee and Messrs Moore Stephens Associates PLT reported that there were no immediate issues that required them to report to the Audit Committee.

d) Audit and Non Audit Fees

The Audit Committee reviewed the audit fees, non-audit services and other related fees of the Company and the Group in respect of the financial year ended 31 December 2016 payable to the external auditors, Messrs Deloitte PLT, that were agreed upon earlier.

The Audit Committee also deliberated and agreed on the audit fees of the Company and the Group for the financial years 2017 to 2019 together with non-audit fees which comprises the review of statement of risk management and internal control during the time of the appointment of Messrs Moore Stephens Associates PLT as the external auditors before recommending the proposed fees to the Board for consideration and approval.

The amount of audit fees and non-audit fees payable to Messrs Moore Stephens Associates PLT for the financial year ended 31 December 2017 are as follows:

	Audit fees (RM)	**Non-Audit fees (RM)**
Company	50,000	5,000
Group	122,000	5,000

3. Internal Audit

In its oversight of the internal audit process, the Audit Committee met with the internal auditors, representatives of Messrs Crowe Horwath Governance Sdn Bhd, three (3) times during the financial year ended 2017 on 23 February 2017, 25 May 2017 and 27 November 2017.

The Audit Committee reviewed and approved the 2017 Internal Audit Plan and 2018 Internal Audit Plan for the financial years 2017 and 2018 respectively.

In addition to the Enterprise-Wide Risk Management Report, Risk Management Policy and Risk Appetite, the Audit Committee also received briefings on the following reports presented by the internal auditors during the financial year 2017:

- 2016 Internal Audit Report which covered the areas on Sales, Marketing, Promotion, Billing, Credit Control and Collection in relation to Terminal AmanJaya and Medan Kidd and Related Parties Transactions.

- 2017 First Internal Audit Report which covered the following areas relating to The Combined Bus Services Sdn. Bhd. and Terminal Urus Sdn. Bhd.:

    - Route planning;
    - Compliance and monitoring;
    - Maintenance of vehicles;
    - Bus terminal operations;
    - General safety and security; and
    - Inventory management.

SUMMARY OF ACTIVITIES (Cont'd)

3. Internal Audit (Cont'd)

- 2017 Second Internal Audit Report which reviewed the operations of the petrol stations of The Combined Bus Services Sdn. Bhd., Star Kensington Sdn. Bhd., CKS Labur Sdn. Bhd. and CKS Bumi Sdn. Bhd. covering the following areas:

  - Operations, sales, credit control and collection;
  - Health, safety and environment;
  - Procurement to payment;
  - Stock and fixed assets management;
  - Human resources and payroll; and
  - Interim Stage Bus Support Fund subsidy claims.

- Follow up Audit Report on the 2016 Internal Audit Report and 2017 First Internal Audit Report, which was carried out to evaluate the status of the management's action plan for the previous audits.

- Follow up Audit Report on Enterprise-Wide Risk Management with the status of management action plan.

The Audit Committee reviewed the reports presented and considered the internal auditors' recommendations and took into account the management's responses on the audit findings before recommending the reports to the Board for consideration and approval.

4. Risk Management Working Group Committee

On the recommendation of the internal auditors, the Board has formed a Risk Management Working Group Committee under the purview of the Audit Committee. The Audit Committee has amended its terms of reference as its authority, duties and responsibilities has been expanded to include placing the oversight of the Risk Management Working Group Committee under its purview.

The Risk Management Working Group Committee is headed by the Managing Director and the Executive Director, and the three (3) other members are the Chief Financial Officer, Administration and Finance Manager and Finance Manager. The formation of the Risk Management Working Group Committee allows its members to have more time to deliberate various risk issues affecting the Company and the Group at length.

The Audit Committee received minutes of the meetings of the Risk Management Working Group Committee. The Audit Committee, in particular reviewed the risk factors highlighted arising from the new development project at Terminal Kampar by the Risk Management Working Group Committee and directed the internal auditors to perform audit in terms of the costing, controls and progress of work of the project.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Board, through the Audit Committee, has considered the option to outsource the internal audit function and thereafter approved the appointment of an independent professional services firm, Messrs Crowe Horwath Governance Sdn Bhd, to carry out independent internal audit services, including enterprise risk management services for the Company and the Group. The internal auditors report directly to the Audit Committee on audit matters and to the Managing Director on administrative matters.

The internal auditors provide independent and objective reports on the Group's management, operational, accounting policies and controls to the Audit Committee and also ensure that recommendations to improve controls are followed through by management at the same time. The management will rectify the weaknesses detected by the internal auditors through either adopting the recommendations made by the internal auditors or developing its own alternatives to eliminate such weaknesses.

During the financial year ended 2017, the internal auditors have conducted a series of audits of the major operating units including subsidiaries of the Company. The internal audit activities have been carried out by the internal auditors in accordance with the 2017 Internal Audit Plan that was approved by the Audit Committee on 23 February 2017. The internal auditors also ensured, on a follow up basis, that recommendations to improve controls are implemented by management. These initiatives, together with management's adoption of the external auditors' recommendations for improvement on internal controls noted during their annual audit, provide reasonable assurance that control procedures are in place.

The cost incurred on the internal audit function for the financial year ended 31 December 2017 amounted to RM58,800.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Bursa Malaysia Securities Berhad Listing Requirements which requires the Board of Directors ("**Board**") to include in its Company's Annual Report a statement about the state of its internal control. The revised Malaysian Code on Corporate Governance 2012 ("**Code**") requires all listed companies to establish and to maintain a sound risk management framework and internal control system to safeguard the shareholders' investment and the Company's assets.

Accordingly, the Board of Perak Transit Berhad ("**Group**") is pleased to present the Statement on Risk Management and Internal Control ("**Statement**") that was prepared in accordance with the "Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Issuers" issued by Bursa Malaysia Securities Berhad which outlines the processes to be adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

RESPONSIBILITY OF THE BOARD

The Board is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board recognises the importance of good corporate governance and is committed in maintaining a sound system of internal controls to safeguard the shareholder' investment and the Group's assets.

The Board acknowledges its overall responsibility in establishing a sound risk management framework and internal control system. Because of the limitations that are inherent in any system of internal control, it should be noted that the system is designed to provide reasonable combination of preventive, detective and corrective measures and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management and internal control framework is an on-going process, and has been in place for identifying, evaluating and managing significant risks that are faced or potentially to be encountered by the Group and the Board regularly reviews the said process.

RISK MANAGEMENT

The Group takes cognisance of the importance of a sound risk management framework to be in placed as a principal safeguard towards controlling risks. Accordingly, the Group has an embedded process for the identification, evaluation, reporting, monitoring and review of the major strategic, business and operation risks within the Group. The Board's and Management's practice of proactive identification on significant risks on a half-yearly basis or earlier as appropriate, particularly if there are any major proposed transactions, changes in nature of activities and/ or operating environment, or venturing into new operating environment which may entail different risks. Accordingly, the Board would put in place the appropriate risk response strategies and controls until those risks are managed to and maintained at a level acceptable to the Board. This is further supported by the Internal Audit function and the staff to effectively inculcate risk management practices and controls into the corporate culture, processes and structures within the Group.

Risk management principles, policies, procedures and practices are updated regularly to ensure relevance and compliance with current/applicable laws and regulations.

The risk management process is in effect through the following mechanisms and measures, by which the Board obtains timely and accurate information of all major control issues in relation to internal controls, regulatory compliance and risk-taking:

- Internal Audit and Risk Management Function

  The Board acknowledges the importance of internal audit and risk management functions and has engaged the services of an independent professional audit and advisory firm to provide much of the assurance it requires regarding the effectiveness as well the adequacy and integrity of the Group's systems of internal control and risk management.

  The Internal Audit functions adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. Scheduled internal audits are carried out by the independent auditors based on the audit plan presented to, and approved by, the Audit Committee. The audit focuses on areas with high risk to ensure that an adequate action plan is put in place to improve the controls. For those areas with high risk and adequate controls, the audit ascertains that the risks are effectively mitigated by the controls.

  On a half-yearly basis or earlier as appropriate, the Internal Auditors report to the Audit Committee on areas for improvement and will subsequently follow up to determine whether their recommendations have been duly implemented by the Management.

RISK MANAGEMENT (Cont'd)

- Financial Performance Planning, Review and Monitoring

  Regular periodic meetings of the Board, Board Committees and Senior Management represent the main platform through which the Group's performance and conduct is assessed and is monitored. The daily operations of the business are entrusted to the Managing Director and the management team.

- Operational Monitoring and Controls

  The Group ensures that regular and comprehensive information is provided to the Board, covering financial and operational performance and key business indicators, for effective monitoring and decision making.

  The Board also ensures that all recurrent related party transactions are dealt in accordance with the Listing Requirement's requirements. These recurrent related party transactions are subject to review and consideration by the Audit Committee and the Board at their respective meetings.

  The Group, being involved in the public transportation industry, primarily uses a large fleet of buses to carry out its business activities. The said buses have scheduled maintenance works to ensure that they are roadworthy and comply with all relevant laws, rules and regulations.

INTERNAL CONTROL

The Board whilst maintaining full control and direction over appropriate strategic, financial, organisational and compliance issues has delegated to the Management the implementation of the systems of internal control within an established framework. The Group's current system of internal control and risk management include the following key elements:

- an effective Board and Audit Committee which retains control over the Group, reviews the business operations, approves significant transactions, monitors management and assesses the effectiveness of internal controls;

- clearly defined lines of authority and divisionalised organisation structure to achieve the Group's objectives and monitor the conduct and operations within the Group;

- quarterly results of the Group's financial performance are presented to the Audit Committee for recommendation for adoption by the Board;

- regular management meetings comprising the senior management to review and discuss significant issues relating to financial performance, operations, technical and key support functions;

- segregation of duties and physical safeguarding of assets for example limiting of access to assets, documents and records and establishing custodial responsibilities; and

- clearly defined recruitment processes and relevant training to enhance staff competency levels.

The Board receives and regularly reviews reports regarding the operations and performance of the Group. Apart from financial controls, the Group's system of internal control also cover operational and compliance controls and most importantly, risk management. As part of the risk management process, the Board is continuously identifying, assessing and managing significant business risks faced by the Group throughout the financial year.

The Board maintains ultimate responsibility over the Group's systems of internal control which has been delegated to the management for effective implementation. The role of Internal Audit is to provide reasonable assurance that the designed control are in place and are operating as intended.

The internal audit function is to primarily assist the Audit Committee and the Board in monitoring compliance, making recommendations for continuous improvement to process, systems and reviewing the effectiveness of the internal control structures. The internal auditors also participate in the risk management to provide assurance of good governance and application of security controls.

The Audit Committee assists the Board in fulfilling its responsibilities on maintaining a sound system of internal control and risk management. The Audit Committee monitors the levels of assurance within the Group through their review of the reports of the external auditor and internal auditor, nature and scope of their work and monitoring the implementation progress of audit recommendations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required under Paragraph 15.23 of the Listing Requirements, the External Auditor has reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the FYE 2017 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control of the Group.

CONCLUSION

Based on the internal audit reports for the year ended 31 December 2017, there is a reasonable assurance that the Group's system of internal controls are generally adequate and appear to be working satisfactorily. A process improvement and two (2) implementation lapses were identified during the financial year, all of which have been, or are being addressed. None of the said occurrences have resulted in any material losses, contingencies or uncertainties that would require disclosure in the annual report. The Board has received assurance from the Executive Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Company.

The Board remains committed towards operating a sound system of internal control, recognising that the system must continually evolve to support the types of business, size and operations of the Group. As such, the Board will when necessary, put in place appropriate action plans to further enhance the Group's system of risk management and internal control.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company is principally involved as investment holding.

The principal activities of its subsidiaries are set out in Note 12 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	29,015,172	6,194,492
Attributable to:		
Owners of the Company	28,831,192	
Non-controlling interests	183,980	
	29,015,172	

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the followings:

A first single tier interim dividend of RM0.002 per ordinary share amounting to RM2,285,896 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 19 May 2017.

A second single tier interim dividend of RM0.0025 per ordinary share amounting to RM2,857,370 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 15 September 2017.

A third single tier interim dividend of RM0.0025 per ordinary share amounting to RM3,143,497 declared in respect of the ordinary shares for the current financial year, was paid by the Company on 13 December 2017.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

A first single tier interim dividend in respect of the financial year ending 31 December 2018 of RM0.0025 per share amounting to RM3,143,497 was declared on 5 January 2018 and paid on 9 February 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements

ISSUANCE OF SHARES AND DEBENTURES

As approved by the shareholders, the paid-up share capital of the Company was increased from 1,142,948,000 shares to 1,257,399,300 shares by way of:

i) Bonus issue of 114,294,800 ordinary shares on the basis of 1 bonus share for every 10 existing ordinary shares held on 14 September 2017 through Members' Resolution dated 24 August 2017.

ii) 156,500 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

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

The Company has not issued any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No option were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS OF THE COMPANY

The Directors in office during the financial year and at the date of this report are:

TAN SRI DATO' CHANG KO YOUN	
DATO' SRI CHEONG KONG FITT	
DATO' CHEONG PEAK SOOI	
DATO' WAN ASMADI BIN WAN AHMAD	
NG WAI LUEN	
AZIAN BINTI KASSIM	Appointed on 15 August 2017
MOHD. ANNAS BIN MD ISA	Resigned on 20 June 2017

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interest of Directors in office at the end of financial year in shares and warrants of the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares					Amount	
	At 1.1.2017 Units	Bought Units	Bonus Issue Units	Sold Units	At 31.12.2017 Units	At 1.1.2017 RM	At 31.12.2017 RM
Name of Director							
Ordinary shares in the Company							
Direct interest							
- Dato' Sri Cheong Kong Fitt	178,262,550	1,000,000	17,826,255	-	197,088,805	17,826,255	18,143,255
- Dato' Cheong Peak Sooi	18,551,450	-	1,855,145	-	20,406,595	18,551,450	18,551,450
Indirect interest							
- Dato' Sri Cheong Kong Fitt ^	190,000,000	-	19,000,001	-	209,000,001	19,000,000	19,000,000
- Dato' Sri Cheong Kong Fitt *	74,658,000	1,000,000	7,565,800	-	83,223,800	7,465,800	7,780,950
- Ng Wai Luen *	-	150,000	5,000	-	155,000	-	49,750

	Number of Warrants			
	At 1.1.2017 Unit	Bonus Issue Unit	Exercised/ Sold Unit	At 31.12.2017 Unit
Direct interest:				
- Dato' Sri Cheong Kong Fitt	-	89,131,275	-	89,131,275
- Dato' Cheong Peak Sooi	-	9,275,725	-	9,275,725
Indirect interest				
- Dato' Sri Cheong Kong Fitt ^	-	95,000,001	-	95,000,001
- Dato' Sri Cheong Kong Fitt *	-	37,829,000	-	37,829,000
- Ng Wai Luen *	-	25,000	(25,000)	-

DIRECTORS' INTERESTS (Cont'd)

^ Indirect interest by virtue of shares held by a company in which a Director has interests.
* Indirect interest by virtue of shares held by spouse pursuant to Section 8(4) of the Companies Act, 2016 in Malaysia.

Dato' Sri Cheong Kong Fitt is deemed to have interest in the shares held by the Company in its subsidiaries by virtue of his substantial interest in shares of the Company.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares and warrants of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

The amount of fees and other benefits paid to or receivable by the Directors or past Directors of the Company and the estimated money value of any other benefits received or receivable by them otherwise than in cash from the Company and its subsidiaries for their services to the Company or its subsidiaries were as follows:

	Company RM	Subsidiaries RM
Salaries, allowances and bonuses	169,200	620,100
Fees	223,500	-
Contribution to defined contribution plan	18,000	93,880
Benefits-in-kind	5,300	22,000
Total fees and other benefits	416,000	735,980

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than Directors' emoluments received or due and receivable as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 27 to the financial statements.

There were no arrangements during or at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no known bad debts and that no provision for doubtful debts was necessary; and

   ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

b) At the date of this report, the Directors are not aware of any circumstances:

   i) which would necessitate the writing off of bad debts or the provision for doubtful debts;

   ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading;

   iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

   (iv) not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (Cont'd)

c) At the date of this report, there does not exist:

  i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

d) In the opinion of the Directors:

  i) no contingent or other liability has become enforceable, or likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

  ii) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and

  iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

e) The total amount paid to or receivable by the auditors as remuneration for their services as auditors for the financial year from the Company is RM50,000 and its subsidiaries is RM72,000.

f) There was no amount paid to or receivable by any third party in respect of the services provided to the Company or any of its subsidiaries by any Director or past Director of the Company.

g) There was no indemnity given to or insurance effected for any Director, officer or auditor of the Group and of the Company.

AUDITORS

The auditors, Messrs. Moore Stephens Associates PLT, have expressed their willingness to continue in office.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 March 2018.

DATO' SRI CHEONG KONG FITT

DATO' CHEONG PEAK SOOI

STATEMENT BY DIRECTORS, STATUTORY DECLARATION

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements as set out on pages 46 to 112 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

Approved and signed on behalf of the Board in accordance with a resolution of the Directors dated 26 March 2018.

DATO' SRI CHEONG KONG FITT **DATO' CHEONG PEAK SOOI**

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, LOH KWANG YEAN, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 46 to 112 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed at
Kuala Lumpur in the Federal Territory
on 26 March 2018.

LOH KWANG YEAN

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PERAK TRANSIT BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Perak Transit Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 36 to 110.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Our audit performed and responses thereon
<u>**Borrowings**</u>	
As at 31 December 2017, as shown in Note 22 of the financial statements, the Group's borrowings amounted to RM169,785,596, which represented 90.4% of the Group's total liabilities. We have identified borrowings as a key audit matter as the Group has significant reliance on external borrowings for its working capital and long-term funding requirements. The compliance with loan covenants and the prompt servicing of borrowings as and when they fall due is a key focus of our audit matters.	We have performed the audit procedures as follows: • Reviewed the contractual terms of the respective borrowings and examined compliance with salient loan covenants; • Requested and reviewed bank confirmations to assess the existence and accuracy of the borrowings; • Assessed the cashflow forecast based on the approved profit forecast by the Directors; • Assessed the monthly repayment of borrowings are in accordance with loan agreements; • Agreed to loan statement from respective banks; • Assessed the reasonableness of finance cost and late penalty cost (if any); and • Reviewed the adequacy of disclosure in accordance with MFRS 7 Financial Instruments: Disclosures and MFRS 132 Financial Instruments: Presentation. The Group's borrowings were complied with the contracted covenants, repaid in accordance with loan agreements and stated at the appropriate carrying amounts.

Key Audit Matters (Cont'd)

Key Audit Matters	Our audit performed and responses thereon
Valuation of Goodwill	
As at 31 December 2017, as shown in Note 13 of the financial statements, the Group's goodwill amounted to RM1,622,631. The Group is required to perform an annual impairment test on the goodwill which arose from the Group's acquisition of the four (4) subsidiaries in prior years. The Group applies the value-in-use ("VIU") method to estimate the recoverable amounts of the goodwill. We have identified the valuation of goodwill as a key audit matter as the impairment test involves significant management judgement in determining the allocation of goodwill to the cash-generating unit ("CGU") and in estimating the underlying assumptions to be applied in the discounted cash flow projections of the VIU calculation. The recoverable amount of the goodwill is highly sensitive to key assumptions applied in respect of future revenue growth rate, gross margin, the long-term growth rate and the pre-tax discount rate used in the cash flow projections. A small change in the assumption can have a significant impact on the estimation of the recoverable amount.	We have performed the following audit procedures to evaluate management's methodology and assumptions used in the VIU and for each CGU: • Assessed whether the recoverable amounts were prepared by management based on the approved budgets by the Directors; • Compared the key assumptions including forecasted revenue, growth rates, gross margin and discount rates against our knowledge of the Group's historical performance, business and cost management strategies based on facts and circumstances currently available; • Performed sensitivity analysis by changing certain key assumptions used in the VIU calculations and assessed the impact of the recoverable amounts of the goodwill; and • Assessed the appropriateness of the financial statements disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. Our evaluation of the recoverable amounts of goodwill is consistent with management's assessment.
Recoverability of Deferred Tax Assets	
As at 31 December 2017, as shown in Note 14 of the financial statements, the Group's has recognised RM4,050,943 of deferred tax assets. We identified the recoverability of deferred tax assets as a key audit matter due to the recognition of these assets involving judgement by management as to the likelihood of the realisation of these deferred tax assets, which is based on a number of factors, including whether there will be sufficient taxable profits in future periods to support recognition.	We have performed the following audit procedures to assess the management's assessment about the recoverability of deferred tax assets: • Evaluating management's assessment on the sufficiency of future taxable profits in support of the recognition of deferred tax assets by comparing management's forecasts of future profits to historical results and evaluating the assumptions used in those forecasts; • Performed sensitivity analysis by changing certain key assumptions used in the forecast of future profits calculations and assessed the impact to the future profits; and • Assessed the reasonableness on the unutilised tax benefits to its latest tax positions. Our evaluation of the recoverable amounts of deferred tax assets is consistent with management's assessments.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the Annual Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the Annual Report and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this Annual Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The comparative figures were audited by another firm of chartered accountants who expressed an unmodified opinion on those financial statements on 3 April 2017.

MOORE STEPHENS ASSOCIATES PLT	**LO KUAN CHE**
LLP0000963-LCA & AF002096	**03016/11/2018J**
Chartered Accountants	**Chartered Accountant**

Petaling Jaya, Selangor
Date: 26 March 2018

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Revenue	4	**106,765,699**	90,180,025	**8,984,275**	11,108,742
Investment revenue	5	**424,904**	207,154	**155,978**	85,698
Amortisation of deferred capital grant	23	**199,600**	199,600	**-**	-
Other operating income	6	**1,287,616**	1,393,376	**2,466**	68,019
Purchase of trading goods		**(33,911,865)**	(26,531,797)	**-**	-
Changes in inventories of trading goods		**172,314**	(107,876)	**-**	-
Employee benefit expenses	6	**(9,543,298)**	(7,350,417)	**(243,987)**	(231,298)
Directors' remuneration	7	**(1,124,680)**	(800,393)	**(410,700)**	(217,400)
Depreciation of property, plant and equipment	11	**(9,313,591)**	(7,876,213)	**(34,592)**	(34,519)
Finance costs	8	**(7,119,014)**	(7,296,921)	**(1,371,970)**	(1,396,312)
Other operating expenses	6	**(17,355,487)**	(16,748,754)	**(877,901)**	(3,076,772)
Profit before tax		**30,482,198**	25,267,784	**6,203,569**	6,306,158
Tax expenses	9	**(1,467,026)**	(3,543,032)	**(9,077)**	(36,321)
Profit for the year		**29,015,172**	21,724,752	**6,194,492**	6,269,837
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit or loss					
Reclassification of property revaluation reserve, representing other comprehensive, net of tax		**(1,981,504)**	-	**-**	-
Total comprehensive income for the year		**27,033,668**	21,724,752	**6,194,492**	6,269,837

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit net of tax, attributable to:					
Owners of the Company		**28,831,192**	21,566,627	**6,194,492**	6,269,837
Non-controlling interests		**183,980**	158,125	**-**	-
		29,015,172	21,724,752	**6,194,492**	6,269,837
Total comprehensive income attributable to:					
Owners of the Company		**26,841,762**	21,566,627	**6,194,492**	6,269,837
Non-controlling interests		**191,906**	158,125	**-**	-
		27,033,668	21,724,752	**6,194,492**	6,269,837
Earnings per ordinary share attributable to Owners of the Company					
Basic (sen)	10	**2.29**	2.23		
Diluted (sen)	10	**2.15**	2.23		

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	**325,360,904**	248,467,221	**263,023**	295,728
Investment in subsidiaries	12	**-**	-	**65,772,347**	65,772,347
Goodwill	13	**1,622,631**	1,622,631	**-**	-
Deferred tax assets	14	**4,050,943**	5,594,365	**-**	-
		331,034,478	255,684,217	**66,035,370**	66,068,075
Current Assets					
Inventories	15	**1,059,778**	894,913	**-**	-
Trade and other receivables	16	**24,199,310**	23,692,705	**-**	-
Other assets	17	**25,607,299**	29,702,677	**399,552**	123,981
Amounts due from subsidiaries	18	**-**	-	**75,398,632**	75,393,132
Tax recoverable		**315,673**	189,712	**121,311**	63,724
Fixed deposits with licensed banks	19	**12,872,529**	11,523,618	**4,215,295**	4,084,637
Cash and bank balances		**12,977,241**	21,638,759	**1,774,527**	9,721,919
		77,031,830	87,642,384	**81,909,317**	89,387,393
TOTAL ASSETS		**408,066,308**	343,326,601	**147,944,687**	155,455,468
EQUITY AND LIABILITIES					
Equity					
Share capital	20	**127,533,978**	114,294,800	**127,533,978**	114,294,800
Reserves	21	**10,938,152**	26,129,982	**-**	13,202,400
Retained earnings		**80,863,519**	60,319,090	**52,451**	2,144,722
Equity attributable to owners of the Company		**219,335,649**	200,743,872	**127,586,429**	129,641,922
Non-controlling interests		**925,968**	742,787	**-**	-
Total Equity		**220,261,617**	201,486,659	**127,586,429**	129,641,922

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-Current Liabilities					
Borrowings	22	**126,642,766**	89,318,136	**3,800,161**	7,567,614
Deferred capital grant	23	**8,782,400**	8,982,000	**-**	-
Deferred tax liabilities	14	**1,266,740**	1,328,028	**5,500**	5,500
		136,691,906	99,628,164	**3,805,661**	7,573,114
Current Liabilities					
Trade and other payables	24	**2,178,352**	2,785,830	**41,877**	64,536
Other liabilities	25	**5,406,718**	7,465,242	**100,655**	1,948,233
Borrowings	22	**43,142,830**	31,125,362	**16,410,065**	16,227,663
Deferred capital grant	23	**199,600**	199,600	**-**	-
Tax payable		**185,285**	635,744	**-**	-
		51,112,785	42,211,778	**16,552,597**	18,240,432
Total Liabilities		**187,804,691**	141,839,942	**20,358,258**	25,813,546
TOTAL EQUITY AND LIABILITIES		**408,066,308**	343,326,601	**147,944,687**	155,455,468

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	**325,360,904**	248,467,221	**263,023**	295,728
Investment in subsidiaries	12	**-**	-	**65,772,347**	65,772,347
Goodwill	13	**1,622,631**	1,622,631	**-**	-
Deferred tax assets	14	**4,050,943**	5,594,365	**-**	-
		331,034,478	255,684,217	**66,035,370**	66,068,075
Current Assets					
Inventories	15	**1,059,778**	894,913	**-**	-
Trade and other receivables	16	**24,199,310**	23,692,705	**-**	-
Other assets	17	**25,607,299**	29,702,677	**399,552**	123,981
Amounts due from subsidiaries	18	**-**	-	**75,398,632**	75,393,132
Tax recoverable		**315,673**	189,712	**121,311**	63,724
Fixed deposits with licensed banks	19	**12,872,529**	11,523,618	**4,215,295**	4,084,637
Cash and bank balances		**12,977,241**	21,638,759	**1,774,527**	9,721,919
		77,031,830	87,642,384	**81,909,317**	89,387,393
TOTAL ASSETS		**408,066,308**	343,326,601	**147,944,687**	155,455,468
EQUITY AND LIABILITIES					
Equity					
Share capital	20	**127,533,978**	114,294,800	**127,533,978**	114,294,800
Reserves	21	**10,938,152**	26,129,982	**-**	13,202,400
Retained earnings		**80,863,519**	60,319,090	**52,451**	2,144,722
Equity attributable to owners of the Company		**219,335,649**	200,743,872	**127,586,429**	129,641,922
Non-controlling interests		**925,968**	742,787	**-**	-
Total Equity		**220,261,617**	201,486,659	**127,586,429**	129,641,922

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM**	**RM**	**RM**	**RM**
Non-Current Liabilities					
Borrowings	22	**126,642,766**	89,318,136	**3,800,161**	7,567,614
Deferred capital grant	23	**8,782,400**	8,982,000	**-**	-
Deferred tax liabilities	14	**1,266,740**	1,328,028	**5,500**	5,500
		136,691,906	99,628,164	**3,805,661**	7,573,114
Current Liabilities					
Trade and other payables	24	**2,178,352**	2,785,830	**41,877**	64,536
Other liabilities	25	**5,406,718**	7,465,242	**100,655**	1,948,233
Borrowings	22	**43,142,830**	31,125,362	**16,410,065**	16,227,663
Deferred capital grant	23	**199,600**	199,600	**-**	-
Tax payable		**185,285**	635,744	**-**	-
		51,112,785	42,211,778	**16,552,597**	18,240,432
Total Liabilities		**187,804,691**	141,839,942	**20,358,258**	25,813,546
TOTAL EQUITY AND LIABILITIES		**408,066,308**	343,326,601	**147,944,687**	155,455,468

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		<-----------Attributable to Owners of the Company---------->						
		<---------------Non-distributable------------>			Distributable			
	Note	Share Capital RM	Share Premium RM	Property Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2016		70,747,200	-	12,927,582	42,766,169	126,440,951	595,921	127,036,872
Profit net of tax, representing total comprehensive income for the financial year		-	-	-	21,566,627	21,566,627	158,125	21,724,752
Dividends paid to non-controlling interests		-	-	-	-	-	(11,259)	(11,259)
Transactions with owners of the Company:								
Capitalisation of Musharakah Capital Funding	20 & 21	19,047,600	952,400	-	-	20,000,000	-	20,000,000
Issuance of shares	20 & 21	24,500,000	12,250,000	-	-	36,750,000	-	36,750,000
Dividends paid to owners of the Company	26	-	-	-	(4,013,706)	(4,013,706)	-	(4,013,706)
Total transactions with owners of the Company		43,547,600	13,202,400	-	(4,013,706)	52,736,294	-	52,736,294
At 31 December 2016		114,294,800	13,202,400	12,927,582	60,319,090	200,743,872	742,787	201,486,659

		<-----------Attributable to Owners of the Company---------->						
		<---------------Non-distributable------------>			Distributable			
	Note	Share Capital RM	Share Premium RM	Property Revaluation Reserve RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group								
At 1 January 2017		114,294,800	13,202,400	12,927,582	60,319,090	200,743,872	742,787	201,486,659
Profit net of tax		-	-	-	28,831,192	28,831,192	183,980	29,015,172
Reclassification of property revaluation reserve, net of tax		-	-	(1,989,430)	-	(1,989,430)	7,926	(1,981,504)
Transfer pursuant to Section 618(2) of the Companies Act, 2016	20	13,202,400	(13,202,400)	-	-	-	-	-
Dividends paid to non-controlling interest		-	-	-	-	-	(8,725)	(8,725)
Transactions with owners of the Company:								
Issuance of shares pursuant to:								
- Exercise of Warrants		36,778	-	-	-	36,778	-	36,778
Dividends paid to owners of the Company	26	-	-	-	(8,286,763)	(8,286,763)	-	(8,286,763)
Total transactions with owners of the Company		36,778	-	-	(8,286,763)	(8,249,985)	-	(8,249,985)
At 31 December 2017		127,533,978	-	10,938,152	80,863,519	219,335,649	925,968	220,261,617

	Note	Share Capital RM	Distributable Share Premium RM	Retained Earnings RM	Total Equity RM
Company					
At 1 January 2016		70,747,200	-	(111,409)	70,635,791
Profit net of tax, representing total comprehensive income for the financial year		-	-	6,269,837	6,269,837
Transactions with owners of the Company:					
Capitalisation of Musharakah Capital Funding	20 & 21	19,047,600	952,400	-	20,000,000
Issuance of shares	20 & 21	24,500,000	12,250,000	-	36,750,000
Dividends paid to owners of the Company	26	-	-	(4,013,706)	(4,013,706)
Total transactions with owners of the Company		43,547,600	13,202,400	(4,013,706)	52,736,294
At 31 December 2016		114,294,800	13,202,400	2,144,722	129,641,922

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

			Distributable		
	Note	Share Capital RM	Share Premium RM	Retained Earnings RM	Total Equity RM
Company					
At 1 January 2017		**114,294,800**	**13,202,400**	**2,144,722**	**129,641,922**
Profit net of tax, representing total comprehensive income for the financial year		**-**	**-**	**6,194,492**	**6,194,492**
Transfer pursuant to Section 618(2) of the Companies Act, 2016	**20 & 21**	**13,202,400**	**(13,202,400)**	**-**	**-**
Transactions with owners of the Company:					
Issuance of shares pursuant to:					
- Exercise of Warrants	**20**	**36,778**	**-**	**-**	**36,778**
Dividends paid to owners of the Company	**26**	**-**	**-**	**(8,286,763)**	**(8,286,763)**
Total transactions with owners of the Company		**36,778**	**-**	**(8,286,763)**	**(8,249,985)**
At 31 December 2017		**127,533,978**	**-**	**52,451**	**127,586,429**

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows from Operating Activities					
Profit for the year		**29,015,172**	21,724,752	**6,194,492**	6,269,837
Adjustments for:					
Amortisation of deferred capital grant		**(199,600)**	(199,600)	**-**	-
Depreciation of property, plant and equipment		**9,313,591**	7,876,213	**34,592**	34,519
Finance costs		**7,119,014**	7,296,921	**1,371,970**	1,396,312
Interest income		**(446,518)**	(288,454)	**(158,444)**	(153,717)
Tax expenses		**1,467,026**	3,543,032	**9,077**	36,321
Property, plant and equipment written off		**5,625**	2	**-**	-
Operating profit before working capital changes		**46,274,310**	39,952,866	**7,451,687**	7,583,272
Changes in working capital:-					
Inventories		**(164,865)**	169,551	**-**	-
Trade and other receivables		**(506,605)**	(11,820,904)	**-**	-
Other assets		**(969,337)**	(1,561,882)	**(275,571)**	76,693
Trade and other payables		**(1,098,869)**	(1,685,867)	**(22,659)**	(67,063)
Other liabilities		**(293,870)**	(27,216)	**(82,924)**	65,656
Cash generated from operating activities		**43,240,764**	25,026,548	**7,070,533**	7,658,558
Interest received on current account		**21,614**	81,300	**2,466**	68,019
Income tax paid		**(2,561,991)**	(1,901,187)	**(66,664)**	(100,000)
Income tax refunded		**19,175**	36,434	**-**	872
Net cash from operating activities		**40,719,562**	23,243,095	**7,006,335**	7,627,449
Cash Flows from Investing Activities					
Interest received on fixed deposits		**399,584**	206,093	**130,658**	84,637
Interest received on other investment		**25,320**	1,061	**25,320**	1,061
Advances to subsidiaries		**-**	-	**(5,500)**	(44,965,158)
Purchase of property, plant and equipment,	(ii)	**(71,245,621)**	(26,522,674)	**(1,887)**	-
Deposits paid for purchase of property, plant and equipment		**(8,749,099)**	(23,262,519)	**-**	-
Uplift/(placement) of fixed deposits not forming part of cash and cash equivalents		**5,031,424**	(4,384,315)	**-**	-
Net cash (used in)/from investing activities		**(74,538,392)**	(53,962,354)	**148,591**	(44,879,460)

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows from Financing Activities					
Dividends paid		**(10,001,185)**	(2,299,284)	**(10,001,185)**	(2,299,284)
Dividends paid to non-controlling interests		**(8,725)**	(11,259)	**-**	-
Drawdown of term loans, Al Bai' Bithaman Ajil facilities, Muamalat Term Financing, Commodity Murabahah Term Financing and Term Financing-i		**46,007,830**	22,856,000	**-**	12,500,000
Repayment of term loans, Al Bai' Bithaman Ajil facilities, Musharakah Financing, Muamalat Term Financing and Commodity Murabahah Term Financing		**(8,141,816)**	(5,172,209)	**(3,467,745)**	(1,516,043)
Finance costs paid		**(7,831,319)**	(7,345,125)	**(1,422,202)**	(1,444,516)
Placement of fixed deposits pledged to banks		**(6,449,008)**	(5,586,656)	**(130,658)**	(4,084,637)
Proceeds from/(Repayment to) Cash Line-i		**11,503,943**	5,245,198	**(117,306)**	5,831,149
Proceeds from issuance of shares		**-**	36,750,000	**-**	36,750,000
Proceeds from conversion of Warrants		**36,778**	-	**36,778**	-
Repayment of hire purchase payables		**(88,406)**	(2,863,858)	**-**	-
Net cash from/(used in) financing activities		**25,028,092**	41,572,807	**(15,102,318)**	45,736,669
Net (decrease)/increase in cash and cash equivalents		**(8,790,738)**	10,853,548	**(7,947,392)**	8,484,658
Cash and cash equivalents at beginning of the financial year		**22,039,276**	11,185,728	**9,721,919**	1,237,261
Cash and cash equivalents at end of the financial year	(i)	**13,248,538**	22,039,276	**1,774,527**	9,721,919

Note:

i) Cash and cash equivalents comprise the following:

		Group		Company	
	Note	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Cash and bank balances		**12,977,241**	21,638,759	**1,774,527**	9,721,919
Short term deposits		**331,844**	400,517	**-**	-
Fixed deposits placed with licensed banks	19	**12,540,685**	11,123,101	**4,215,295**	4,084,637
		25,849,770	33,162,377	**5,989,822**	13,806,556
Less: Fixed deposits pledged to licensed banks	19	**(12,540,685)**	(6,091,677)	**(4,215,295)**	(4,084,637)
Fixed deposits not pledged but with maturities more than 3 months	19	**-**	(5,031,424)	**-**	-
Bank overdraft		**(60,547)**	-	**-**	-
		13,248,538	22,039,276	**1,774,527**	9,721,919

ii) Purchase of property, plant and equipment comprise the following:

		Group		Company	
	Note	**2017 RM**	**2016 RM**	**2017 RM**	**2016 RM**
Cash purchases		**71,245,621**	26,522,674	**1,887**	-
Capitalised borrowing costs		**662,073**	-	**-**	-
Deposits paid		**13,813,814**	2,296,800	**-**	-
Other payables		**491,391**	1,531,200	**-**	-
	11	**86,212,899**	30,350,674	**1,887**	-

The annexed notes form an integral part of,
and should be read in conjunction with, these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

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

The principal place of business of the Company is located at Terminal AmanJaya, No.1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak Darul Ridzuan.

The principal activity of the Company is investment holding company. The principal activities of the subsidiaries are disclosed in Note 12. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 26 March 2018.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

New and Revised MFRSs, Amendments/Improvements to MFRSs, New IC Interpretations ("IC Int") and Amendments to IC Int

i) Adoption of new MFRS, Amendments/Improvements to MFRSs and IC Int

The Group and the Company had adopted the following Amendments/Improvements to MFRSs and IC Int that are mandatory for the current financial year:

Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised losses
Amendments to MFRS 107	Statement of Cash Flows: Disclosure Initiative
Annual Improvements to MFRSs 2014-2016 Cycle	

The adoption of the above Amendments/Improvements did not have any significant effect on the financial statements of the Group and of the Company.

ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new MFRSs and Amendments/ Improvements to MFRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarification to MFRS 15: Revenue from Contracts with Customers
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRSs 2014-2016 Cycle	

2. BASIS OF PREPARATION (Cont'd)

a) Statement of compliance (Cont'd)

ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Venture
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRSs 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts

Effective date to be announced

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial applications, except as described below:

MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and of the Company's financial assets, but no impact on the classification and measurement of the Group's and of the Company's financial liabilities.

MFRS 9 Financial Instruments also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 Financial Instruments aligns hedge accounting more closely with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies and weaknesses in the previous model.

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group and to the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

2. BASIS OF PREPARATION (Cont'd)

a) Statement of compliance (Cont'd)

ii) New MFRSs, Amendments/Improvements to MFRSs and IC Int that are issued but not yet effective and have not been early adopted (Cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

MFRS 16 Leases

MFRS 16 specifies how an MFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with MFRS 16's approach to lessor accounting substantially unchanged from its predecessor, MFRS 117.

At lease commencement, a lessee will recognise a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessees shall use their incremental borrowings rate.

The Directors anticipate that the application of MFRS 16 in the future may have an impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. However, it is not practicable to provide a reasonable estimate of the effect of MFRS 16 until the Group and the Company perform a detailed review.

b) Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost convention except for those as disclosed in the accounting policy notes.

c) Functional and presentation currency

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

d) Significant accounting estimates and judgements

The summary of accounting policies as described in Note 3 are essential to understand the Group's and the Company's results of operations, financial position, cash flows and other disclosures. Certain of these accounting policies require critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Directors exercise their judgement in the process of applying the Group's and the Company's accounting policies.

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company'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. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (Cont'd)

d) Significant accounting estimates and judgements (Cont'd)

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

i) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line method over the assets' useful lives. The Directors estimate the useful lives of these property, plant and equipment to be between 14.47 and 94 years.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business.

Where the final 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 year in which such determination is made.

iii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

iv) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

v) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

2. BASIS OF PREPARATION (Cont'd)

d) Significant accounting estimates and judgements (Cont'd)

vi) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

vii) Revaluation of properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters.

Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

viii) Carrying value of investments in subsidiaries

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

a) Basis of consolidation

<u>Consolidation</u>

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances. The Company controls an investee if and only if the Company has all the following:

i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant power activities of the investee);
ii) Exposure, or rights, to variable returns from its investment with the investee; and
iii) The ability to use its power over the investee to affect its returns.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
ii) Potential voting rights held by the Company, other vote holders or other parties;
iii) Rights arising from other contractual arrangements; and
iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of the net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

Business combination

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction cost incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Business combinations under common control are accounted using the predecessor method of merger accounting where the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a) Basis of consolidation (Cont'd)

Business combination (Cont'd)

The difference in cost of acquisition over the aggregate carrying value of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

Similar treatment applies in the Company's separate financial statements when assets and liabilities representing the underlying businesses under common control are directly acquired by the Company. In accounting for business combinations in the Company's separate financial statements, the excess of the cost of acquisition over the aggregate carrying amounts of assets and liabilities as of the date of the combination is taken to equity.

Subsidiaries

A subsidiary is an entity over which the Group has all the following:

i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
ii) Exposure, or rights, to variable returns from its investment with the investee; and
iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the profit or loss.

Non-controlling Interests

Non-controlling interests represents the equity in subsidiaries not attributable directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the non-controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusting and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at fair value of consideration received or receivable.

Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised upon delivery of goods when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Revenue recognition (Cont'd)

Service rendered

Revenue from services rendered is recognised in profit or loss when the services are performed.

Rental income

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Government development grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to construction of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of profit or loss on the straight-line basis over the expected lives of the related assets.

Subsidies income from the State Government

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

c) Employee benefits

i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

d) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

d) Borrowing costs (Cont'd)

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

e) Income taxes

Current tax

Tax expense represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the financial year, using tax rates enacted or substantively enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

Goods and Services tax ("GST")

Revenue, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services are not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) Income taxes (Cont'd)

Goods and Services tax (“GST”) (Cont'd)

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other current assets or liabilities in the statements of financial position.

f) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which is in substance is an operating lease is classified as prepaid lease payments and amortised on a straight-line basis over the lease period as disclosed in the notes to the financial statements.

g) Earnings per share

Basic earnings per share (“EPS”) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise free warrants granted to shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Property, plant and equipment

Property, plant and equipment are measured at cost or valuation less accumulated depreciation and accumulated impairment losses.

i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

The Group revalues its properties comprising land and building every 5 years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

iii) Depreciation

Depreciation is based on the cost or valuation of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on straight line basis over its estimated useful lives of each component of an item of property, plant and equipment at the following annual rates:

Plant and machinery and skid tanks	10% - 20%
Commercial vehicles	6% - 20%
Motor vehicles	20%
Computer and software	10% - 20%
Office equipment, signboard and closed circuit television (“CCTV”)	10% - 20%
Renovation	10%

Leasehold lands are amortised evenly over the remaining lease periods of 39 to 94 years. Buildings (including integrated public transportations terminal (“IPTT”)) are amortised evenly over the remaining useful lives of 14.47 to 50 years.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

h) Property, plant and equipment (Cont'd)

iii) Depreciation (Cont'd)

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

Fully depreciated property, plant and equipment 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 property, plant and equipment.

i) Capital Work-In-Progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

j) Goodwill

Goodwill is initially measured at cost, being excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. 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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

k) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first-in, first-out (FIFO), and includes expenditures incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Cost of petrol and diesoline comprise the original purchase price
- Cost of spare parts and groceries comprises the original purchase price plus cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

l) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand and fixed deposits with licensed banks that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdraft and pledged deposits, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Financial instruments

i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

Loans and receivables

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are recognised initially at fair value plus transaction costs and thereafter, at the higher of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and the amounts initially recognised less cumulative amortisation recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) Financial instruments (Cont'd)

v) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

n) Impairments

i) Financial Assets

All financial assets, other than investment in subsidiaries are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group'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 defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

n) Impairments (Cont'd)

i) Financial Assets (Cont'd)

Financial assets carried at amortised cost (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.

ii) Non-financial assets

The carrying amounts of non-financial assets (excepts for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating units is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Except for goodwill, assets that were previously impaired are reviewed for possible reversal of the impairment at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

An impairment loss recognised for goodwill is not reversed.

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal. Any subsequent increase in recoverable amount is recognised in profit or loss.

o) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

r) Contingencies

i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

s) Government grants

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

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

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

t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

t) Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Operation of public transportation	**30,381,211**	24,598,752	**-**	-
Dividend income	**-**	-	**8,984,275**	11,108,742
IPTT operations	**40,533,185**	37,013,894	**-**	-
Petrol station operations and the management of Automotive Diesel Oil ("ADO") incentive programme	**35,851,303**	28,567,379	**-**	-
	106,765,699	90,180,025	**8,984,275**	11,108,742

Included in income from bus operation of public transportation is government support fund received/receivable from Suruhanjaya Pengangkutan Awam Darat ("SPAD") to support the Group's bus operations amounting to RM11,709,221 (2016: RM5,543,498).

5. INVESTMENT REVENUE

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Interest income from:				
Fixed deposits	**399,584**	206,093	**130,658**	84,637
Other investments	**25,320**	1,061	**25,320**	1,061
	424,904	207,154	**155,978**	85,698

6. OTHER OPERATING INCOME/(EXPENSES) AND EMPLOYEE BENEFIT EXPENSES

Included in other operating income/(expenses) are the following:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Rental income	**934,872**	888,000	**-**	-
Subsidies received from the State Government	**40,000**	240,000	**-**	-
Interest received on current account	**21,614**	81,300	**2,466**	68,019
Rental of:				
- Bus terminal	**(180,000)**	(180,000)	**-**	-
- Crane and equipment	**(269,663)**	(124,014)	**-**	-
- Premises	**(79,654)**	(72,622)	**(48,000)**	(48,000)
- Vehicle	**-**	(200)	**-**	-
Auditors' remuneration:				
Statutory audit	**(122,000)**	(219,000)	**(50,000)**	(90,000)
Other services				
- Current year	**(5,000)**	(265,000)	**(5,000)**	(195,000)
- Prior year	**-**	14,000	**-**	5,600
Property, plant and equipment written off	**(5,625)**	(2)	**-**	-

Included in employee benefit expenses of the Group and of the Company are contributions made to EPF of RM231,740 (2016: RM189,299) and RM25,872 (2016: RM24,572) respectively.

7. DIRECTORS' REMUNERATION

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Salaries, allowances and bonuses	**789,300**	661,627	**169,200**	154,800
EPF contributions	**111,880**	81,766	**18,000**	5,600
Fees	**223,500**	57,000	**223,500**	57,000
	1,124,680	800,393	**410,700**	217,400

The estimated monetary value of benefits-in-kind received and receivable by the Directors other than in cash from the Group and from the Company amounted to RM27,300 (2016: RM56,550) and RM5,300 (2016: RM5,300) respectively.

8. FINANCE COSTS

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Bank charges, commitment fees and commission charges	**11,950**	11,568	**3,896**	348
Bank guarantee charges	**8,425**	87,224	**-**	-
Cash Line-i interest	**1,335,760**	1,384,943	**720,893**	633,878
Bank overdraft interest	**1,472**	12,434	**-**	-
Hire purchase interest	**5,940**	166,434	**-**	-
Al Bai' Bithaman Ajil Facilities interest	**4,727,864**	4,454,434	**-**	-
Muamalat Term Financing interest	**648,870**	577,328	**468,618**	417,790
Musharakah Financing interest	**-**	325,068	**-**	325,068
Commodity Murabahah Term Financing interest	**178,563**	19,228	**178,563**	19,228
Term loan interest	**200,170**	258,260	**-**	-
	7,119,014	7,296,921	**1,371,970**	1,396,312

9. TAX EXPENSES

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Recognised in profit or loss				
Income tax expenses comprise:				
- Current year	**(2,041,694)**	(1,926,562)	**(18,700)**	(36,276)
- Over/(under) provision in prior year	**75,298**	(2,607)	**9,623**	(45)
	(1,966,396)	(1,929,169)	**(9,077)**	(36,321)
Deferred tax (Note 14):				
Relating to origination and reversal of temporary differences:				
- Current year	**786,606**	(1,759,808)	**-**	-
- (Under)/overprovision in prior year	**(563,479)**	69,651	**-**	-
	223,127	(1,690,157)	**-**	-
Relating to crystallisation of deferred tax liability on revaluation surplus of properties:				
- Current year	**98,835**	76,294	**-**	-
- Overprovision in prior year	**177,408**	-	**-**	-
	499,370	(1,613,863)	**-**	-
	(1,467,026)	(3,543,032)	**(9,077)**	(36,321)

9. TAX EXPENSES (Cont'd)

The tax reconciliation from the tax amount at statutory income tax rate to the Group's and to the Company's tax expenses is as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Profit before tax	**30,482,198**	25,267,784	**6,203,569**	6,306,158
Tax at the Malaysian statutory income tax rate of 24%	**(7,316,000)**	(6,064,000)	**(1,489,000)**	(1,513,000)
Non-taxable income	**6,000**	-	**2,162,000**	2,666,000
Expenses not deductible for tax purposes	**(1,030,669)**	(1,683,466)	**(691,700)**	(1,189,276)
(Under)/overprovision of deferred tax expense in prior year	**(563,479)**	69,651	**-**	-
Under crystallisation deferred tax liability on revaluation surplus of properties in prior years	**177,408**	-	**-**	-
Over/(under)provision of income tax expense in prior year	**75,298**	(2,607)	**9,623**	(45)
Utilisation of current and brought forward investment allowances	**7,184,416**	4,137,390	**-**	-
Income tax expenses for the financial year	**(1,467,026)**	(3,543,032)	**(9,077)**	(36,321)

The Group has estimated unutilised investment allowances, unutilised business losses and unabsorbed capital allowances of approximately RM108,287,000 (2016: RM92,284,000).

10. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017	**2016**
Profit after tax attributable to the owners of the Company (RM)	**28,831,192**	21,566,627
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**1,142,948,000**	707,472,000
Effect of:		
Bonus issue	**114,294,800**	114,294,800
Captalisation from Musharakah Capital funding	**-**	88,192,998
Exercise of warrants	**23,647**	-
Public issue	**-**	59,068,493
	114,318,447	261,556,291
Weighted average number of ordinary shares at 31 December	**1,257,266,447**	969,028,291
Basic earnings per ordinary share (sen)	**2.29**	2.23

10. EARNINGS PER ORDINARY SHARE (Cont'd)

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2017	**2016**
Profit after tax attributable to the owners of the Company (RM)	**28,831,192**	21,566,627
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	**1,142,948,000**	707,472,000
Effect of:		
Bonus issue	**114,294,800**	114,294,800
Captalisation from Musharakah Capital funding	**-**	88,192,998
Exercise of warrants	**23,647**	-
Public issue	**-**	59,068,493
	114,318,447	261,556,291
Effect of dilution:		
Conversion/exercise of warrants	**86,325,446**	-
Weighted average number of ordinary shares at 31 December	**1,343,591,893**	969,028,291
Diluted earnings per ordinary share (sen)	**2.15**	2.23

11. PROPERTY, PLANT AND EQUIPMENT

	<--- At valuation	--->		<--- At Cost							--->	
	Leasehold Lands RM	Building RM	Integrated Public Transportation Terminal RM	Leasehold Lands* RM	Buildings* RM	Integrated Public Transportation Terminal* RM	Plant and Machinery and Skid Tanks	Commercial Vehicles RM	Motor Vehicles RM	Computer and software, Renovation, Office Equipment, Signboard and CCTV RM	Capital Work-in-Progress RM	Total RM
Group												
2017												
At 1 January	33,860,000	4,140,000	135,000,000	1,296,344	3,189,743	21,333,157	1,872,994	53,612,631	1,823,515	1,844,330	12,777,335	270,750,049
Additions	-	-	-	-	10,000,000	16,083,602	1,476,911	8,231,500	-	121,435	50,299,451	86,212,899
Written off	-	-	-	-	-	-	-	-	-	(8,737)	-	(8,737)
At 31 December	33,860,000	4,140,000	135,000,000	1,296,344	13,189,743	37,416,759	3,349,905	61,844,131	1,823,515	1,957,028	63,076,786	356,954,211
Accumulated Depreciation												
At 1 January	852,054	313,982	5,666,316	1,092	97,528	358,801	812,771	11,901,356	1,769,323	509,605	-	22,282,828
Charge for the financial year	422,165	153,758	2,833,158	13,077	69,216	530,864	179,250	4,873,394	40,983	197,726	-	9,313,591
Written off	-	-	-	-	-	-	-	-	-	(3,112)	-	(3,112)
At 31 December	1,274,219	467,740	8,499,474	14,169	166,744	889,665	992,021	16,774,750	1,810,306	704,219	-	31,593,307
Net Carrying Amount												
At 31 December	32,585,781	3,672,260	126,500,526	1,282,175	13,022,999	36,527,094	2,357,884	45,069,381	13,209	1,252,809	63,076,786	325,360,904

^ *As at 31 December 2017, the title of a building of the Group with a net carrying amount of RM9,994,578 (2016: RM Nil) is in the process of being registered in the name of its subsidiary.*

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At valuation			At Cost								
	Leasehold Lands RM	Building RM	Integrated Public Transportation Terminal RM	Leasehold Lands* RM	Buildings* RM	Integrated Public Transportation Terminal* RM	Plant and Machinery and Skid Tanks	Commercial Vehicles RM	Motor Vehicles RM	Computer and software, Renovation, Office Equipment, Signboard and CCTV RM	Capital Work-in-Progress RM	Total RM
Group												
2016												
At 1 January	33,860,000	4,140,000	135,000,000	-	3,189,743	6,297,089	1,498,983	41,856,435	1,803,524	1,415,905	11,443,500	240,505,179
Additions	-	-	-	1,296,344	-	13,236,068	374,011	11,862,000	19,991	428,425	3,133,835	30,350,674
Written off	-	-	-	-	-	-	-	(105,804)	-	-	-	(105,804)
Reclassification	-	-	-	-	-	1,800,000	-	-	-	-	(1,800,000)	-
At 31 December	33,860,000	4,140,000	135,000,000	1,296,344	3,189,743	21,333,157	1,872,994	53,612,631	1,823,515	1,844,330	12,777,335	270,750,049
Accumulated Depreciation												
At 1 January	429,888	160,225	2,833,158	-	33,733	81,913	615,964	8,388,518	1,636,579	332,439	-	14,512,417
Charge for the financial year	422,166	153,757	2,833,158	1,092	63,795	276,888	196,807	3,618,640	132,744	177,166	-	7,876,213
Written off	-	-	-	-	-	-	-	(105,802)	-	-	-	(105,802)
At 31 December	852,054	313,982	5,666,316	1,092	97,528	358,801	812,771	11,901,356	1,769,323	509,605	-	22,282,828
Net Carrying Amount												
At 31 December	33,007,946	3,826,018	129,333,684	1,295,252	3,092,215	20,974,356	1,060,223	41,711,275	54,192	1,334,725	12,777,335	248,467,221

* *Initial recognition is at cost and will be subsequently measured at revaluation when it is due for revaluation.*

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Motor Vehicle RM	Renovation, Office Equipment, and CCTV RM	Total RM
Company			
2017			
Cost			
At 1 January	**166,970**	**345,189**	**512,159**
Additions	**-**	**1,887**	**1,887**
At 31 December	**166,970**	**347,076**	**514,046**
Accumulated Depreciation			
At 1 January	**166,969**	**49,462**	**216,431**
Charge for the financial year	**-**	**34,592**	**34,592**
At 31 December	**166,969**	**84,054**	**251,023**
Net Carrying Amount			
At 31 December	**1**	**263,022**	**263,023**
Company			
2016			
Cost			
At 1 January/31 December	166,970	345,189	512,159
Accumulated depreciation			
At 1 January	166,969	14,943	181,912
Charge for the financial year	-	34,519	34,519
At 31 December	166,969	49,462	216,431
Net Carrying Amount			
At 31 December	1	295,727	295,728

Assets held under finance leases

The carrying amount of motor vehicles of the Group acquired under hire-purchase arrangements are RM3 (2016: RM3).

Assets pledged as security

As at 31 December 2017, leasehold land, integrated public transportation terminal, and building of the Group with net carrying amount of RM213,590,835 (2016: RM190,234,219) are pledged to financial institution for term loan facilities granted to the Group as disclosed in Note 22.

11. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Assets held in trust

The Group owned commercial vehicles with carrying amount of RM12,089,697 (2016: RM13,472,450) are registered under the names of other permit holders who hold the commercial vehicles in trust on behalf of the Group. The Group has been granted the rights to use the Operators' Licenses held by other permit holders to operate certain bus routes.

The Group's motor vehicle with a net carrying amount of RM1 (2016: RM1) is held in trust by a former Director of a subsidiary.

Capitalisation of borrowing costs

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM 662,073 (2016: RM Nil).

Revaluation of land and integrated public transportation terminal

Leasehold lands, buildings and integrated public transportation terminal were revalued on 31 December 2014 and 16 December 2014 respectively. Their fair values were arrived at by reference to market evidence of transaction prices for similar properties and were performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

The fair values of the lands, buildings and integrated public transportation terminal were determined based on comparison of similar properties in the same location and/or cost or contractor's method where there is a building erected upon it by estimating the cost of constructing a new similar building and deducting therefrom all the depreciation due to physical, design and economic obsolescence.

The fair values of the lands, buildings and integrated public transportation terminal are categorised at Level 2 and Level 3 respectively of the fair value hierarchy and were estimated using observable inputs for the properties.

If the land and integrated public transportation terminal currently carried at valuation were measured using the cost model, the carrying amounts would have been as follows:

	Group	
	2017 RM	**2016 RM**
Leasehold land:		
At cost	**8,892,842**	8,892,842
Less: Accumulated depreciation	**(813,165)**	(679,672)
	8,079,677	8,213,170
Buildings:		
At cost	**2,904,836**	2,904,836
Less: Accumulated depreciation	**(570,692)**	(480,970)
	2,334,144	2,423,866
Integrated public transportation terminal:		
At cost	**137,904,055**	137,904,055
Less: Accumulated depreciation	**(13,897,349)**	(11,139,268)
	124,006,706	126,764,787

12. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
At cost:		
Unquoted shares	**65,772,347**	65,772,347

Name of Company	Country of Incorporation	Effective equity interest 2017 %	Effective equity interest 2016 %	Principal activities
CKS Labur Sdn. Bhd. ("CKSL")	Malaysia	**100**	100	Petrol Station operator
Ipoh Link Sdn. Bhd. ("ILSB")	Malaysia	**100**	100	Providing management services for bus operation
Syarikat Sumber Manusia Sdn. Bhd. ("SSM")	Malaysia	**100**	100	Providing human resource management services
Terminal Urus Sdn. Bhd. ("TUSB")	Malaysia	**100**	100	Bus terminal management
The Combined Bus Services Sdn. Bhd. ("TCBS")	Malaysia	**99.90**	99.90	Operators of bus terminal, petrol station and public transportation and a service provider for distributing petroleum products
Star Kensington Sdn. Bhd. ("SKSB")	Malaysia	**95.71**	95.71	Petrol Station operator
CKS Bumi Sdn. Bhd. ("CKSB")	Malaysia	**69.99**	69.99	Bus operator, operator of petrol station and providing management services

The non-controlling interest ("NCI") at the end of the reporting period comprise the following:

2017	TCBS	SKSB	CKSB	Total
NCI percentage of ownership and voting interest	**0.10%**	**4.29%**	**30.01%**	
Carrying amount of NCI (RM)	**153,736**	**86,405**	**685,827**	**925,968**
Profit allocated to NCI (RM)	**30,813**	**8,606**	**144,561**	**183,980**

2016	TCBS	SKSB	CKSB	Total
NCI percentage of ownership and voting interest	0.10%	4.29%	30.01%	
Carrying amount of NCI (RM)	123,722	77,799	541,266	742,787
Profit allocated to NCI (RM)	25,737	4,720	127,668	158,125

12. INVESTMENT IN SUBSIDIARIES (Cont'd)

Summarised financial information before intra-group elimination

	TCBS RM	SKSB RM	CKSB RM
At 31 December 2017			
Non-current assets	**310,234,664**	**2,292,754**	**9,411,142**
Current assets	**65,776,683**	**1,510,584**	**2,545,984**
Non-current liabilities	**(127,443,856)**	**(777,766)**	**(2,065,412)**
Current liabilities	**(100,617,375)**	**(952,615)**	**(7,547,704)**
Net assets	**147,950,116**	**2,072,957**	**2,344,010**
For the financial year ended 31 December 2017			
Revenue	**71,318,060**	**7,885,928**	**17,821,446**
Profit for the year	**30,812,575**	**200,605**	**481,868**
Total comprehensive income	**30,812,575**	**200,605**	**481,868**
Cash flows from:			
Operating activities	**40,483,718**	**358,896**	**962,013**
Investing activities	**(74,716,930)**	**12,901**	**36,126**
Financing activities	**33,011,132**	**(348,571)**	**(621,338)**
At 31 December 2016			
Non-current assets	234,285,994	2,432,334	9,613,241
Current assets	69,957,801	910,968	1,948,013
Non-current liabilities	(85,740,348)	(807,722)	(2,673,226)
Current liabilities	(90,766,401)	(663,228)	(7,025,886)
Net assets	127,737,046	1,872,352	1,862,142
For the financial year ended 31 December 2016			
Revenue	61,897,766	7,072,893	11,924,539
Profit for the year	25,736,616	110,017	425,557
Total comprehensive income	25,736,616	110,017	425,557
Cash flows from:			
Operating activities	24,967,191	301,805	855,472
Investing activities	(53,724,039)	(26,137)	16,382
Financing activities	32,841,008	(236,018)	(2,364,843)

13. GOODWILL ON CONSOLIDATION

	Group	
	2017	**2016**
	RM	**RM**
At cost		
1 January/31 December	**1,622,631**	1,622,631

Goodwill acquired in a business combination is allocated, at acquisition date, to the cash-generating units ("CGUs") that are expected to benefit from the business combinations. The Group considers each subsidiary acquired as a single CGU and the carrying amounts of goodwill were allocated to the respective subsidiaries.

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

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

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

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

i) Pre-tax discount rates of 10.83% (2016: 7.85%);
ii) There will be no material changes in the structure and principal activities of the subsidiaries;
iii) Subsidiaries currently operating petrol stations will continue to operate under respective agreements entered with fuel producers for the duration of the forecast;
iv) Projected growth rate of 5% (2016: 5%) per annum;
v) There will not be any significant changes in the prices and supply of raw materials, wages and other related costs, resulting from industrial dispute, adverse changes in economic conditions or other abnormal factors, which will adversely affect the operations of the Group; and
vi) Receivables and payables turnover period is estimated to be consistent with the current financial year.

During the financial year, the Group performed goodwill impairment testing and no impairment loss is required to be recognised.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 January	**4,266,337**	5,880,200	**(5,500)**	(5,500)
Recognised in profit or loss	**499,370**	(1,613,863)	**-**	-
Transferred from revaluation reserve	**(1,981,504)**	-	**-**	-
At 31 December	**2,784,203**	4,266,337	**(5,500)**	(5,500)

The recognised deferred tax assets/(liabilities) before offsetting are as follows:-

	Unutilised investment allowances RM	Unutilised tax losses and unabsorbed tax capital allowances RM	Property, plant and equipment RM	Revaluation surplus on property RM	Total RM
Group					
Deferred tax assets/ (liabilities)					
At 1 January 2017	**22,148,226**	**4,690**	**(13,418,894)**	**(4,467,685)**	**4,266,337**
Recognised in profit or loss	**3,830,731**	**5,276**	**(3,091,430)**	**(245,207)**	**499,370**
Transfer from revaluation reserve	**-**	**-**	**-**	**(1,981,504)**	**(1,981,504)**
At 31 December 2017	**25,978,957**	**9,966**	**(16,510,324)**	**(6,694,396)**	**2,784,203**
At 1 January 2016	21,199,658	-	(10,775,479)	(4,543,979)	5,880,200
Recognised in profit or loss	948,568	4,690	(2,643,415)	76,294	(1,613,863)
At 31 December 2016	22,148,226	4,690	(13,418,894)	(4,467,685)	4,266,337

The deferred tax liability of the Company is in respect of tax effect of temporary differences arising from property, plant and equipment.

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The Group has recognised the deferred tax assets based on the current level of operations of certain subsidiaries and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

15. INVENTORIES

	Group 2017 RM	Group 2016 RM
At cost:		
Spare parts	**190,437**	197,886
Trading goods:		
Petrol and diesel fuel	**634,981**	493,654
Groceries	**234,360**	203,373
	1,059,778	894,913

16. TRADE AND OTHER RECEIVABLES

	Group 2017 RM	Group 2016 RM
Trade receivables	**20,455,206**	19,290,499
Other receivables	**3,744,104**	4,402,206
	24,199,310	23,692,705

Trade receivables of the Group comprised amounts receivables for the sales of goods and services rendered. Other receivables comprised mainly advance payment of professional fee for the construction of an integrated public transportation terminal, GST receivables and rental of space receivables. Credit period granted for rental of space was 90 days (2016: 90 days)

The trade transaction of the Group are on cash terms or credit period which ranged from 30 to 180 days (2016: 60 to 120 days).

17. OTHER ASSETS

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Deposits paid for:				
Construction of integrated public transportation terminal	**22,324,704**	25,762,519	**-**	-
Purchase of commercial vehicles	**-**	1,626,900	**-**	-
Dividend receivable	**-**	-	**375,000**	-
Refundable deposits	**1,883,894**	565,093	**11,500**	11,500
Prepayments	**1,398,701**	1,748,165	**13,052**	112,481
	25,607,299	29,702,677	**399,552**	123,981

18. AMOUNTS DUE FROM SUBSIDIARIES

These amounts are non-trade in nature, unsecured, interest-free advances and are collectible on demand.

19. FIXED DEPOSITS WITH LICENSED BANKS

Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the financial year was an amount of RM12,540,685 and RM4,215,295 (2016: RM6,091,677 and RM4,084,637) respectively, which has been pledged to licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 22.

19. FIXED DEPOSITS WITH LICENSED BANKS (Cont'd)

The short-term deposit of the Group has a maturity period of 1 day (2016: 1 day). The effective interest rate of the short-term deposit was at 1.88% (2016: 1.88%) per annum.

The fixed deposits of the Group and of the Company have maturity periods ranging from 30 days to 450 days (2016: 30 days to 450 days) and 60 days to 365 days (2016: 60 days to 365 days) respectively. The effective interest rates of fixed deposits of the Group and of the Company ranged from 2.95% to 4.00% (2016: 2.95% to 3.70%) and 3.10% to 3.15% (2016: 3.10% to 3.45%) per annum respectively.

20. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2017 Unit	2016 Unit	2017 RM	2016 RM
Ordinary shares Authorised:				
At 1 January	**5,000,000,000**	5,000,000,000	**500,000,000**	500,000,000
Abolishment of authorised share capital	**(5,000,000,000)**	-	**(500,000,000)**	-
At 31 December	**-**	5,000,000,000	**-**	500,000,000
Issued and fully paid:				
At 1 January	**1,142,948,000**	707,472,000	**114,294,800**	70,747,200
Capitalisation of Musharakah Capital Funding	**-**	190,476,000	**-**	19,047,600
Issued during the financial year	**-**	245,000,000	**-**	24,500,000
Bonus issue	**114,294,800**	-	**-**	-
Exercise of warrants	**156,500**	-	**36,778**	-
Transfer from share premium (Note 21(a))	**-**	-	**13,202,400**	-
At 31 December	**1,257,399,300**	1,142,948,000	**127,533,978**	114,294,800

a) "No Par Value" Regime

The Group's and the Company's authorised share capital comprises 5,000,000,000 ordinary shares with a par value of RM0.10 each. The new Companies Act, 2016 ("Act"), which came into operation on 31 January 2017, introduces the "no par value" regime. Accordingly, the concepts of "authorised share capital" and "par value" have been abolished.

In accordance with the transitional provision of the Act, the amount standing to the credit of the Group's and of the Company's share premium has become part of the Group's and of the Company's share capital. These changes do not have an impact on the number of shares in issue or the related entitlement of any of the shareholders. However, the Group and the Company have a period of 24 months from the effective date of the Act to use existing balances credited in the share premium in a manner as specified by the Act.

20. SHARE CAPITAL (Cont'd)

b) Ordinary Shares

In prior financial year, as approved by the shareholders and in conjunction with listing and quotation of the entire enlarged issued and paid-up share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad, the issued and paid-up share capital of the Company was increased from RM70,747,200 consisting of 707,472,000 ordinary shares of RM0.10 each to RM114,294,800 consisting of 1,142,948,000 ordinary shares of RM0.10 each by way of:

i) capitalisation of Musharakah Capital Funding totalling RM20,000,000 into 190,476,000 ordinary shares of RM0.10 each at the conversion rate of RM0.105 per ordinary share pursuant to the Investment Agreement through a Members' Resolution dated 15 July 2016;

ii) public issue of 58,000,000 ordinary shares of RM0.10 each at an issue price of RM0.15 per ordinary share to Malaysian Public through a Members' Resolution dated 20 September 2016; and

iii) private placement of 187,000,000 ordinary shares of RM0.10 each at an issue price of RM0.15 per ordinary share to selected investors though a Members' Resolution dated 20 September 2016.

The resulting premium arising from the shares capitalised from (i) above of RM952,400 and shares issued from (ii) and (iii) above of RM12,250,000 have been credited to the share premium account as disclosed in Note 21.

During the financial year, as approved by the shareholders, the paid-up share capital of the Company was increased from 1,142,948,000 shares to 1,257,399,300 shares by way of:

i) Bonus issue of 114,294,800 ordinary shares on the basis of 1 bonus share for every 10 existing ordinary shares held on 14 September 2017 through Members' Resolution dated 24 August 2017; and

ii) 156,500 ordinary shares pursuant to the exercise of Warrants 19/09/2020 at an exercise price of RM0.235 per ordinary share for cash.

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

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Group's and the Company's residual assets.

c) Detachable Warrants

On 28 September 2017, the Company completed the listing of bonus issue of 571,474,000 free warrants on the basis of one (1) free warrant for every two (2) existing ordinary shares held in the Company on 14 September 2017.

All the warrants issued are constituted under a Deed Poll executed by the Company.

The movement in this warrant is as follows:

	Group and Company	
	2017 Units	**2016 Units**
At 1 January	**-**	-
Addition	**571,474,000**	-
Exercised	**(156,500)**	-
At 31 December	**571,317,500**	-

The salient features of the warrants are as follows:

i) Each warrant entitles the registered holder, at any time during the exercise period to subscribe for one (1) ordinary share at an exercise price of RM0.235 each, subject to adjustments in accordance with the provisions of the Deed Poll;

ii) The warrants may be exercisable at any time within a period of three (3) years commencing from and including the date of issuance of the warrants and ending at 5pm on the expiry date. The expiry date is a day falling immediately before the 3rd anniversary of the date of issuance of the warrant and if such date is not a market day, then on the preceding market day; and

20. SHARE CAPITAL (Cont'd)

c) Detachable Warrants (Cont'd)

iii) The warrant holders are not entitled to any voting rights or to participate in any form of distribution and/or offer of securities in the Company other than on winding-up, compromise or arrangement of the Company until and unless such warrant holders exercise their warrant into new ordinary shares of the Company.

21. RESERVES

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Non-distributable reserve:					
Share premium	(a)	**-**	13,202,400	**-**	13,202,400
Property revaluation reserve	(b)	**10,938,152**	12,927,582	**-**	-
		10,938,152	26,129,982	**-**	13,202,400

a) Share premium

	Group and Company	
	2017 RM	2016 RM
At beginning of year	**13,202,400**	-
Capitalisation of Musharakah Capital Funding	**-**	952,400
Issue of shares	**-**	12,250,000
Transfer to share capital (Note 20 (a))	**(13,202,400)**	-
At end of year	**-**	13,202,400

This reserve comprises the premium paid on subscription of shares in the Company over and above the par values of the shares.

b) Property revaluation reserve

The revaluation reserve represents increases in fair value of property, plant and equipment, net of tax.

22. BORROWINGS

		Group		Company	
	Note	2017 RM	2016 RM	2017 RM	2016 RM
Secured:					
Cash Line-i	(a)	**33,688,463**	22,184,520	**12,694,014**	12,811,320
Bank overdraft		**60,547**	-	**-**	-
Hire purchase payables	(b)	**87,026**	175,432	**-**	-
Al Bai' Bithaman Ajil ("BBA")	(c)	**115,955,028**	81,425,091	**-**	-
Muamalat Term Financing ("MTF")	(d)	**7,193,147**	10,882,684	**5,283,769**	8,483,957
Term loans	(e)	**3,068,942**	3,275,771	**-**	-
Commodity Murabahah Term Financing ("CMTF")	(f)	**2,232,443**	2,500,000	**2,232,443**	2,500,000
Term Financing-i	(g)	**7,500,000**	-	**-**	-
		169,785,596	120,443,498	**20,210,226**	23,795,277

22. BORROWINGS (Cont'd)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Current liability					
- within one year		**43,142,830**	31,125,362	**16,410,065**	16,227,663
Non-current liability					
- one to two years		**10,302,890**	9,542,256	**2,210,732**	3,767,625
- two to five years		**41,310,107**	19,801,134	**1,166,997**	2,958,701
- more than five years		**75,029,769**	59,974,746	**422,432**	841,288
		126,642,766	89,318,136	**3,800,161**	7,567,614
		169,785,596	120,443,498	**20,210,226**	23,795,277

a) Cash Line-i

Included in the Cash Line-i of the Group is an amount of RM9,994,544 (2016: RM Nil) is for the purpose of part finance the development of Kampar Integrated Transportation Terminal Complex as disclosed in Note 11 and thereafter as normal working capital upon full collection of RM10,000,000 cash deposits.

b) Hire purchase payables

	Group 2017 RM	Group 2016 RM
Minimum hire purchase payments:		
Repayable within one year	**86,740**	94,452
Repayable between one year and two years	**2,228**	86,634
Repayable between two and five years	**-**	2,228
	88,968	183,314
Less: Future finance charges	**(1,942)**	(7,882)
Present value of hire purchase payables	**87,026**	175,432
Present value of hire purchase payables:		
Current liability:		
Repayable within one year	**84,806**	88,512
Non-current liability:		
Repayable between one and two years	**2,220**	84,700
Repayable between two and five years	**-**	2,220
	2,220	86,920
	87,026	175,432

22. BORROWINGS (Cont'd)

c) BBA

	Group	
	2017	**2016**
	RM	**RM**
Repayable within one year (current)	**4,457,916**	4,695,989
Repayable between one and two years	**6,875,575**	4,893,145
Repayable between two and five years	**37,260,476**	14,581,756
Repayable more than five years	**67,361,061**	57,254,201
Repayable after one year (non-current)	**111,497,112**	76,729,102
	115,955,028	81,425,091

d) MTF

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM	**RM**	**RM**	**RM**
Repayable within one year (current)	**3,939,319**	3,638,157	**3,406,717**	3,148,808
Repayable between one and two years	**2,456,731**	3,990,895	**1,877,052**	3,458,293
Repayable between two and five years	**797,097**	3,253,632	**-**	1,876,856
Repayable after one year (non-current)	**3,253,828**	7,244,527	**1,877,052**	5,335,149
	7,193,147	10,882,684	**5,283,769**	8,483,957

e) Term loans

	Group	
	2017	**2016**
	RM	**RM**
Repayable within one year (current)	**264,569**	250,649
Repayable between one and two years	**278,636**	264,184
Repayable between two and five years	**928,343**	881,681
Repayable more than five years	**1,597,394**	1,879,257
Repayable after one year (non-current)	**2,804,373**	3,025,122
	3,068,942	3,275,771

f) CMTF

	Group	
	2017	**2016**
	RM	**RM**
Repayable within one year (current)	**309,334**	267,535
Repayable between one and two years	**333,680**	309,332
Repayable between two and five years	**1,166,997**	1,081,845
Repayable more than five years	**422,432**	841,288
Repayable after one year (non-current)	**1,923,109**	2,232,465
	2,232,443	2,500,000

22. BORROWINGS (Cont'd)

g) Term Financing-i

	Group 2017 RM	Group 2016 RM
Repayable within one year (current)	**337,876**	-
Repayable between one and two years	**356,048**	-
Repayable between two and five years	**1,157,194**	-
Repayable more than five years	**5,648,882**	-
Repayable after one year (non-current)	**7,162,124**	-
	7,500,000	-

The Group's borrowings are secured by the following:

i) First legal charge over leasehold properties and integrated public transportation terminal of the subsidiaries as disclosed in Note 11;

ii) Upfront cash deposit in the form of Term Deposit-I (Tawarruq) (TDT-i) of RM5,000,000 on lien' to the bank with all profit generated from the account to be capitalised and form part of the security;

iii) Monthly sinking fund of RM100,000 in the form of TDT-i 'on lien' to the bank until it reaches RM5,000,000. The profit generated from the account to be capitalised and form part of the security;

iv) Pledge of fixed deposits as mentioned in Note 19, on lien against fixed deposits of RM14,263,212 inclusive capitalised interests of a Director of the subsidiary and fixed deposits of RM100,000 of certain Directors of the subsidiary;

v) Pledge of fixed deposit of the subsidiary inclusive of capitalised interest as disclosed in Note 19 and a fixed deposit of RM500,000 of a Director of the Company and a Director of the subsidiary;

vi) Debenture covering fixed and floating assets of the subsidiary;

vii) Open assignment over rental proceeds to be derived from the existing and future integrated public transportation terminals;

viii) Open assignment over proceeds to be derived under Stage Bus Services Transformation ("SBST") Scheme;

ix) Corporate guarantee by the Company and a related party;

x) Guaranteed jointly and severally by certain Directors of the Company and subsidiaries;

xi) First legal charged over the Company's building known as "SOHO IPOH" as disclosed in Note 11;

xii) Open assignment over future rental proceeds to be derived from SOHO IPOH;

xiii) Upfront placement of first party Fixed Term Account-I ("FTA-I") of RM2,000,000.

xiv) Upfront placement of first or third-party Commodity Murabahah Deposit-I (CMD-i) of RM2,000,000 pledged under lien to Bank via Memorandum of Deposit and Letter of Set-off with profit on the deposit to be capitalised; and

xv) Fresh joint and several guarantee for RM6,000,000 by the Director of the Company

The Company's borrowings are secured by:

i) Fresh joint and several guarantee for RM6,000,000 by the Directors of the Company;
ii) Guaranteed jointly and severally by the Director of the Company;
iii) Upfront placement of first or third-party Commodity Murabahah Deposit-I (CMD-i) of RM2,000,000 pledged under lien to Bank via Memorandum of Deposit and Letter of Set-off with profit on the deposit to be capitalised;
iv) Upfront placement of first party Fixed Term Account-I ("FTA-I") of RM2,000,000.

22. BORROWINGS (Cont'd)

g) Term Financing-i (Cont'd)

The effective profit/interest rates per annum of the borrowings are as follows:

	Group		Company	
	2017 %	**2016 %**	**2017 %**	**2016 %**
Cash Line-i	**7.35 - 8.75**	7.35 - 8.75	**7.85 - 8.00**	7.85 - 8.00
Bank overdraft	**4.50**	4.50	**-**	-
Hire purchase payables	**4.65 - 5.12**	4.47 - 8.29	**-**	-
BBA	**5.31 - 5.60**	5.19 - 5.65	**-**	-
MTF	**6.85 - 8.50**	6.85 - 8.50	**6.85**	6.85
Term loans	**3.13 - 7.41**	3.27 - 7.63	**-**	-
CMTF	**7.60**	7.60	**7.60**	7.60
Term Financing-i	**5.25**	-	**-**	-

23. DEFERRED CAPITAL GRANT

Deferred capital grant is in respect of a government grant provided to a subsidiary of the Group for the construction of the integrated public transportation terminal. The grant is recognised in profit or loss on a systematic basis over the useful life of the integrated public transportation terminal, which is 50 years.

	Group	
	2017 RM	**2016 RM**
At 1 January	**9,181,600**	9,381,200
Less: Amortised/recognised during the year	**(199,600)**	(199,600)
At 31 December	**8,982,000**	9,181,600
Analysed as:		
Deferred capital grant	**8,982,000**	9,181,600
Less: Amount due within one year (shown under currrent liabilities)	**(199,600)**	(199,600)
Non-current portion	**8,782,400**	8,982,000

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Trade payables	**961,948**	535,619	**-**	-
Other payables	**1,216,404**	2,250,211	**41,877**	64,536
	2,178,352	2,785,830	**41,877**	64,536

Trade and other payables of the Group and of the Company comprised amount outstanding for trade purchases and ongoing costs. The term granted to the Group for trade purchases were cash terms or credit period ranged from 30 to 90 days (2016: 30 to 90 days). These amounts are non-interest bearing. The Group and the Company have financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms

The amounts owing to other payables of the Group and of the Company comprised mainly of GST payables and advance payment received on rental of promotional spaces.

The amount owing to other payables are unsecured, interest-free and are payable upon demand.

25. OTHER LIABILITIES

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Refundable deposits	**4,571,417**	4,677,477	**-**	-
Accruals	**835,301**	2,787,765	**100,655**	1,948,233
	5,406,718	7,465,242	**100,655**	1,948,233

Deposits received of the Group comprised mainly refundable deposits received from certain trade receivables of the Group as security deposits for trade transactions.

26. DIVIDENDS

	Per ordinary share Sen	Total amount RM	Date of payment
First interim single tier dividend for the financial year ended 31 December 2016	0.33	2,299,284	15 March 2016
Second interim single tier dividend for the financial year ended 31 December 2016	0.15	1,714,422	24 January 2017
		4,013,706	
First interim single tier dividend for the financial year ended 31 December 2017	**0.20**	**2,285,896**	19 May 2017
Second interim single tier dividend for the financial year ended 31 December 2017	**0.25**	**2,857,370**	15 September 2017
Third interim single tier dividend for the financial year ended 31 December 2017	**0.25**	**3,143,497**	13 December 2017
		8,286,763	

A first single tier interim dividend in respect of the financial year ending 31 December 2018 of RM0.0025 per share amounting to RM3,143,497 was declared on 5 January 2018 and paid on 9 February 2018.

27. RELATED PARTIES DISCLOSURES

a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, key management personnel and person related to the Directors of the Company. The related party balances are shown in Note 18. The related party transactions of the Group and of the Company are shown below.

27. RELATED PARTIES DISCLOSURES (Cont'd)

b) Related party transactions

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Transactions with subsidiaries:				
Dividends received/ receivable	**-**	-	**8,984,275**	11,108,742
Transactions with related parties:				
Rental of premises paid/payable	**(48,000)**	(48,000)	**(48,000)**	(48,000)

c) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Company and its subsidiaries, and certain members of senior management of the Group and of the Company.

The remuneration of the Directors of the Group and the Company are disclosed in Note 7.

The remuneration of other members of key management personnel of the Group and of the Company during the financial year are as follows:

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Salaries, allowances and bonuses	**261,727**	250,721	**109,000**	99,000
EPF contributions	**29,953**	28,437	**13,200**	11,900
	291,680	279,158	**122,200**	110,900

28. CAPITAL COMMITMENTS

As at 31 December 2017, the Group has the following commitments in respect of property, plant and equipment as follows:

	Group 2017 RM	Group 2016 RM
Approved and contracted for	**58,593,365**	94,585,743

29. CONTINGENT LIABILITIES

	Group 2017 RM	Group 2016 RM
Secured		
Corporate guarantee given to subsidiaries for banking facilities granted	**142,405,924**	90,756,941

30. SEGMENT INFOMATION

a) Reporting format

Segment information is presented in respect of the Group's business segments. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

For management purposes, the Group is organised into the following four (4) operating segments:

i)	Operation of integrated public transportation terminal	-	Operator of integrated public transportation terminal.
ii)	Operation of public transportation	-	Operator of public transportation.
iii)	Operation of petrol station	-	Operator of petrol station.
iv)	Others	-	Investment holding or having principal activities unrelated to operators of integrated public transportation terminal, public transportation and petrol station.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3 (q). Segment results represent profit or loss before finance costs and tax of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax assets.

Segment liabilities

Segment liabilities are measured based on all liabilities of the segment, excluding deferred tax liabilities and tax liabilities.

b) Allocation basis and transfers

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

c) Geographical information

All of the segments are operated within Malaysia.

d) Major customer information

Revenue from external customers contributing more than 10% of the total revenue are as follows:

			Group	
			2017	**2016**
			RM	**RM**
Customer A	-	Operation of integrated public transportation terminal	**18,456,930**	13,913,701
Customer B	-	Operation of integrated public transportation terminal	**11,677,359**	11,163,679
Customer C	-	Operation of public transportation	**11,709,221**	-
			41,843,510	25,077,380

30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below:

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2017							
Revenue							
External revenue	40,533,185	30,381,211	35,851,303	-	106,765,699	-	106,765,699
Inter-segment revenue	-	1,050,000	266,978	8,984,275	10,301,253	(10,301,253)	-
Total revenue	40,533,185	31,431,211	36,118,281	8,984,275	117,066,952	(10,301,253)	106,765,699
Results							
Segment result	32,726,780	4,498,078	1,497,016	7,417,095	46,138,969	(8,984,275)	37,154,694
Investment revenue	192,165	21,079	55,682	155,978	424,904	-	424,904
Interest income	8,753	9,553	842	2,466	21,614	-	21,614
Finance costs	(3,380,010)	(2,015,191)	(351,843)	(1,371,970)	(7,119,014)	-	(7,119,014)
Profit before tax	29,547,688	2,513,519	1,201,697	6,203,569	39,466,473	(8,984,275)	30,482,198
Tax expense							(1,467,026)
Profit for the year							29,015,172
Other information							
Capital expenditure:							
Property, plant and equipment	77,817,498	8,383,533	9,981	1,887	86,212,899	-	86,212,899
Depreciation of property, plant and equipment	3,701,488	5,178,747	398,764	34,592	9,313,591	-	9,313,591
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2017							
Assets and liabilities							
Segment assets	310,675,343	66,558,709	17,195,275	147,823,376	542,252,703	(140,514,650)	401,738,053
Current tax assets	56,326	139,705	(1,669)	121,311	315,673	-	315,673
Unallocated corporate assets							6,012,582
Total assets							408,066,308
Segment liabilities	115,756,757	36,595,834	15,174,414	20,352,758	187,879,763	(1,534,000)	186,345,763
Current and deferred tax liabilities	174,611	193,393	1,078,521	5,500	1,452,025	-	1,452,025
Unallocated corporate liabilities							6,903
Total liabilities							187,804,691

30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2016							
Revenue							
External revenue	37,013,894	24,598,752	28,567,379	-	90,180,025	-	90,180,025
Inter-segment revenue	-	1,050,000	225,647	11,108,742	12,384,389	(12,384,389)	-
Total revenue	37,013,894	25,648,752	28,793,026	11,108,742	102,564,414	(12,384,389)	90,180,025
Results							
Segment result	29,109,853	5,498,804	1,227,583	7,548,753	43,384,993	(11,108,742)	32,276,251
Investment revenue	50,851	13,820	56,785	85,698	207,154	-	207,154
Interest income	4,195	8,114	972	68,019	81,300	-	81,300
Finance costs	(3,682,224)	(1,803,441)	(414,944)	(1,396,312)	(7,296,921)	-	(7,296,921)
Profit before tax	25,482,675	3,717,297	870,396	6,306,158	36,376,526	(11,108,742)	25,267,784
Tax expense							(3,543,032)
Profit for the year							21,724,752
Other information							
Capital expenditure:							
Property, plant and equipment	17,669,313	12,610,196	71,165	-	30,350,674	-	30,350,674
Depreciation of property, plant and equipment	3,416,371	3,892,777	532,546	34,519	7,876,213	-	7,876,213
Amortisation of deferred capital grant	199,600	-	-	-	199,600	-	199,600

30. SEGMENT INFORMATION (Cont'd)

Information regarding the Group's reportable segments is presented below: (Cont'd)

	Operation of integrated public transportation terminal RM	Operation of public transportation RM	Operation of petrol station RM	Others RM	Total RM	Elimination RM	Consolidated RM
2016							
Assets and liabilities							
Segment assets	236,723,633	68,225,916	16,214,915	155,391,744	476,556,208	(140,082,347)	336,473,861
Current tax assets	29,817	4,688	17,375	63,724	115,604	-	115,604
Unallocated corporate assets							6,737,136
Total assets							343,326,601
Segment liabilities	67,897,055	32,405,074	15,440,753	25,808,046	141,550,928	(1,679,000)	139,871,928
Current deferred tax liabilities	621,659	194,279	1,142,334	5,500	1,963,772	-	1,963,772
Unallocated corporate liabilities							4,242
Total liabilities							141,839,942

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group's and the Company's financial assets and financial liabilities are all categorised as loans and receivables and other financial liabilities at amortised cost respectively.

Financial Risk Management Objectives and Policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its financial risks, including credit risk, interest risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

i) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables (which consist of trade receivables, other receivables, deposits and amount due from subsidiaries). For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms 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.

Receivables

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group and the Company establish an allowance for impairment that represents its estimate of incurred losses in respect of receivables (which consist of trade receivables and other receivables). The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Credit risk concentration profile

As at 31 December 2017, the Group has significant concentration of credit risk arising from the amounts owing from 4 customers (2016: 4 customers) constituting 77% (2016: 75%) of net trade receivables of the Group.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

i) Credit Risk (Cont'd)

Ageing analysis and impairment losses

Information regarding the ageing of trade receivables are as follows:

	Gross RM	Individual Impairment RM	Net RM
Group			
2017			
Neither past due nor impaired	**15,955,443**	**-**	**15,955,443**
Past due but not impaired:			
Up to 30 days	**53,311**	**-**	**53,311**
31 to 60 days	**4,261,724**	**-**	**4,261,724**
61 to 90 days	**26,153**	**-**	**26,153**
More than 90 days	**158,575**	**-**	**158,575**
	4,499,763	**-**	**4,499,763**
	20,455,206	**-**	**20,455,206**
2016			
Neither past due nor impaired	19,027,452	-	19,027,452
Past due but not impaired:			
Up to 30 days	11,724	-	11,724
31 to 60 days	36,433	-	36,433
61 to 90 days	17,797	-	17,797
More than 90 days	197,093	-	197,093
	263,047	-	263,047
	19,290,499	-	19,290,499

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group amounting to RM4,499,763 (2016: RM263,047) that are past due at the reporting date but not impaired.

These trade receivables relate mostly to customers with slower repayment patterns, for whom there is no history of default. The Group does not hold any collateral or other credit enhancement over these balances.

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

i) Credit Risk (Cont'd)

Inter company balances

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position as at the end of the financial year.

As at the end of the financial year, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The Company provide financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk amounts to RM142,405,924 (2016: RM90,756,941) representing the outstanding banking facilities of the subsidiaries as at the end of the financial year.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The fair value of the financial guarantees is negligible as the probability of the financial guarantees being called upon is remote at the initial recognition to the outstanding loans in the subsidiaries are adequately secured by assets as disclosed in Notes 11 and 19. Should the subsidiaries default any loan repayments, the proceeds from the realisation of assets will be able to satisfy the outstanding debts.

ii) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group’s and the Company’s exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group’s and the Company’s objective is to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group’s and the Company’s liquidity risk management policy is to manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. In addition, the Group and the Company maintain sufficient levels of cash and available banking facilities at a reasonable level to its overall debt position to meet their working capital requirement.

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

ii) Liquidity Risk (Cont'd)

The Group and the Company practice prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

			<------------------- Contractual Cash Flows			------------------>
	Carrying amount RM	Contractual cash flows RM	On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Group 2017						
Financial liabilities						
Trade and other payables	2,178,352	2,178,352	2,178,352	-	-	-
Other liabilities	5,406,718	5,406,718	5,406,718	-	-	-
Hire purchase payables	87,026	88,827	86,599	2,228	-	-
Cash Line-i	33,688,463	36,263,193	36,263,193	-	-	-
Bank overdraft	60,547	63,272	63,272	-	-	-
Al Bai' Bithaman Ajil	115,955,028	163,350,113	10,574,870	12,862,540	52,222,800	87,689,903
Muamalat Term Financing	7,193,147	7,783,155	4,369,411	2,576,744	837,000	-
Term Financing-i	7,500,000	11,109,136	723,490	723,490	2,170,470	7,491,686
Term loans	3,068,942	4,045,468	423,936	423,936	1,271,808	1,925,788
Commodity Murabahah Term Financing	2,232,443	2,762,916	465,347	465,347	1,396,043	436,179
	177,370,666	233,051,150	60,555,188	17,054,285	57,898,121	97,543,556

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (Cont'd)

	Carrying amount RM	Contractual cash flows RM	<---- Contractual Cash Flows ----> On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Group						
2016						
Financial liabilities						
Trade and other payables	2,785,830	2,785,830	2,785,830	-	-	-
Other liabilities	7,465,242	7,465,242	7,465,242	-	-	-
Hire purchase payables	175,432	183,314	94,452	88,862	-	-
Cash Line-i	22,184,520	23,894,456	23,894,456	-	-	-
Al Bai' Bithaman Ajil	81,425,091	121,562,100	8,902,532	8,902,532	24,979,042	78,777,994
Muamalat Term Financing	10,882,684	12,095,328	4,369,411	4,369,411	3,356,506	-
Term loans	3,275,771	4,439,175	423,936	423,936	1,271,808	2,319,495
Commodity Murabahah Term Financing	2,500,000	3,257,432	465,347	465,347	1,396,043	930,695
	130,694,570	175,682,877	48,401,206	14,250,088	31,003,399	82,028,184

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

ii) Liquidity Risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations. (Cont'd)

	Carrying amount RM	Contractual cash flows RM	<---- Contractual Cash Flows ---- On demand/ Within 1 year RM	1 to 2 years RM	2 to 5 years RM	Over 5 years RM
Company						
2017						
Financial liabilities						
Other payables	**41,877**	**41,877**	**41,877**	-	-	-
Other liabilities	**100,655**	**100,655**	**100,655**	-	-	-
Cash Line-i	**12,694,014**	**13,704,491**	**13,704,491**	-	-	-
Muamalat Term Financing	**5,283,769**	**5,606,953**	**3,699,810**	**1,907,143**	-	-
Commodity Murabahah Term Financing	**2,232,443**	**2,762,916**	**465,347**	**465,347**	**1,396,043**	**436,179**
	20,352,758	**22,216,892**	**18,012,180**	**2,372,490**	**1,396,043**	**436,179**
2016						
Financial liabilities						
Other payables	64,536	64,536	64,536	-	-	-
Other liabilities	1,948,233	1,948,233	1,948,233	-	-	-
Cash Line-i	12,811,320	13,831,747	13,831,747	-	-	-
Muamalat Term Financing	8,483,957	9,249,525	3,699,810	3,699,810	1,849,905	-
Commodity Murabahah Term Financing	2,500,000	3,257,432	465,347	465,347	1,396,043	930,695
	25,808,046	28,351,473	20,009,673	4,165,157	3,245,948	930,695

31. FINANCIAL INSTRUMENTS (Cont'd)

Financial Risk Management Objectives and Policies (Cont'd)

iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities.

Exposure in interest rate risk

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

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Floating rate instrument:				
Financial assets	**24,224,731**	31,895,233	**5,989,822**	13,806,556
Financial liabilities	**(169,698,570)**	(120,268,066)	**(20,210,226)**	(23,795,277)
	(145,473,839)	(88,372,833)	**(14,220,404)**	(9,988,721)

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rates as the end of the reporting period, with all other variables held constant:

	Group		Company	
	2017	**2016**	**2017**	**2016**
	Increase/(Decrease)		**Increase/(Decrease)**	
	RM	**RM**	**RM**	**RM**
Effects on profit after tax				
Increase of 10 basis points	**(110,560)**	(67,163)	**(10,808)**	(7,591)
Decrease of 10 basis points	**110,560**	67,163	**10,808**	7,591
Effects on equity				
Increase of 10 basis points	**(110,560)**	(67,163)	**(10,808)**	(7,591)
Decrease of 10 basis points	**110,560**	67,163	**10,808**	7,591

32. FAIR VALUE INFORMATION

<u>Financial instrument at fair value</u>

The fair value measurement hierarchies used to measure financial instruments at fair value in the statements of financial position are as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

<u>Financial instrument other than those carried at fair value</u>

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of short term receivables and payable, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair values of hire purchase payable is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Fair value of financial instrument not carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total fair value RM**	**Carrying amount RM**
Group					
2017					
Financial liability					
Hire purchase payables (non-current)	**-**	**-**	**2,102**	**2,102**	**2,220**
2016					
Financial liability					
Hire purchase payables (non-current)	-	-	81,533	81,533	86,920

33. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's Company's ability to continue as a going concern. The Group and the Company monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The net debt-to-equity ratios at end of the reporting year are as follows:

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Borrowings	**169,785,596**	120,443,498	**20,210,226**	23,795,277
Less: Fixed deposits	**(12,872,529)**	(11,523,618)	**(4,215,295)**	(4,084,637)
Less: Cash and cash and bank balances	**(12,977,241)**	(21,638,759)	**(1,774,527)**	(9,721,919)
Net debts	**143,935,826**	87,281,121	**14,220,404**	9,988,721
Total equity	**220,261,617**	201,486,659	**127,586,429**	129,641,922
Debts-to-equity ratio	**65%**	43%	**11%**	8%

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are in compliance with all externally imposed capital requirements.

34. COMPARATIVE FIGURES

i) The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were audited by a firm of chartered accountants other than Moore Stephens Associates PLT.

ii) The comparative figures are reclassified to conform with the current year's presentation:-

	As reclassified RM	As previously reported RM
Group		
2016		
Statements of Financial Position		
Current Assets		
Fixed deposits, cash and bank balances	-	33,162,377
Fixed deposits with licensed banks	11,523,618	-
Cash and bank balances	21,638,759	-
Non-current Liabilities		
Obligations under hire-purchase arrangements	-	86,920
Borrowings	89,318,136	89,231,216
Current Liabilities		
Obligations under hire-purchase arrangements	-	88,512
Borrowings	31,125,362	31,036,850
Company		
2016		
Statement of Financial Position		
Current Assets		
Fixed deposits, cash and bank balances	-	13,806,556
Fixed deposits with licensed banks	4,084,637	-
Cash and bank balances	9,721,919	-

ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

Total number of issued shares	:	1,267,399,300
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share held

DISTRIBUTION OF SHAREHODLERS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 to 99	77	1.86	3,165	**
100 to 1,000	259	6.25	141,634	0.01
1,001 to 10,000	1,262	30.45	7,834,920	0.62
10,001 to 100,000	2,012	48.56	73,671,490	5.81
100,001 to 63,369,964	531	12.81	696,435,485	54.95
63,369,965* and above	3	0.07	489,312,606	38.61
	4,144	100.00	1,267,399,300	100.00

Notes:
* *Denotes 5% of the issued shares.*
** *Negligible.*

SUBSTANTIAL SHAREHOLDERS

		No. of shares held			
	Name of Shareholders	**Direct**	**%**	**Indirect**	**%**
1)	CBS Link Sdn Bhd	209,000,001	16.49	-	-
2)	Dato' Sri Cheong Kong Fitt	197,088,805	15.55	292,223,801*1	23.06
3)	Datin Sri Lim Sow Keng	83,223,800	6.57	406,088,806*2	32.04
4)	Tan Sri Dato' Sri Koh Kin Lip	55,305,800	4.36	14,300,000*3	1.13

Notes:
*1 *Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.*
*2 *Deemed interested through her spouse and her interest held in a corporation by virtue of Section 8 of the Companies Act 2016.*
*3 *Deemed interested through his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.*

DIRECTORS' SHAREHOLDINGS

		No. of shares held			
	Name of Directors	**Direct**	**%**	**Indirect**	**%**
1)	Dato' Sri Cheong Kong Fitt	197,088,805	15.55	292,223,801*1	23.06
2)	Dato' Cheong Peak Sooi	20,406,595	1.61	-	-
3)	Ng Wai Luen	-	-	155,000*2	0.01
4)	Tan Sri Dato' Chang Ko Youn	-	-	-	-
5)	Dato' Wan Asmadi Bin Wan Ahmad	-	-	-	-
6)	Azian Binti Kassim	-	-	-	-

Notes:
*1 *Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.*
*2 *Deemed interested through his spouse.*

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

AS AT 30 MARCH 2018

THIRTY LARGEST SHAREHOLDERS

		No. of shares held	%
1)	CBS Link Sdn Bhd	209,000,001	16.49
2)	Dato' Sri Cheong Kong Fitt	196,088,805	15.47
3)	Datin Sri Lim Sow Keng	82,123,800	6.48
4)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Tan Kim Heung (MY1989)	55,000,000	4.34
5)	Maksima Timur Sdn Bhd	46,654,600	3.68
6)	Maksima Amanjaya Development Sdn Bhd	45,034,300	3.55
7)	CIMB Islamic Nominees (Tempatan) Sdn Bhd • CIMB Islamic Trustee Bhd for BIMB I Dividend Fund	37,550,000	2.96
8)	Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Philip Capital Management Sdn Bhd (EPF)	36,670,490	2.89
9)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Koh Kin Lip (MY0502)	34,320,000	2.71
10)	Senandung Asas Sdn Bhd	21,987,800	1.73
11)	Dato' Cheong Peak Sooi	20,406,595	1.61
12)	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	18,050,000	1.43
13)	Fam Kwee Hin	18,000,000	1.42
14)	Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Philip Capital Management Sdn Bhd	16,535,540	1.31
15)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (7003423)	16,500,000	1.30
16)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	14,300,000	1.13
17)	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	12,148,900	0.96
18)	Gemas Perunding Sdn Bhd	12,000,000	0.95
19)	Yayasan Guru Tun Hussein Onn	11,000,000	0.87
20)	Yayasan Guru Tun Hussein Onn	11,000,000	0.87
21)	Kenanga Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chia Kee Siong	9,000,000	0.71
22)	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	7,563,540	0.60
23)	Malacca Equity Nominees (Tempatan) Sdn Bhd • Exempt an for Philip Capital Management Sdn Bhd	6,885,740	0.54
24)	Gemas Perunding Sdn Bhd	6,341,770	0.50
25)	Amanahraya Trustees Berhad • MIDF Amanah Strategic Fund	5,753,000	0.45
26)	UOBM Nominees (Tempatan) Sdn Bhd • UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	5,526,180	0.44
27)	Chai Nyet Loong	5,358,680	0.42
28)	RHB Capital Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Chia Kee Siong (CEB)	5,050,000	0.40
29)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (8058900)	4,485,800	0.35
30)	AMSEC Nominees (Tempatan) Sdn Bhd • Mtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	4,467,000	0.35
		974,802,541	76.91

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 MARCH 2018

No. of warrants issued	:	571,317,500
Exercise price of warrants	:	RM0.235
Expiry date	:	19 September 2020

DISTRIBUTION OF WARRANT HOLDERS

Size of warrant holdings	No. of warrant holders	%	No. of warrants	%
1 to 99	89	4.23	4,324	**
100 to 1,000	140	6.66	73,200	0.01
1,001 to 10,000	600	28.52	3,587,875	0.63
10,001 to 100,000	933	44.34	39,642,300	6.94
100,001 to 28,565,874	339	16.11	306,049,525	53.57
28,565,875* and above	3	0.14	221,960,276	38.85
	2,104	100.00	571,317,500	100.00

Notes:
* *Denotes 5% of the warrants issued.*
** *Negligible.*

DIRECTORS' WARRANT HOLDINGS

		No. of warrant held			
	Name of Directors	**Direct**	**%**	**Indirect**	**%**
1)	Dato' Sri Cheong Kong Fitt	89,131,275	15.60	132,829,000*1	23.25
2)	Dato' Cheong Peak Sooi	9,275,725	1.62	-	-
3)	Tan Sri Dato' Chang Ko Youn	-	-	-	-
4)	Dato' Wan Asmadi Bin Wan Ahmad	-	-	-	-
5)	Azian Binti Kassim	-	-	-	-
6)	Ng Wai Luen	-	-	-	-
		98,407,000	17.22	132,829,000	23.25

Note:
**1 Deemed interested through his spouse and his interest held in a corporation by virtue of Section 8 of the Companies Act 2016.*

ANALYSIS OF WARRANT HOLDINGS *(Cont'd)*

AS AT 30 MARCH 2018

THIRTY LARGEST WARRANT HOLDERS

		No. of warrants held	%
1)	CBS Link Sdn Bhd	95,000,001	16.63
2)	Dato' Sri Cheong Kong Fitt	89,131,275	15.60
3)	Datin Sri Lim Sow Keng	37,329,000	6.54
4)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Tan Kim Heung (MY1989)	25,000,000	4.38
5)	Maksima Timur Sdn Bhd	22,450,000	3.93
6)	Maksima Amanjaya Development Sdn Bhd	18,050,000	3.16
7)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Koh Kin Lip (MY0502)	15,600,000	2.73
8)	Muamalat Venture Sdn Bhd	15,000,000	2.63
9)	Senandung Asas Sdn Bhd	12,699,000	2.22
10)	Dato' Cheong Peak Sooi	9,275,725	1.63
11)	Joel Ow Yang	8,010,000	1.40
12)	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	7,750,000	1.36
13)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (7003423)	7,500,000	1.31
14)	CIMSEC Nominees (Tempatan) Sdn Bhd • CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)	6,500,000	1.14
15)	Yayasan Guru Tun Hussein Onn	5,000,000	0.88
16)	Yayasan Guru Tun Hussein Onn	5,000,000	0.88
17)	Gemas Perunding Sdn Bhd	4,791,050	0.84
18)	Maybank Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Kew Boon Gaik	4,000,000	0.70
19)	RHB Capital Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Cheong Seow Fong	3,925,000	0.69
20)	Chai Nyet Loong	3,205,400	0.56
21)	Amanahraya Trustees Berhad • MIDF Amanah Strategic Fund	2,615,000	0.46
22)	UOBM Nominees (Tempatan) Sdn Bhd • UOB Asset Management (Malaysia) Berhad for Gibraltar BSN Aggressive Fund	2,511,900	0.44
23)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Lai Cheng Kuan (8058893)	2,500,000	0.44
24)	HSBC Nominees (Tempatan) Sdn Bhd • HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	2,210,700	0.39
25)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Koh Kin Lip (8058900)	2,039,000	0.36
26)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Ting Siew Pin (8059095)	2,000,000	0.35
27)	Chang Tian Kwang	2,000,000	0.35
28)	HLIB Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Low Keng Kok	1,942,500	0.34
29)	Amanahraya Trustees Berhad • BIMB I Flexi Fund	1,912,500	0.33
30)	Alliancegroup Nominees (Tempatan) Sdn Bhd • Pledged Securities Account for Ting Siew Pin (8118995)	1,750,000	0.31
		416,698,051	72.94

LIST OF PROPERTIES

AS AT 31 DECEMBER 2017

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2017 (RM'000)
The Combined Bus Services Sdn Bhd	Lot 506802, PN 354609, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / No. 1, Persiaran Meru Raya 5, Meru Raya, 30020 Ipoh, Perak	31 December 2014 (Date of Valuation)	Commercial land with building (Terminal AmanJaya) and petrol station comprising: a three (3)-storey integrated public transportation terminal including a basement car park Petrol station with building comprising a petrol kiosk cum office with six (6) fuel islands and six (6) underground fuel storage tanks The buildings' Certificate of Completion and Compliance ("**CCC**") was obtained in August 2012.	Leasehold for 99 years, expiring in 2109	6 years	33,740	19,398	187,231
The Combined Bus Services Sdn Bhd	PT 53493 & 53494, Mukim Kampar, Daerah Kampar, Perak Darul Ridzuan	13 January 2016 (Date of Acquisition)	Commercial land with building under construction (Terminal Kampar)	Leasehold for 99 years, expiring in 2115	-	15,033	-	1,280
The Combined Bus Services Sdn Bhd	Lot 107639, PN 395091, Bandar Ipoh (U), Daerah Kinta, Perak Darul Ridzuan / E-G-2A to E-8-2A, SOHO Ipoh 2, Jalan Sultan Idris Shah, 30000 Ipoh, Perak	8 September 2017 (Date of Acquisition)	Commercial land with building comprising: Five (5)-storey corporate office and four (4)-storey to be leased out The building's CCC was obtained in March 2017.	Leasehold for 99 years, expiring in 2113	1 year	6,076	2,934	9,995

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2017 (RM'000)
CKS Bumi Sdn Bhd	Lot 3590, PN 341612, Mukim Lubok Merbau, Kuala Kangsar, Perak Darul Ridzuan / Lot 3590, Jalan Industrial Satu, Kawasan Perindustrial Miel, Lubok Merbau, 33010 Kuala Kangsar, Perak	22 June 2015 (Date of Acquisition)	Petrol station with building comprising a petrol kiosk cum office with four (4) fuel islands and five (5) underground fuel storage tanks The building's CCC was obtained in June 2015.	Leasehold for 99 years, expiring in 2101	3 years	4,092	926	4,765
CKS Bumi Sdn Bhd	Lot 207436, PN 115497, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207436, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014 (Date of Valuation)	Vacant industrial land. Intended to be used as headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	21,690	-	786
CKS Bumi Sdn Bhd	Lot 207437, PN 115498, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207437, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014 (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	12,338	-	447

Registered owner	Location / postal address	Date of Acquisition/ Valuation	Description and existing use	Tenure	Age of Building	Land area (sq m)	Gross built up area (sq m)	Audited NBV as at 31 December 2017 (RM'000)
CKS Bumi Sdn Bhd	Lot 207438, PN 115499, Mukim Hulu Kinta, Tempat Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / Lot 207438, Jalan Chepor 11/5, Pusat Industri Seramik, 31200 Chemor, Ipoh, Perak	8 December 2014 (Date of Valuation)	Vacant industrial land. Intended to be used for headquarters for bus operation (control room), workshop and parking spaces for buses	Leasehold for 60 years, expiring in 2053	-	9,187	-	333
CKS Labur Sdn Bhd	Lot 397936, PN 346083, Mukim Ulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 234516, Mukim Hulu Kinta, Lebuhraya Ipoh, Lumut, 31500 Lahat, Perak	31 December 2014 (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks The building's CCC was obtained in July 2010.	Leasehold for 99 years, expiring in 2109	8 years	4,064	908	4,763
Ipoh Link Sdn Bhd	Lot 213097, PN 214575, Mukim Sungai Raya, Daerah Kinta, Perak Darul Ridzuan / Lot PT 3100, Jalan Industri 2/2, Gopeng Industrial Park, 31600 Gopeng, Perak	31 December 2014 (Date of Valuation)	Industrial land with building comprising: a single (1)-storey workshop factory with a double (2)-storey office The building's CCC was obtained in March 2001.	Leasehold for 60 years, expiring in 2055	17 years	8,124	1,368	1,851
Star Kensington Sdn Bhd	Lot 227884, PN 210177, Mukim Hulu Kinta, Daerah Kinta, Perak Darul Ridzuan / PT 136632, Jalan Tambun, Taman Tanjung Mewah, 31250 Tanjung Rambutan, Perak	16 December 2014 (Date of Valuation)	Petrol station with building comprising a petrol kiosk cum office with five (5) fuel islands and five (5) underground fuel storage tanks The building's CCC was obtained in May 2009.	Leasehold for 60 years, expiring in 2056	9 years	2,244	652	2,138

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("**AGM**") of the Company will be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 24 May 2018 at 9.00 a.m. to transact the following businesses:

AGENDA

1)	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon.	[Please refer to Note f]
2)	To approve the payment of Directors' fees and benefits up to an amount of RM250,000 in respect of the financial year ending 31 December 2018 to be paid on a monthly basis until the next AGM.	Resolution 1
3)	To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Articles of Association:	
	a) Tan Sri Dato' Chang Ko Youn	Resolution 2
	b) Dato' Wan Asmadi Bin Wan Ahmad	Resolution 3
4)	To re-elect Puan Azian Binti Kassim who retires in accordance with Article 106 of the Company's Articles of Association.	Resolution 4
5)	To re-appoint Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.	Resolution 5

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications:

6) **ORDINARY RESOLUTION**
AUTHORITY TO ISSUE AND ALLOT SHARES — Resolution 6

"**THAT**, pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Act**"), and subject always to the Articles of Association of the Company and the approval of the relevant authorities, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next AGM and to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deemed fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the additional shares to be issued."

7) **ORDINARY RESOLUTION**
PROPOSED PURCHASE BY THE COMPANY OF ITS OWN SHARES UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES — Resolution 7

"**THAT** subject to the Act, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Securities ("**Listing Requirements**") and the approval of all relevant and/or regulatory authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("**Proposed Share Buy-Back**") as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed 10% of the total number of issued shares of the Company as at the point of purchase; and

b) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the retained profits of the Company at any point in time;

AS SPECIAL BUSINESS (Cont'd)

7) **ORDINARY RESOLUTION**
PROPOSED PURCHASE BY THE COMPANY OF ITS OWN SHARES UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES (Cont'd)

THAT upon completion of the purchase(s) by the Company of its own shares, the Directors be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

a) cancel all the shares so purchased; or

b) retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

c) retain part of the shares so purchased as treasury shares and cancel the remainder; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Listing Requirements and any other relevant authority for the time being in force,

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:

a) the conclusion of the next AGM of the Company, at which time the said authority shall lapse, unless by an ordinary resolution passed at a general meeting, the authority is renewed, either unconditionally or subject to conditions; or

b) the expiration of the period within which the next AGM after that date is required by law to be held; or

c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first;

AND THAT the Directors be and are hereby authorised to take all such steps as are necessary or expedient in the interest of the Company to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities."

8) **SPECIAL RESOLUTION**
PROPOSED ADOPTION OF NEW CONSTITUTION Resolution 8

"**THAT** approval be and is hereby given to adopt the new Constitution of the Company as set out in Part B of the Statement/Circular to shareholders dated 25 April 2018 accompanying the Company's Annual Report 2017 in place of the existing Memorandum and Articles of Association of the Company with immediate effect.

AND THAT the Directors be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9) To transact any other business of which due notice shall have been given in accordance with the Act and the Memorandum and Articles of Association of the Company.

By order of the Board

CHEAI WENG HOONG
Company Secretary

Ipoh
25 April 2018

NOTES:

a) A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.

b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

c) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

e) Only members whose names appear in the Record of Depositors as at 17 May 2018 will be entitled to attend and vote at the meeting.

f) **Audited Financial Statements for financial year ended 31 December 2017**

The audited financial statements under Agenda 1 are meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the members and hence, Agenda 1 is not put forward for voting.

g) **Resolution 1**

Resolution 1, if passed, will allow the Company to pay the Directors' fees and benefits as set out below in a timely manner, on a monthly basis at the end of each month, for services rendered during the course of the financial year ending 31 December 2018 until the next AGM.

	Director's fee per annum (RM)
Non-Executive Chairman	66,000
Each Non-Executive Director	54,000

The benefits payable to the Non-Executive Directors up to the amount of RM20,000 per annum comprise of meeting allowances.

In the event the Directors' fees and benefits proposed are insufficient (e.g. due to enlarged Board size or additional Board meetings to be convened), approval will be sought at the next AGM for additional fees or benefits to meet the shortfall.

h) **Resolutions 2 to 4**

The profiles of the Directors standing for re-election are disclosed under the Profile of Board of Directors on pages 6 to 8 of the Annual Report and the details of their interest in the securities of the Company are disclosed under Analysis of Shareholdings and Warrant Holdings on pages 113 to 116 of the Annual Report.

i) **Resolution 6**

Ordinary Resolution 6, if passed, will give authority to the Directors of the Company to allot and issue shares of the Company up to and not exceeding 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being for such purposes as the Directors consider would be in the best interest of the Company without convening a general meeting. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisition(s).

NOTES (Cont'd):

i) **Resolution 6 (Cont'd)**

Resolution 6, if passed, will provide a renewal of the general mandate obtained from the members at the Extraordinary General Meeting held on 24 August 2017 which expires at the conclusion of this AGM. The previous mandate had been utilised for the private placement of up to 10% of the total number of issued shares of the Company to be issued in multiple tranches ("Private Placement"). Pursuant thereto, the Company has issued 10,000,000 ordinary shares, approximately 0.79% of the issued share capital in 3 tranches and raised proceeds totalling RM2,594,400.

The details and status of the utilisation of proceeds raised from the Private Placement, as at the latest practicable date of the printing of this Annual Report, are as follows:

	Intended utilisation			
Purpose	**Minimum Scenario RM'000**	**Maximum Scenario RM'000**	**Actual utilisation to-date RM'000**	**Intended timeframe for utilisation (from date of listing of the placement shares)**
Settlement of the Balance Purchase Price of Bidor Land and Tronoh Lands	10,112	10,112	-	Within 18 months
Repayment of bank borrowings	20,876	36,122	2,594	Within 6 months
Installation of terminal management system and Touch 'N Go system	2,500	2,500	-	Within 12 months
Estimated expenses for the Proposed Private Placement	462	641	-	Within 6 months
Total	**33,950**	**49,375**	**2,594**	

This general mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

j) **Resolution 7**

The details of the Proposed Shares Buy-Back are set out in Part A of the Statement/Circular to Shareholders dated 25 April 2018 which is enclosed together with the Annual Report of the Company.

k) **Resolution 8**

Special Resolution 8, if passed, will bring the new Constitution of the Company in line with the enforcement of the Act and to ensure compliance with the amended Listing Requirements. The details of the proposed new Constitution of the Company are set out in Part B of the Statement/Circular to Shareholders dated 25 April 2018 which is enclosed together with the Annual Report of the Company.

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PERAK TRANSIT BERHAD (831878-V)
(Incorporated in Malaysia)

PerakTransit

FORM OF PROXY
(Before completing the form please refer to the notes below)

No. of shares held	CDS Account No. of Authorised Nominee

I/We ______________________________ NRIC/Passport/Co. No. ______________
(FULL NAME IN BLOCK LETTERS)

of ______________________________ Tel No. ______________
(ADDRESS)

being a member of **PERAK TRANSIT BERHAD,** hereby appoint:

Proxy 1 - Full Name in Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

Proxy 2 - Full Name In Block Letters	NRIC/Passport No.	No. of shares	% of shareholdings
Address:			

or failing him/her, the Chairman of the Meeting, as my/our proxy(ies) to vote for me/us and on my/our behalf at the Ninth Annual General Meeting of the Company to be held at Mersawa & Rengas Hall, Level 2, MU Hotel, No. 18, Jalan Chung On Siew, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 24 May 2018 at 9.00 a.m. or at any adjournment thereof. My/our proxy(ies) shall vote as follows:

Resolutions relating to:		**For**	**Against**
1.	Approve payment of Directors' fees and benefits for 2018		
2.	Re-elect Tan Sri Dato' Chang Ko Youn		
3.	Re-elect Dato' Wan Asmadi Bin Wan Ahmad		
4.	Re-elect Puan Azian Binti Kassim		
5.	Re-appoint Messrs Moore Stephens Associates PLT as Auditors and to authorise Directors to fix their remuneration		
6.	Authorise Directors to issue and allot shares		
7.	Proposed Purchase by the Company of its own shares up to 10% of its total number of issued shares		
8.	Adoption of new Constitution of the Company		

(Please indicate with an "X" in the space provided how you wish your vote to be cast on the resolutions specified in the Notice of the Ninth Annual General Meeting. If you do not do so, the proxy(ies) will vote or abstain from voting at his/her/their discretion).

Dated this _______ day of __________________ 2018

____
Signature/Seal of Shareholder

NOTES:

a) A member of the Company entitled to attend and vote at the meeting may appoint any person to be his/her proxy to attend and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy shall have the same rights as the member to speak at the meeting.

b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

c) The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

e) Only members whose names appear in the Record of Depositors as at 17 May 2018 will be entitled to attend and vote at the meeting.

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stamp
(Within Malaysia)

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd (11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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PERAK TRANSIT BERHAD (831878-V)
No. 19, Lebuh Bercham Selatan,
Taman Cahaya Tasek, 31400 Ipoh, Perak

Tel : (+605) 545 5318 / 545 9218
Fax : (+605) 545 5310

www.peraktransit.com.my