

ANNUAL REPORT  
**2016**



**THE POWER TO PERSIST**



**KTB**

**KONSORTIUM TRANSNASIONAL BERHAD**

(617580-T)

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Proxy Form



## OUR MISSION

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We strive to become a conglomerate that is;

> Progressive

> Innovative

> Profitable

> Customer oriented and committed to national aspirations

## CORE VALUES

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### **CUSTOMERS**

We believe in satisfying customers through quality products and excellent customer service

### **HUMAN RESOURCE**

For our most valuable asset, we provide the opportunity to tap the maximum potential of each individual

### **SHAREHOLDERS**

We fulfill shareholders' expectations by providing good returns for their investment

### **SUPPLIERS**

We believe in mutual progression and treat our suppliers as business partners

### **SINCERITY**

We conduct our business with sincerity and high ethical values

### **SOCIAL RESPONSIBILITY**

We are responsible corporate citizens and contribute to society



# NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirteenth Annual General Meeting of the Company will be held at the Function Room, Level 2, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Thursday, 25 May 2017 at 10.00 a.m. for the purpose of transacting the following business:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2016 and the Reports of the Directors and Auditors thereon.

(Please refer to Note 1)

2. To re-elect YBhg Datuk Sulaiman Bin Daud who retires in accordance with Article 128 of the Company's Article of Association.

**Resolution 1**

3. To approve Directors' fees of RM192,000 for the year ended 31 December 2016.

**Resolution 2**

4. To re-appoint Messrs. Jamal, Amin & Partners as Auditors and to authorise the Directors to fix their remuneration.

**Resolution 3**

### As Special Business

**To consider and if thought fit, pass the following as resolutions:-**

#### 5. Ordinary Resolution

**Proposed renewal and additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

**Resolution 4**

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Shareholders' Mandate for the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group to be entered into by the Company and/or its subsidiaries provided such transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public, as specified in section 2.2.5 and 2.2.6 of the Circular to Shareholders dated 28 April 2017 AND THAT such approval conferred by the Shareholders' Mandate shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which time such mandate is passed, at which it will lapse, unless by a resolution passed at the general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(c) revoke or vary by resolution passed by the shareholders of the Company in a general meeting;

whichever is earlier;

AND THAT the Directors of the Company or any one of them be and are hereby authorised to complete and do all such acts and things (including without limitation to execute such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

#### 6. Ordinary Resolution

**Proposed retention of YBhg Datuk Sulaiman Bin Daud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company**

**Resolution 5**

"THAT subject to the passing of Resolution 1, approval be and is hereby given to YBhg Datuk Sulaiman Bin Daud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in compliance with the recommendation of the Malaysian Code on Corporate Governance 2012."



## 7. Ordinary Resolution

### **Proposed retention of Encik Muhammad Adib Bin Ariffin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company**

#### **Resolution 6**

"THAT approval be and is hereby given to Encik Muhammad Adib Bin Ariffin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company in compliance with the recommendation of the Malaysian Code on Corporate Governance 2012."

8. To transact any other business for which due notice shall have been given.

By order of the Board

**TIFLA HAIRI TAIB (LS 0009488)**

**Company Secretary**

Kuala Lumpur

28 April 2017

#### Notes:

- (i) The first agenda of this meeting is meant for discussion only, as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval for the audited financial statements from the shareholders. Hence, this agenda is not put forward to shareholders for voting.
- (ii) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- (iii) The proxy form must be deposited at the Company's registered office at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur not less than forty eight (48) hours before the time fixed for holding the meeting and at any adjournment thereof.
- (iv) Where a member of the Company appoint more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (v) 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 authorized nominee may appoint in respect of each omnibus account it holds.
- (vi) The Proxy Form must be signed by the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorised.
- (vii) Konsortium Transnasional Berhad shall forward the hard copy of the Annual Report 2016 to the shareholder(s) within 4 market days from the date of receipt of a written request from the shareholder(s).
- (viii) All correspondence and/or requests shall be forwarded to the Company's registered office at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur.
- (ix) Only members whose name appear in the Register of Depositors as at 12 May 2017 shall be eligible to attend the meeting or appoint proxy to attend and vote on his/her behalf.

#### Explanatory Notes on Special Business:

##### (i) **Ordinary Resolution 4 – Proposed renewal and additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

Resolution pertaining to the proposed renewal and additional shareholders' mandate for recurrent related party transactions of a revenue or trading nature, for proposed Ordinary Resolution 4, further information on the recurrent related party transactions are set out in the Circular to Shareholders of the Company dated 28 April 2017 which is dispatched together with the Company's 2016 Annual Report.

##### (ii) **Special Resolution 5 – Proposed retention of YBhg Datuk Sulaiman Bin Daud who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company**

Both the Remuneration & Nomination Committee and the Board have assessed the independence of YBhg Datuk Sulaiman Bin Daud, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to serve as an Independent Non-Executive Director of the Company based on the following justifications:

- a) He fulfills the criteria under the definition of independent director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provides a broader view and brings an element of objectivity to the Board;
- b) He remains objective and independent in expressing his views and in participating in deliberation and decision making of Board and Board Committees; and
- c) He continues to demonstrate conduct and behaviour that are essential indicators as independence and his vast experience enable him to provide the Board with a diverse set of experience, expertise and independent judgment.

##### (iii) **Special Resolution 6 – Proposed retention of Encik Muhammad Adib Bin Ariffin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company**

Both the Remuneration & Nomination Committee and the Board have assessed the independence of Encik Muhammad Adib Bin Ariffin, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to serve as an Independent Non-Executive Director of the Company based on the following justifications:

- a) He fulfills the criteria under the definition of independent director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he would be able to function as check and balance, provides a broader view and brings an element of objectivity to the Board;
- b) He remains objective and independent in expressing his views and in participating in deliberation and decision making of Board and Board Committees; and
- c) He continues to demonstrate conduct and behaviour that are essential indicators as independence and his vast experience enable him to provide the Board with a diverse set of experience, expertise and independent judgment.

# STATEMENT ACCOMPANYING NOTICE OF THE THIRTEENTH ANNUAL GENERAL MEETING

Pursuant to paragraph 8.28 of the Listing Requirements of Bursa Malaysia Securities Berhad.

## 1. Name of Directors who are standing for re-election/re-appointment

The details of YBhg Datuk Sulaiman Bin Daud, the Director who is standing for re-election/re-appointment are set out in the Directors' Profile (page 10 of the Annual Report)

## 2. Details of Attendance of Directors at Board Meeting

Five (5) board meetings were held during the financial year ended 31 December 2016.

Attendance of the Directors holding office at the end of the financial year 2016 is shown below:-

No.	Directors	Attendance
1.	YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	5 out of 5 meetings
2.	YBhg Datuk Sulaiman Bin Daud	5 out of 5 meetings
3.	Encik Muhammad Adib Bin Ariffin	4 out of 5 meetings
4.	Mr Woo Kok Boon	5 out of 5 meetings

## 3. Date, time and place of the Annual General Meeting

The Thirteen Annual General Meeting of the Company will be held on Thursday, 25 May 2017 at 10.00 a.m. at the Function Room, Level 2, Menara Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur.

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### **YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh**

*Malaysian*

*Chairman/Managing Director*

### **YBhg Datuk Sulaiman Bin Daud**

*Malaysian*

*Independent Non-Executive Director*

### **Encik Muhammad Adib Bin Ariffin**

*Malaysian*

*Independent Non-Executive Director*

### **Mr. Woo Kok Boon**

*Malaysian*

*Independent Non-Executive Director*

## COMPANY SECRETARY

Tifla Hairi Taib (LS0009488)

## REGISTERED OFFICE

No. 38, Jalan Chow Kit  
50350 Kuala Lumpur  
Tel : 03-40477878  
Fax : 03-40446836

## AUDITOR

Jamal, Amin & Partners

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia

## PRINCIPAL BANKERS

Malayan Banking Berhad  
CIMB Bank Berhad

## PRINCIPAL SOLICITORS

Nesan, Cheng & Co  
Lee Hishammuddin Allen & Gledhill

## REGISTRAR

Symphony Share Registrars Sdn Bhd  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/4647301 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 03-78418000  
Fax : 03-78418008

## SENIOR MANAGEMENT

### **Encik Mohd Kamal Bin Muda**

*Head, Business Operations, Transnasional Express Division*

### **Encik Mohd Zawawi Zukfily**

*Head, Business Operations, Cityliner Stage Bus Division*

### **Encik Rosli Bin Md Dali**

*Head, Business Operations, Park May Express Division*

### **Mr. Daljit Kumar Pandey**

*Head of Acquisition, Ancillary Business*

### **Encik Mohd Azlan Bin Tambi Husen**

*Senior Manager, Operation Services*

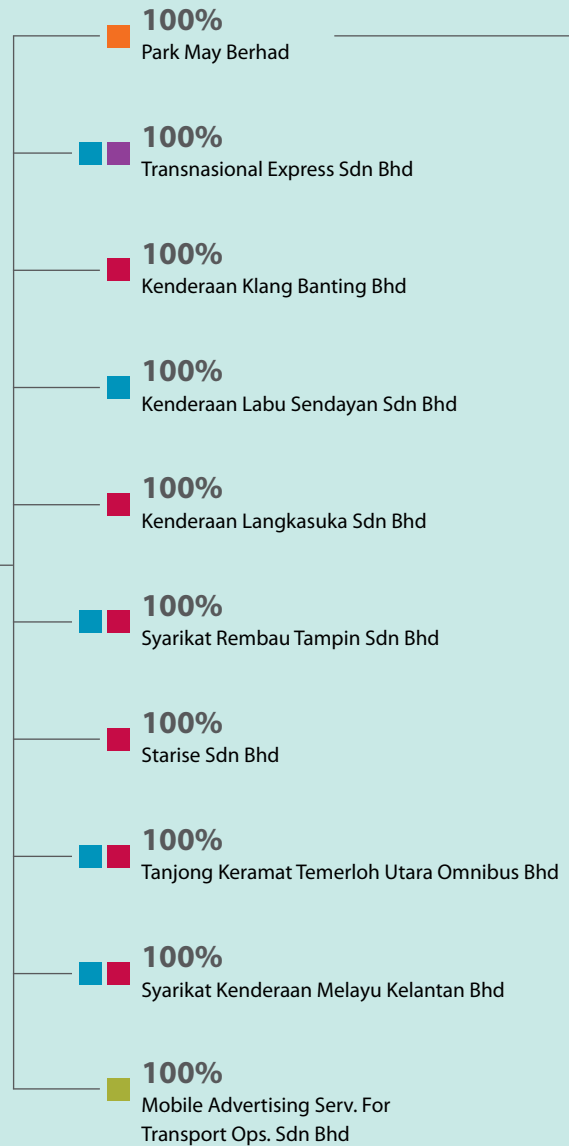
### **Encik Abang Mahadini Bin Abang Mornie**

*Head, Talent & Culture Development*

### **Tuan Syed Syamma Wafa Bin Syed Jalaluddin**

*Chief Financial Officer*

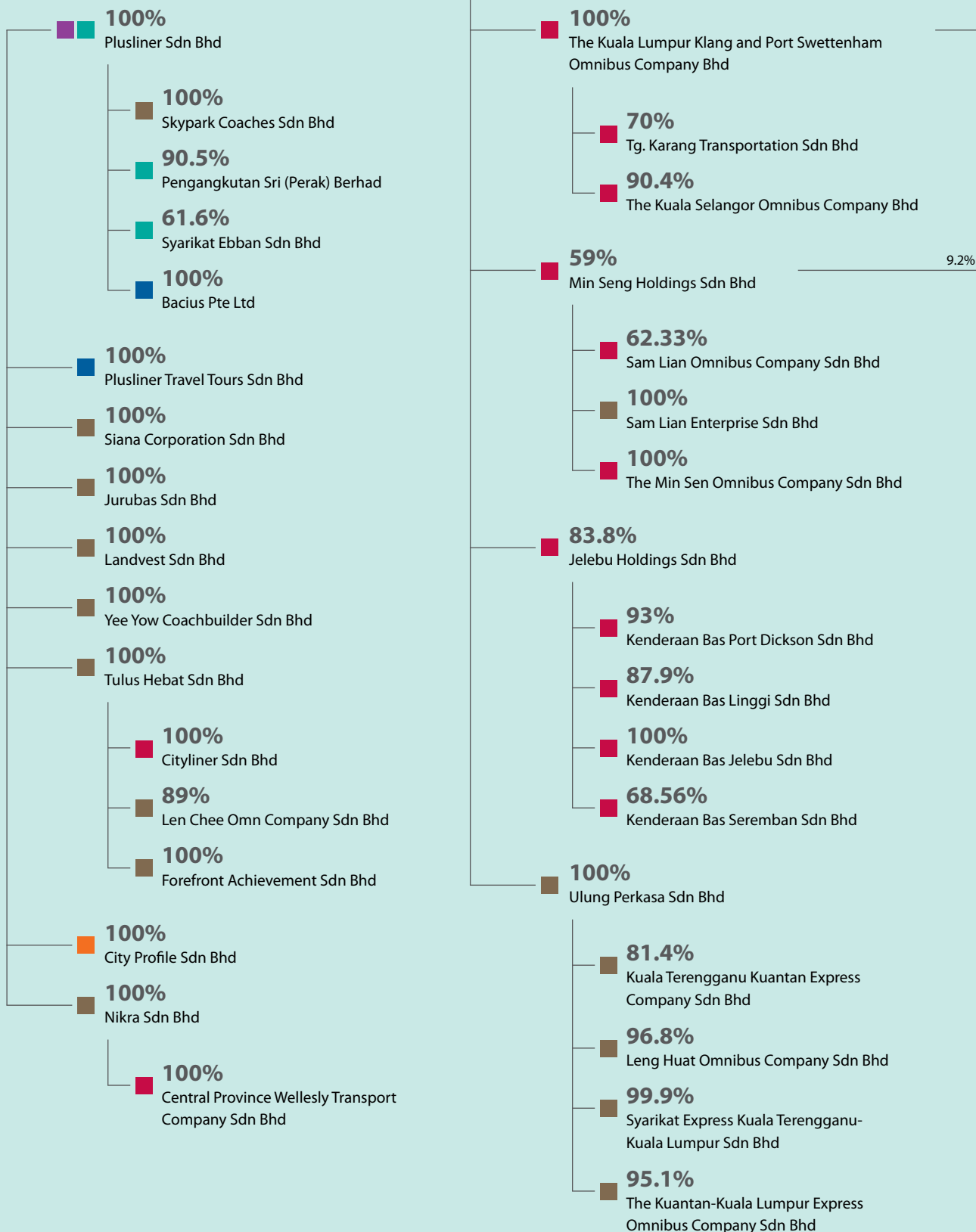
# CORPORATE STRUCTURE



**Legend**

- Active
- TRANSNASIONAL
- Cityliner
- Nice
- Plusliner
- Bus Advertising
- Travel and Tours
- Dormant

\* SPAD outsourced



## BOARD OF DIRECTORS' PROFILE

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01

**YBhg Tan Sri (Dr) Mohd Nadzmi Bin**

**Mohd Salleh**

*Chairman/Managing Director*



**YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh** (male, Malaysian), 63, was appointed as Chairman/Managing Director of the Company on 27 September 2005. YBhg Tan Sri (Dr) Mohd Nadzmi has vast experience, especially in the automobile and public transportation industry. He graduated from Ohio University, USA in 1978 with a Bachelor of Science degree in Chemistry and Mathematics. He also holds Master of Arts in Economic and Statistics from Miami University, USA.

YBhg Tan Sri (Dr) Mohd Nadzmi was thrust into the corporate world at an early stage of his career. At the age of 36, he was appointed as the Chief Executive Officer of Edaran Otomobil Nasional Berhad ("EON"), the company responsible for the distribution of the Malaysian national car. Prior to his appointment, he had gained recognition for being instrumental in ensuring the successful launch of the Malaysian national car. As a result, he was conferred the title "Man of the Year" from the Malaysian Business Magazine in 1986. During his three (3) years tenure at EON, he managed to diversify the company's business activities to include finance, property and banking. In 1990, he led the company to its successful listing on the Main Board of the KLSE.

His achievements at EON subsequently led to his appointment by the Malaysia Government as the Chief Executive Officer of Perusahaan Otomobil Nasional Berhad ("PROTON"), the company which manufactures the Malaysian national car, at the age of 39. The said appointment earned him the "Outstanding Young Malaysian" award in 1993 from the Malaysian Junior Chamber of Commerce. The following year, he was elected to join the prestigious and exclusive membership of "Global Leaders for Tomorrow" by the World Economic Forum in Davos, Switzerland.

In 1996, YBhg Tan Sri (Dr) Mohd Nadzmi made the successful transition from a professional manager to an entrepreneur when he left his position as the Chief executive Officer at PROTON and took over the ownership and management of a loss-making company, Mara Holding Sdn Bhd ("Mara Holding"). YBhg Tan Sri (Dr) Mohd Nadzmi successfully turnaround the company in a span of one and half years, making it a successful venture with four (4) core activities, namely public bus transportation, manufacturing, property and defence.

Due to his achievement in turning around Mara Holding, he was propelled into the limelight as a turnaround specialist. His services were called upon once again by the Malaysian Government to spearhead a national project involving the provision of high speed train services between the Kuala Lumpur International Airport and the Kuala Lumpur city center via a company known as Express Rail Link Sdn Bhd ("ERL"). The project has now been successfully implemented and YBhg Tan Sri (Dr) Mohd Nadzmi is presently the Executive Chairman of ERL as well as Nadicorp Holdings Sdn Bhd and Trisilco Folec Sdn Bhd.

His achievements have earned him many accolades to-date. In 2004, he was named as Malaysia's Ernst & Young Entrepreneur of the Year (2003) and was the recipient of the Master Entrepreneur of the Year (2003) award. He was also awarded Entrepreneur of the Year 2009 by Enterprise Asia. In 2012, he was conferred the Honorary Doctorate in Entrepreneurship by the Universiti Teknikal Malaysia Melaka ("UTEM") and in 2013, he was awarded BrandLaureate Great Entrepreneur Brand Icon Leadership Award. In 2014, he was conferred the Honorary Doctorate in Entrepreneurship by the Universiti Malaysia Kelantan ("UMK") and in 2015, he was awarded the Global Leadership Award by the Leaders International.

YBhg Tan Sri (Dr) Mohd Nadzmi is also the Chairman and Managing Director of Transocean Holdings Bhd and Director of VS Industry Berhad Kumpulan Kenderaan Malaysia Berhad and Park May Berhad. He also chairs and is a board member of several private companies. He does not serve on any board committee of the Company and has no family relationship with any director of the Company.

YBhg Tan Sri (Dr) Mohd Nadzmi has direct holding of 6,050,000 ordinary shares in the Company. By virtue of his interest in the shares of the ultimate holding company, he is also deemed to have interest in the shares of the Company and all the Company's subsidiaries to the extent the ultimate holding company has an interest. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

## Board of Directors' Profile (cont'd)

### 02 **YBhg Datuk Sulaiman Bin Daud**

*Independent Non-Executive Director*

### 03 **Encik Muhammad Adib Bin Ariffin**

*Independent Non-Executive Director*

### 04 **Mr. Woo Kok Boon**

*Independent Non-Executive Director*



02 >

**YBhg Datuk Sulaiman Bin Daud** (male, Malaysian), 71, was appointed to the Board on 27 September 2005 as Independent Non-Executive Director. He is Chairman of the Audit Committee and Remuneration and Nomination Committee. He holds a Diploma in Agriculture from Universiti Putra Malaysia and Masters in Business Administration from IMC, Buckingham, United Kingdom. He is also a graduate of the Stanford-Insead Advanced Management Programme at Fontainebleau, France.

He has over 30 years working experience in various fields in Malaysia and overseas. This includes being Chairman of Bank Pertanian Malaysia for four terms, from 1998 to 2006. He has been a Director of Malaysia National Insurance and Chairman of Ranhill Power Berhad. He is now Chairman of Malaysia Packaging Industry Berhad, Director of Pharmaniaga Berhad, Park May Berhad and Silverlake Axis Limited (listed in Singapore). He is Chairman and Director of several private companies in Malaysia and Singapore. He has been a Board member of Universiti Putra Malaysia and also UMS Link Holdings Sdn Bhd, the business arm of Universiti Malaysia Sabah.

YBhg Datuk Sulaiman has direct holding of 650,000 ordinary shares in the Company. He has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.



03 &gt;



&lt; 04

**Encik Muhammad Adib Bin Ariffin** (male, Malaysian), 54, was appointed to the Board on 2 April 2007 as Independent Non-Executive Director. He is also a member of the Audit Committee and Remuneration and Nomination Committee. He holds Bachelor in Economics (Major in Accounting and Finance) from Monash University, Victoria, Australia. He is a member of Malaysian Institute of Accountant (MIA) and Fellow of Australian Society of Certificate Practising Accountants (ASCPA).

Encik Muhammad Adib had served over twenty years at several corporations, holding various positions in finance, operations, investments and corporate development. His industry involvement includes financial services, construction, manufacturing, property and agriculture.

Encik Muhammad Adib is currently the Executive Director of Pelita Diwangsa Sdn Bhd. He is also the Director of Transocean Holdings Bhd.

Encik Muhammad Adib has direct holding of 195,100 ordinary shares in the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**Mr. Woo Kok Boon** (male, Malaysian), 39, was appointed to the Board on 30 March 2011 as Independent Non-Executive Director. He is also a member of the Audit Committee and Remuneration and Nomination Committee. He holds a Bachelor in Art (Major in Economics) from York University, Toronto, Canada. He is a Fellow of the Institute of Motor Industry (IMI), United Kingdom.

Mr. Woo Kok Boon started his banking career with Multi-Purpose Bank Berhad. After the banking merger, he held the position of Manager of Sales & Marketing with Alliance Bank Malaysia Berhad. He then moved to Bumiputra-Commerce Finance Berhad and served as the Head of Risk Management Division and Head of Strategic Planning Division during his tenure.

Mr. Woo is also the Director of Transocean Holdings Bhd He is currently the Managing Director and Chief Executive Officer of Vita Nova Malaysia Sdn Bhd, a distributor for cancer treatment drugs for the Asean region and Executive Director of Vita Nova Holdings Sdn Bhd, an investment company.

Mr. Woo does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged of any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

## SENIOR MANAGERMENTS' PROFILE



01 / 02 / 03 / 04 >

**01 Encik Mohd Kamal Bin Muda** (male, Malaysian), 52, has been the Head of Business Operations, Trasnasional Express Division since November 2011. He began his career as Corporate Planning Executive at Mara Holdings Sdn Bhd in 1991. In 1996, he served as Assistant Manager of Limora Travel Services Sdn Bhd. He then joined KTMB in 1997 as its Planning Officer. From 1998 to 2004 he served Nadicorp Holdings Sdn Bhd as Assistant Manager of Business Development. He has a Bachelor Degree in Economics from University Malaya.

Encik Kamal does not hold any directorship in any public company and listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**02 Encik Zawawi Bin Zukfily** (male, Malaysian), 39, started his career in the automotive industry at Trisilco Motors Sdn Bhd in 2001 as a Sales Advisor and was later promoted to Service Manager in 2004 and thereafter he was then promoted as the General Manager. In 2008, he joined Nadicorp Holdings Sdn Bhd as the Business Development and Special Project Manager. He was then transferred to Konsortium Transnasional Berhad in 2016 as the Head of Business Operations, Cityliner Stage Bus Operations. He holds a Bachelor Degree in Economics from Universiti Kebangsaan Malaysia.

Encik Zawawi does not hold any directorship in any public company and listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major

shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**03 Encik Rosli Bin Md Dali** (male, Malaysian), 54, started his career in 1989 with MBF Properties Sdn Bhd until 1998. In 1999, he joined Park May Berhad under Plusliner Sdn Bhd in charged of operations, product development and Marketing. From 2004 to 2006, he was in charged of Plusliner's operations in Ipoh and he was transferred to the head office as the Operation Manager in 2006. He is currently the Head of Business Operations, Park May Express Division. He has a Bachelor Degree in Economics from Universiti Kebangsaan Malaysia.

Encik Rosli does not hold any directorship in any public company and listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**04 Mr. Daljit Kumar Pandey** (male, Malaysian), 51, started his career with Kumpulan Karang kraf Sdn Bhd as Marketing Executive and moved on to The New Straits Times Bhd as Product Development Executive and progressed his career to Senior Manager level. Thereafter he joined Konsortium Transnasional Berhad and he is currently the Head of Acquisition, Ancillary Business. He has a Bachelor Degree in Mass Communications from Universiti Kebangsaan Malaysia.



05 / 06 / 07 >

Mr. Daljit does not hold any directorship in any public company or listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**05 Encik Mohd Azlan Bin Tambi Husen** (male, Malaysian), 50, graduated from California State University, Fresno, USA, majored in Industrial Engineering. Upon returning home in 1990, he joined Lion Electronic (M) Sdn Bhd as an Industrial Engineer. He then joined Proton Holdings Bhd as the Production Planner. Thereafter he was transferred to the International Business Division of Proton and became the focal point between the manufacturing and export market. He was later seconded to Proton Edar Sdn Bhd in 2003 as the Manager in charge of the product planning for domestic market. He joined Konsortium Transnasional Berhad in 2007 and is currently the Senior Manager, Operation Services.

Encik Azlan does not hold any directorship in any public company or listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**06 Encik Abang Mahadini Bin Abang Mornie** (male, Malaysian), 43, holds a Bachelor of Economic from Universiti Malaya. He started his career as an Administration Supervisor and thereafter was promoted to Senior Human Resource Executive with Nadicorp Holdings Sdn Bhd. In November 2016, he was transferred to Konsortium Transnasional Berhad as the Head of Talent & Culture Development.

Encik Abang Mahadini does not hold any directorship in public company or listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

**07 Encik Syed Syamma Wafa Bin Syed Jalaluddin** (male, Malaysian), 34, holds a Bachelor of Accounting (Hons) from University Malaya. He started his career as an auditor at BDO Binder Chartered Accountants in 2006. He then joined Tradewind (M) Berhad in 2008 as the Assistant Manager, Group Account & Financial Reporting. In 2011 he joined Tradewinds Corporation Berhad as the Group Finance Manager. He then joined Konsortium Transnasional Berhad in March 2017 as the Chief Financial Officer.

Tuan Syed Syamma does not hold any directorship in public company or listed issuer and does not hold any interest in the shares of the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been charged for any offence other than traffic offence, if any and has not been imposed of any sanction and/or penalty by the relevant regulatory bodies in the past 5 years.

## CHAIRMAN'S STATEMENT

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Dear Shareholders,

On behalf of the Board of Directors, I present to you Konsortium Transnasional Berhad's (KTB) Annual Report and Audited Financial Statements for the year ended 31<sup>st</sup> December 2016.

KTB is principally involved in investment holding and the principal activity of the Group is the provision of public bus transportation comprising stage and express bus operations within Peninsular Malaysia. Our express bus operations provide a comprehensive coverage throughout the Northern, Southern and Eastern Regions whilst our stage bus services are available in Kedah, Kelantan, Selangor, Negeri Sembilan and in Temerloh, Pahang.

**YBhg Tan Sri  
(Dr) Mohd Nadzmi  
Mohd Salleh**

*Chairman/Managing Director*





## REVIEW OF FINANCIAL PERFORMANCE

For the financial year ended 31<sup>st</sup> December 2016, the Group recorded approximately RM172.2 million in revenue, a 4% reduction from that in the previous year. The express bus service sector contributed 64% of the revenue whilst the stage bus service sector contributed 12%.

For the year in review, KTB suffered a loss before tax of RM8.6 million. This loss is attributed to lower government's subsidy assistance for the stage bus sector and significant increase in finance cost.

## GLOBAL OVERVIEW

From the increasingly worrying social developments in Europe, to the ongoing challenges of the migrant crisis, the geo-political catastrophe of Syria, 2016 saw many developments on the global front.

Some of the major events include Britain's Brexit vote in June and Donald Trump's win in the US Presidential Election. Both these events may signal growing protectionism and impact negatively on free trade and globalisation, resulting in lower global trade and export growth for the region. After his win, the new US President has immediately withdrawn the United States out of the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership between the US and Europe. The obstacles to global growth continued to prevail in 2016, arising from the volatility in commodity prices, policy uncertainties and growth prospects of the major developed economies, heightened risk aversions in the global financial markets as well as geopolitical developments.

Malaysia's economy in 2016 grew at a slower pace of 4.2% when compared with the 5% expansion in 2015. The lower growth was caused by weak external demands and slowdown in domestic consumption with the ordinary Malaysians worried about the rising cost of living. On the sectoral side, the growth continued to be driven by the manufacturing and services sectors. Overall, domestic demand expanded at a more moderate pace, as the improvement in private consumption and investment activity was more than offset by the decline in public expenditure.

Private consumption grew supported by continued wage and employment growth whilst public consumption declined arising from the rationalisation of spending on supplies and services and a moderation in the growth of spending on emoluments. On the external front, net exports contributed positively to growth as real exports expanded at a faster rate than real imports.



## Chairman's Statement (cont'd)

### INDUSTRY OVERVIEW

There are more than 250 express bus companies in the industry, a huge number for such a small country like Malaysia. This has definitely dampened the sustainability of the industry and for many bus operators, it's a "survival at all costs" business model for them to be able to continue operating in the industry.

In 2016, the Goods and Services Tax (GST) regime that commenced the previous year continued to hinder the competitiveness of the industry. Bus operators have been placed in the "EXEMPT" category in the implementation of GST. This means we are not allowed to impose the 6% charge to the customers and neither are we allowed to claim back from the Customs on the GST charge imposed on our cost of operations (spare parts, tires, etc). This has further increased our cost of operations against the backdrop of 'no-fare increase' scenario the operators are in.

For the past several years, we have had to operate in a rising cost environment without the corresponding fare increase. In the midst of the challenging business environment, the Company strived to maintain its position in the industry in the safety aspect of its bus operations. We started implementing the Safety, Health and Environment Code of Practice in 2007 and now, our buses are regarded as the safest in the country. Over the past year, we had set up a GPS Control Room for us to monitor our bus operations via GPS. We also placed emphasis on drivers' training and awareness programme as well as intensified our enforcement activities for protection of our revenue streams, enhanced passengers' comfort and safety levels. Public transport is a service industry, as such, we always have to evaluate and improve our offerings to the public that the others are not able to provide.

It is our obligation to give our customers the best service, safety and comfort throughout their journey to all destinations.

### PROSPECTS

For the public bus transport sector, we foresee that KTB will still be operating in a very challenging business environment. The Company is operating in a very crowded marketplace and the whole industry is heavily regulated.

As the country's market leader in the public bus transport industry, we are tireless in our efforts to engage the authorities on the prospect of liberalising the express bus sector. In this respect, we are hopeful that SPAD will play its role in creating a viable industry that nurtures innovation and creativity and encourages fair and healthy competition.



We are also hopeful that the long-awaited fare increase for the express category which was withdrawn in 2015 will once again be approved for implementation by the Government in 2017. The new fare structure will certainly assist the Company to improve its service offerings as well as to inject elements of innovation and creativity into our bus operations. However, as the biggest bus operator in the country, we do not want to see any contraction in customers' demand due to a huge increase in bus fares. We feel that a scheduled fare increase at a lower rate but within a shorter time-frame will be more effective as this will enable the customers to adjust to the new fares.

In late 2012, SPAD established the Interim Stage Bus Support Fund (ISBSF) to enable stage bus operators to continue to provide reliable and efficient service. Before this, we had been suffering huge losses in this sector as stage bus service is more towards a social service for the people. We are grateful to the Government for extending the programme in 2016 that has enabled us to continue to provide the people with access to reliable public bus transportation.

2016 also saw the full-scale implementation of the SPAD-initiated Stage Bus Services Transformation (SBST) Programme in Seremban, whereby Cityliner has been appointed as the main contractor to provide and operate this service. This programme requires 110 of our buses servicing 27 routes over a contract period of 8 years. Despite the early teething operational challenges, we have persevered to meet the expectations of SPAD by the 3<sup>rd</sup> Quarter of 2016. We would like to thank SPAD for having the confidence in our capability to operate the service under the new scheme.

Overall, we are very optimistic that the stage bus sector will be more robust in 2017 with the continued assistance of the Federal Government which will enable the Management to introduce new and innovative business initiatives to ensure that stage bus service is an attractive mode of transport to commuters. We are hopeful that the long-term SBST programme will be expanded to other states and we will endeavour to place ourselves in a prime position to operate those services for SPAD.

We are optimistic that the bus transport industry will remain a vital component of the government's public transport agenda. At KTB, we will constantly monitor the aspects of maintenance and safety of our buses, customer service, marketing and promotional activities, investment in buses and technologies and the human capital development of our staff. We will continue to drive efforts to enhance the sustainability of all parties related to the public transport industry.

## ACKNOWLEDGMENTS

The Board of Directors would like to thank the Management team and the hard-working staff for their efforts and commitment during the year under review. We wish to also express our gratitude for the co-operation and support accorded by the Land Public Transport Commission (SPAD), the Road Transport Department, the Ministry of Finance, the Ministry of Transport, Dewan Bandaraya Kuala Lumpur and other relevant Government ministries and agencies and our business partners.

Last but certainly not least, to our shareholders, we thank you for your unwavering support in all our efforts to manage the company in this challenging time. We will continue to build on the proven record of the Group to achieve excellence in all areas.

### **YBhg Tan Sri (Dr) Mohd Nadzmi Mohd Salleh**

Chairman/Managing Director



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

For the financial year ended 31<sup>st</sup> December 2016, the Group recorded approximately RM172.2 million in revenue, a 4% reduction from that in the previous year (RM179.5 million). The express bus service sector contributed 64% of the revenue whilst the stage bus service sector contributed 12%.

Revenue from the express services sector recorded RM110.1 million, a reduction of 19% from RM135.5 million in the previous year. Revenue from the stage services sector recorded RM19.9 million, a reduction of 20% from RM24.9 million in 2015. These lower figures are due to reduced number of buses available for operations in the two service sectors.

The transportation sector is highly sensitive to the fluctuation of the operational costs such as fuel, tyres and spare parts. In 2016, the Group continued to operate in the midst of ever-increasing costs, added by the impact of our weakening currency in the global market.

Last year also saw the full-scale implementation of the minimum wage for all our affected employees. The scale of our manpower meant that the salary adjustment which occurred twice over a short period of time incurred a significant cost increase in the Company.

For the year in review, KTB suffered a loss before tax of RM8.5 million. This is due to lower government's subsidy assistance for the stage bus sector via the ISBSF and SBST programmes. The loss is also attributed to the huge increase in finance costs due to higher leasing and hire purchase arising from significant number of new buses acquired during the financial year and towards the end of financial year 2015.

For express operations, we carried 3.9 million passengers and for the stage operations, 12.7 million passengers.

## OPERATION REVIEW

Konsortium Transnasional Berhad (KTB) engages primarily in the bus transportation system comprising stage and express bus operations within Peninsular Malaysia.

The stage and express bus operations provide the most extensive coverage throughout Peninsular Malaysia, covering almost all major cities and towns as well as Singapore. KTB offers various brands under its stable with '**Transnasional**' being one of the leading brands in the express bus industry in Peninsular Malaysia. KTB also operates '**Plusliner**' economy express buses and Executive Coach bus services under the '**Nice**' brand as well as '**Cityliner**' stage buses.

Our express bus operations provide a comprehensive coverage throughout the Northern, Southern and Eastern Regions whilst our stage bus services are available in Kedah, Kelantan, Selangor, Negeri Sembilan and in Termerloh, Pahang.

## EXPRESS OPERATIONS

In 2016, the express bus segment in KTB continued to operate at the allowable optimum level. For the Transnasional service, the average number of operable buses daily stood at 185 whilst for Plusliner, the average operable bus daily stood at 66.

The targeted number for both Transnasional and Plusliner were 200 and 99 respectively.

However, the number of operable buses for both brands increased in the last months of 2016. This is due to the completion of delivery of new Transnasional buses from the coach-builder and the quicker pace of maintenance and repair works undertaken by the in-house workshop.

We expect that these numbers will rise even further in 2017 to reach the targeted average number of daily operable buses of 250 and 110 buses for Transnasional and Plusliner respectively.

Revenue for the express segment continued to be driven by the seasonal demand during school holidays and festive periods. The Management had emphasised to the operations team to always ensure that their buses remained available to cater to high demand for bus tickets during these periods. Subsequently, the operations team had engaged with the workshop continuously throughout the year to ensure strict adherence to the buses' scheduled maintenance programme.

In the 2<sup>nd</sup> Quarter of 2016, the Company had set up its own GPS Control Room to monitor the bus operations via GPS in compliance with SPAD's requirements. With this facility,





we are able to track the movement of our fleet as per the trip schedule as well as monitor the performance of our drivers with regards to their departure and arrival times and speed limits. Thus, we are able to minimise the number of speeding incidences and this resulted in the decrease in the number of speeding summons issued to the Company.

## STAGE OPERATIONS

Our stage bus operations continued to operate within the framework of the Federal Government-initiated public transportation programmes i.e. Interim Stage Bus Support Fund (ISBSF) and the Stage Bus Service Transformation (SBST) Programmes. The Federal Government realised on the need to continue with these programmes to ensure that all segments of society are able to enjoy access to affordable public bus transportation.

For our services under the ISBSF programme, we are able to provide an average 185 buses daily covering 90 routes for the benefit of the residents in Kedah, Kelantan, Selangor, Negeri Sembilan and Temerloh, Pahang.

For our services as the main contractor under the SBST MyBus Programme in Seremban, we are able to provide 110 buses daily covering 27 routes. For the MyBus Programme in Perlis, we only provide three (3) buses in our role as a sub-contractor to the Service Operator. Despite the shortage of available buses in the stage bus operations, we strive to maintain our utmost level to ensure the reliability and efficiency of our service.

## PROSPECTS FOR 2017

For the express bus sector, we have been greatly encouraged by SPAD and PEMANDU's joint efforts in facilitating the Bus Transport Lab which was held in the 1<sup>st</sup> Quarter of 2017. The Lab will see the involvement of all stakeholders in the industry, including the public to study ways to improve the quality of service, safety and sustainability of the bus industry.

We are hopeful that besides reviewing the bus fares, the Lab will achieve other desired outcomes in improving the industry's business model, address the driver shortage and welfare, improve the quality of the bus infrastructure, among others. As the biggest bus operator in the country, we will persist with our efforts together with other industry players to compel the authorities to initiate positive changes in the industry.

2017 will also see the full impact of the new 100 Transnasion buses which was fully delivered in December 2016. With these new buses and the overall improvement in our service and repair works on existing Transnasion and Plusliner buses, we expect a significantly higher revenue from our express bus sector.



We will also be emphasising more on our online sale segment, in tandem with the purchasing trend prevalent in the society today. We are revamping our express brands' websites to make it more purchase-oriented as well as creating applications for selling tickets and other promotional items that would appeal to a broader cross-section of society.

For the stage bus sector, we are highly optimistic that the ISBSF Programme will continue to be driven by the Government's emphasis on affordable and accessible public transport. We are also engaging with the authorities to convert the current ISBSF programmes in the five states into the SBST Programme which runs on an 8-year contract. This long-term concession will bring greater sustainability to the bus operators operating under the current ISBSF scheme, especially to KTB which has the largest number of buses and highest number of routes.

Cityliner has also targeted 235 buses to be operational daily under the ISBSF Programme (increase from 185 in 2016). More buses mean having more ability to generate revenue. This will have a significant positive impact on our revenue for the stage bus sector.

For the SBST Programme, 2017 will be the third year that Cityliner has undertaken the bus operations. We are highly optimistic that the momentum from the significant improvements that we achieved from the 3<sup>rd</sup> Quarter 2016 will be carried over and further improved in 2017. KTB is also engaging constantly with SPAD to make this programme more sustainable to the operator(s) so as to ensure that the success of this programme can be replicated in other states in the country. Cityliner, as the pioneer main operator under the programme, will be well-placed to offer its services.

# STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors of Konsortium Transnasional Berhad ("Company") takes cognizance of the importance of adopting good corporate governance. The Board is committed in ensuring that the Principles and Recommendations prescribed under the Malaysian Code of Corporate Governance 2012 ("Code") are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance the shareholders' value and financial performance of the Group. The statement below sets out how the Group has applied the principles and recommendations of the Code.

In preparing this Statement, the Board has considered the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Recommendations of the Code. The Board is of the opinion that save as set out below, the Group has generally applied the Principles and complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2016.

YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh, Chairman/Managing Director of the Company had been holding both the position since 2007 in the absence of the Chief Executive Officer. The Board has assessed the situation and taken action to ensure Recommendation 3.3 of the Code will be complied. Accordingly, YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh will relinquish the position of the Managing Director when the Chief Executive Officer has been duly identified and appointed.

YBhg Datuk Sulaiman Bin Daud, Independent Non-Executive Director of the Company since 2005 had exceeded a cumulative term of nine years as an independent director of the Company. The shareholders had during the last Annual General Meeting ("AGM") of the Company held on 19 May 2016 approved the motion to retain YBhg Datuk Sulaiman Daud as an Independent Director in compliance with recommendation of the Code.

Encik Muhammad Adib Bin Ariffin, Independent Non-Executive Director of the Company since 2007 had also exceeded a cumulative term of nine years as an independent director of the Company. The shareholders had during the last Annual General Meeting ("AGM") of the Company held on 19 May 2016 had also approved the motion to retain Encik Muhammad Adib Bin Ariffin as an Independent Director in compliance with recommendation of the Code.

Pursuant to the Policy on the Board Composition and Independence of the Company and in line with the Recommendation 3.2 of the Code where the tenure of an independent director should not exceed a cumulative term of nine years, the Remuneration & Nomination Committee has assessed the independence of YBhg Datuk Sulaiman Bin Daud and Encik Muhammad Adib Bin Ariffin and recommended them to continue to act as Independent Non-Executive Directors of the Company. In this respect, the Company will be seeking the shareholders' approval at the coming AGM to retain both YBhg Datuk Sulaiman Bin Daud and Encik Muhammad Adib Bin Ariffin to continue to act as independent directors of the Company.

This statement outlines the Group's main corporate governance practices and policies in alignment with the principle of the Code as follows:-

## 1.0 CLEAR ROLES AND RESPONSIBILITIES

### 1.1 Clear Functions of the Board and Management

The Board is responsible for strategic planning, oversight and overall management of the Group. To ensure the Board members are aware of their duties and responsibilities, the Board has established a governance model via the Board Charter which sets out the composition, duties and responsibilities, powers and meeting of the Board. The Board has also delegated specific matters to various Board Committees such as Audit Committee ("AC"), Remuneration & Nomination Committee ("RNC") which operates within their respective approved Term of Reference.

The Board is primarily responsible for the charting and reviewing the strategic direction of the Group. The responsibilities of the Board are inclusive of but not limited to the following:

- 1) reviews and adopts the strategic and business plan for the Company;
- 2) oversees the conduct of the Company's business and evaluates whether the said business is being properly managed;
- 3) identifies principal risks and ensure the implementation of appropriate systems to manage the risks in order to achieve a proper balance between risk incurred and potential returns to shareholders;
- 4) reviews the adequacy and the integrity of the Company's internal control systems for compliance with the applicable laws, regulations, rules, directives and guidelines. The Board ensures that there is a satisfactory reporting framework on internal financial controls and regulatory compliance;



## 1.0 CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.1 Clear Functions of the Board and Management (cont'd)

The Board is primarily responsible for the charting and reviewing the strategic direction of the Group. The responsibilities of the Board are inclusive of but not limited to the following: (cont'd)

- 5) examines its own size and composition to determine the impact on the Board's effectiveness. The Board ensures it has enough directors to discharge its responsibilities and perform its functions;
- 6) receives and seeks relevant information for the assessment of the performance of the Company;
- 7) establishes the Company's authority limits which outline the materiality of any transaction entered into by the Company and determine its approving authorities; and
- 8) ensures that the Company's financial statements are true and fair and comply with all applicable laws, rules and regulations.

The Board retains full and effective control on the Group and has developed corporate objectives and position descriptions including the limits for the Management's responsibilities, which the Executive Director is aware and is responsible for meeting. The Board has an understanding of matters reserved to itself for decision, which includes investment policy, approval for major capital expenditures, strategic planning, overseeing financial and operational performance, monitoring risk management processes, merger and acquisition activities and reviewing the adequacy of internal control systems.

There is a clear division of responsibilities between the Executive Director, responsible for the day to day management of the Group and the Independent Non-Executive Directors who plays a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision making. Any material and important proposals which will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members has unfettered powers of decision.

The Board is also to lead and control the affairs of the Group on behalf of the shareholders. The Board takes into account the interests of all stakeholders when making decisions so as to ensure that the objectives of enhancing prosperity and creating long term shareholders' value are met. In addition, the Board monitors the performance of the Group's various areas of operations.

In line with its overall responsibility for the proper conduct of the Group's business, the Board is responsible for approving the Group's goal and strategic directions, targets for Management, monitoring the achievement of those goals and targets and overseeing process of evaluating the adequacy and effectiveness of the system of internal controls and risk management process.

The Management is responsible for the day to day running of the Group's business in accordance with the corporate objectives, goals and targets set by the Board.

The Group is led by a strong and experienced Board under the Chairman who also assumes the responsibilities of the Managing Director. The roles of Chairman and Managing Director is assumed by YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh in recognition of his entrepreneurial leadership. YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh is assisted by the 3 Independent Non-Executive Directors.

## Statement of Corporate Governance (cont'd)

### 1.0 CLEAR ROLES AND RESPONSIBILITIES (cont'd)

#### 1.2 Duties and Responsibilities

The Board assumes, amongst others, the following responsibilities:-

##### a. Reviewing and adopting strategic plan for the Group

The Board provides direction and plays a vital role in developing a strategic plan for the Group. The Management presents its recommended strategy and business plan as well as annual budget to the Board for review and approval before implementation.

##### b. Overseeing the conduct of the Group's business

The Chairman/Managing Director is responsible to oversee the daily management of the Group's business and operations. The Chairman/Managing Director is assisted by the various divisional heads in monitoring daily activities of the Group. The Chairman/Managing Director is further supported by the Management and the committees established within the Company's management framework.

The performance of the Management is monitored and assessed by the Board through management reports which are tabled on a periodic basis. These reports include a comprehensive summary of business operations and financial performance.

##### c. Identifying principal business risks and ensuring the implementation of appropriate systems to manage risks

The Board has entrusted the risks management function to the AC to oversee the Risk Management Framework of the Group. The AC reviews and identifies areas of potential high risk faced by the Group and reviews risk management policies and makes recommendations to the Board for approval.

##### d. Succession planning

The Board has entrusted the RNC with the responsibility to ensure that an appropriate framework and plan for succession within the Group are in place. The Board has also entrusted the Chairman/Managing Directors, who is assisted by the divisional heads with the responsibility to review candidates and compensation packages for key management positions.

##### e. Overseeing the development and implementation of a shareholder communication policy for the Group

The Group emphasizes the importance of communication among shareholders, stakeholders and the Company. Adequate communication generates and builds public confidence towards the Company. The Board endeavors to ensure that annual reports, quarterly reports and announcements are released on a timely basis as a mean of disseminating information of the Group's business activities and financial performance.

The Group welcomes dialogues with shareholders and investors to discuss relevant issues and obtain feedback. The Chairman, Non-Executive Directors and Senior Management personnel participate in discussions with the shareholders to ensure they are given accurate and fair representation of the Group's performance and position.

At each annual general meeting, all the Directors of the Company would be present at the meeting to answer any questions that the shareholders may ask. The Chairman of the meeting provided time for the shareholders to ask questions for each agenda in the notice of the annual general meeting. The external auditors were also present at the annual general meeting to answer any questions that the shareholders may ask. The shareholders were also able to meet with the Directors after the meeting.

The shareholders may also contact the Company Secretary at all times for any further relevant information on the Company. The Company's website has a "Contact Us" section where shareholders and potential investors may direct their enquiries to the Company.

## 1.0 CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.2 Duties and Responsibilities (cont'd)

The Board assumes, amongst others, the following responsibilities:- (cont'd)

#### f. Reviewing the adequacy and integrity of management information and internal control system of the Group

The Board has to ensure that there is a sound framework of reporting on internal control and regulatory compliance. Details relating to the internal control system and review of the effectiveness are available in the Statement on Risk Management and Internal Control as set out in this Annual Report.

#### g. Board of Directors' composition

An effective Board is the one that made up of a combination of executive directors with intimate knowledge of the business and non-executive directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Group is led by a strong and experienced Board under the Chairman who also assumes the responsibilities of the Managing Director. The roles of Chairman and Managing Director are assumed by YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh in recognition of his entrepreneurial leadership.

The Board placed great importance on the balance of its Independent Non-Executive Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high caliber and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategic, performance and resources.

The Board comprises of 4 members of whom 3 members are independent non-executive directors. The Board has more than 1/3 independent directors as its members. A brief profile of each director is presented in the profile of directors section of this Annual Report.

The composition of the members of the Board reflects a good mix of experience, backgrounds, skills and qualifications which are vital to the sustainability and growth of the Group.

Being a Board with a relatively small number of Directors, the Board feels that it is not necessary to identify a Senior Independent Non-Executive Director of the Board in the Annual Report to whom concerns may be conveyed. Any concerns from the shareholders can be conveyed to any of the Independent Non-Executive Directors.

#### h. Board gender diversity

According to the Company's Policy on Board Composition and Independence, the Board recognizes diversity as an important part of the criteria that are used to determine the board composition and to ensure that different perspectives are considered for the Board's effectiveness and strength.

The Board will review the suitability and credibility of women candidates for the Board to reach adequate women participation in the Board.

#### i. Board Committees

The Board has established two (2) Board Committees, to which it has delegated certain responsibilities. They are the Audit Committee ("AC") and the Remuneration and Nomination Committee ("RNC"). The responsibilities, roles and activities of these Committees are described in detail in this statement.

## Statement of Corporate Governance (cont'd)

### 1.0 CLEAR ROLES AND RESPONSIBILITIES (cont'd)

#### 1.2 Duties and Responsibilities (cont'd)

The Board assumes, amongst others, the following responsibilities:- (cont'd)

##### i. Board Committees (cont'd)

##### a) Audit Committee

The AC comprises of three (3) Independent Non-Executive Directors as follows:

- 1) YBhg Datuk Sulaiman Bin Daud (Chairman);
- 2) Encik Muhammad Adib Bin Ariffin (Member); and
- 3) Mr. Woo Kok Boon (Member).

Attendance of Members of the AC at the meeting held during the year 2016 is as follows:

No.	Members	Attendance
1.	YBhg Datuk Sulaiman Bin Daud	5 out of 5 meetings
2.	Encik Muhammad Adib Bin Ariffin	4 out of 5 meetings
3.	Mr Woo Kok Boon	5 out of 5 meetings

The AC's terms of reference includes the review of and deliberation on the Group's financial statements, the audit findings of the external auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by the internal audit together with the Management's responses thereon.

External auditors, internal auditors, executive directors and members of the senior management attend the meetings at the invitation of the AC.

##### b) Remuneration and Nomination Committee

The RNC comprises of three (3) Independent Non-Executive Directors as follows:

- 1) YBhg Datuk Sulaiman Bin Daud (Chairman);
- 2) Encik Muhammad Adib Bin Ariffin (Member); and
- 3) Mr. Woo Kok Boon (Member)

The Committee is empowered to bring to the Board, recommendations as to the appointment of any new executive or non-executive director. In making its recommendation, the Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which the director of the Company should bring to the Board.

The Committee also ensures that the Board has an appropriate balance of expertise and ability. In addition, the Committee also assesses the effectiveness of the Board as a whole and the contribution of each individual director.

The Committee is also empowered to recommend to the Board, the remuneration policy for the Executive Directors and Independent Non-Executive Directors. The RNC had performed its duty to annually assess the remuneration package for the directors. The directors' fees for the Independent Non-Executive Directors are subject to the shareholders' approval.

There was one (1) RNC meeting held during the year 2016. All the members of the RNC were present during the said meeting.

During the financial year 2016, the RNC had conducted the annual assessment of directors and the remuneration package for the directors.

## 1.0 CLEAR ROLES AND RESPONSIBILITIES (cont'd)

### 1.3 Ethical Standards and Code of Conduct

The Board strongly believes in applying good working ethics and code of conduct in all business dealings. The Directors of the Company is guided by the Code of Ethics established by the Companies Commission of Malaysia for company directors. The Code of Ethics sets out the principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

### 1.4 Strategies Promoting Sustainability

The Board is committed to conduct its business in a socially responsible manner by implementing sustainable corporate strategies and practices. The Group has embraced good corporate responsibility practices in the areas of workplace, community and environment.

### 1.5 Access to Information and Advice

The Board has timely access to information pertaining to the Group. Quarterly Board meetings are prescheduled with additional meetings convened as and when urgent issues and/or important decisions are required to be addressed between the scheduled meetings. Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. The Board papers are circulated to the Directors at least 3 days in advance prior to each Board meeting. Board papers consisted of Notice and Agenda of the meetings supported by the working papers and reports would be sent to the Directors. This will enable the Directors to have sufficient time to obtain further explanations, where necessary, in order to be briefed properly before or during the meeting.

There are matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisitions and disposals of assets that are material to the Group, major investments and control structure of the Group including key policies, procedures and authority limits.

In furtherance of their duties, the Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional adviser, whenever appropriate, at the Group's expense.

### 1.6 Board Charter

The primary objective of the Company's Board Charter is to set out the authority, responsibilities, membership and operation of the Board of Directors, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board is guided by the Board Charter which provides reference for directors in relation to the Board's role, powers, duties and functions. The Board will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance. The Board Charter is available for reference at the Company's website.

## 2.0 STRENGTHEN COMPOSITION OF THE BOARD

### 2.1 Remuneration and Nomination Committee

The Group places high importance to ensure the Board comprises members with suitable academic and professional qualifications, skills, expertise and experiences. Pursuant thereto, the RNC always monitors that there is an appropriate balance of expertise and ability. The Committee also regularly assesses the effectiveness of the Board as a whole and the contribution of each individual director.

The Committee is headed by YBhg Datuk Sulaiman Bin Daud, an Independent Non-Executive Director and all the members of the Committee are also independent non-executive directors.

## Statement of Corporate Governance (cont'd)

### 2.0 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

#### 2.2 Recruitment Process and Annual Assessment of Directors

The RNC adopts a transparent practice to assess the suitability of an individual to be appointed to the Board. Recruitment is based on preset criteria such as the individual's skill, knowledge, expertise, experience, professionalism and integrity. The Committee also ensures that the procedures for appointing new directors are transparent and that appointment is made on the merit and against objective criteria for the purpose.

Re-appointment of directors of the Company is in accordance with the Company's Articles of Association and good corporate governance practice. The performance of each director of the Company is appraised by the other directors based on the characteristic of integrity, governance, participation, decision, independence and strategic perspective. Thereafter, the evaluation of survey questionnaires are compiled into a summary report. The report is presented to the Committee and then to the Board.

For the year 2016, all the directors met the expectations of the criteria set out in discharging their duties and responsibilities.

Independent directors who have been on the Board for a cumulative period of more than nine (9) years will be recommended by the Board for re-election annually at the Annual General Meeting (AGM) after evaluating the performance of the individual independent director and also based on the recommendation of the Committee.

In accordance with the Articles of Association (Articles) of the Company, all directors who are appointed by the Board are subject to election by the shareholders at the first opportunity after their appointment. The Articles also provide that the directors shall retire from the office once at least in each three (3) years but shall be eligible for re-election at the AGM.

The performance and effectiveness of the director and the Board are assessed individually and collectively, using evaluation survey questionnaires to evaluate the overall Board's performance against criteria that the Board determines are important to its success. The Board's performance and effectiveness evaluation in year 2016 reported that the Board continues to operate effectively.

#### 2.3 Directors' Remuneration

The Company has adopted the objective as recommended by the Code to determine the remuneration framework for the Directors so as to ensure that the Company attracts and retains suitable Directors needed to run the Group successfully. In the case of Executive Director, the level of remuneration reflects the experience and level of corporate and fiduciary responsibilities borne by the Director concerned.

The remuneration framework for the Executive Director and Independent Non-Executive Directors was recommended by the RNC and approved by the Board of Directors.

All Non-Executive Directors are paid directors' fees and in addition, they are paid a meeting allowance for attendance at each Board and Committee meeting. The Non-Executive Directors' fees are approved by the Company at the Annual General Meeting in accordance with the Company's Article of Association. The Non-Executive Directors does not receive any other fees from the group other than the directors' fees and meeting allowance received from the Company. The Executive Director does not receive any other salary from the group other than the salary he received from the Company.

## 2.0 STRENGTHEN COMPOSITION OF THE BOARD (cont'd)

### 2.3 Directors' Remuneration (cont'd)

The aggregate remuneration of Directors categorized into appropriate components for the financial year ended 31 December 2016 is as follows:-

Category of Directors	Fees	Attendance/ Other Remuneration	Salaries	Benefits in kind	Total
Executive Director	–	RM120,000	RM972,008.00	–	RM1,092,008
Non-Executive Directors	RM192,000	RM22,250	–	–	RM214,250

Range of Remuneration	Executive Directors	Non-Executive Directors
RM1 – RM50,000	–	–
RM50,001 – RM100,000	–	3
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	–
RM200,001 – RM250,000	–	–
RM250,001 – RM300,000	–	–
RM300,001 – RM350,000	–	–
RM350,001 – RM400,000	–	–
RM400,001 – RM450,000	–	–
RM450,001 – RM500,000	–	–
RM500,001 – RM550,000	–	–
RM550,001 – RM600,000	–	–
RM600,001 – RM650,000	–	–
RM650,001 – RM700,000	–	–
RM700,001 – RM750,000	–	–
RM750,001 – RM800,000	–	–
RM800,001 – RM850,000	–	–
RM850,001 – RM900,000	–	–
RM900,001 – RM950,000	–	–
RM950,001 – RM1,000,000	–	–
RM1,000,001 – RM1,050,000	–	–
RM1,050,001 – RM1,100,000	1	–

Although the Code requires that each of the Director's remuneration be disclosed in detail, the Board is of the opinion that the transparency and accountability aspect of this requirement are still appropriately served. The band disclosure made above is in compliance with the Appendix 9C of the Listing Requirements.

## Statement of Corporate Governance (cont'd)

### 3.0 REINFORCE INDEPENDENCE

#### 3.1 Assessment of Independent Director

The Board through the RNC performs an assessment of its independent directors, with a view to ensure the independent directors bring independent and objective judgment to the Board and this mitigates arising of conflict of interest or undue influence from interested parties. Where there is a likely conflict of interest position, the Board would take appropriate action to rectify the situation. Should any director have an interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in the discussion and voting on the matter.

The three (3) independent non-executive directors of the Company fulfilled the criteria of independence as defined in the Listing Requirements. The Company meets the minimum requirement prescribed by the Listing Requirements to have at least one-third of the Board comprised of independent non-executive directors.

It is recommended that the positions of the Chairman and Chief Executive Officer/Managing Director should be held by different individuals, and the Chairman must be a Non-Executive Director. The Board continues to be mindful of the combined role of the Chairman and Managing Director positions currently held by YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh. In the best interest of the Group, this combined role is maintained as the valuable knowledge in the business operation and industry contributed by YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh is essential to the effective management of the Group. The balance of authorization is ensured by the operation of the senior management and the Board. The Board is currently comprised of one (1) Executive Director and three (3) Independent Non-Executive Directors and therefore has a strong independence element in its composition. There is a balance of membership in the Board, thus ensuring that no individual dominates the decision making process and the results thereof.

#### 3.2 Tenure of Independent Director

The Company is aware of the recommendations of the Code for tenure of independent directors not to exceed nine (9) years. However, the Board does evaluate and take into account the contribution of independent directors and is of the view that valuable contributions can be obtained from directors who have, through their period of association with the Group, understand the intricacies of the Group's Business. YBhg Datuk Sulaiman Bin Daud, Independent Non-Executive Director since 2005 and Encik Muhammad Adib Bin Ariffin, Independent Non-Executive Director since 2007 had exceeded a cumulative term of nine (9) years as independent directors.

#### 3.3 Re-appointment of Independent Director who served more than nine years

Pursuant to the Policy on the Board Composition and Independence duly adopted by the Company and in line with the Recommendation 3.2 of the Code, the RNC has assessed the independence of YBhg Datuk Sulaiman Bin Daud and Encik Muhammad Adib Bin Ariffin and recommended for them to continue to act as Independent Non-Executive Directors of the Company. In this respect, the Company will be seeking the shareholders' approval at the coming AGM to retain YBhg Datuk Sulaiman Bin Daud and Encik Muhammad Adib Bin Ariffin to continue to act as independent directors of the Company.

### 4.0 FOSTER COMMITMENT

#### 4.1 Time Commitment

The Board meets at least quarterly, to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meeting will be called when necessary. The relevant reports and board papers are distributed to all Directors in advance of the Board Meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during the meetings.

The Board recognizes the importance of time commitment of its members. The meeting dates for the calendar year are set after the Directors have duly confirmed their availability for the same.

All the Directors have duly complied with the minimum 50% attendance requirement in respect of the Board Meeting as stipulated in the Main Market Listing Requirements of Bursa Securities.

## 4.0 FOSTER COMMITMENT (cont'd)

### 4.1 Time Commitment (cont'd)

During the financial year ended 31 December 2016, the Board met five (5) times, where they deliberated and considered matters relating to the Group's financial performance, corporate development, strategic issues and business plan and annual budgets. During the Board meetings, the Directors also review and approve all corporate announcements, including the announcement of the quarterly financial results prior to releasing them to Bursa Securities. All pertinent issues discussed at the meetings in arriving at the Board's decisions and conclusions are properly recorded in discharging its duties and responsibilities.

The attendance of the Directors at the board meetings are presented on page 4 of the Annual Report.

### 4.2 Directors' Continuous Professional Development

The Group recognizes the need to upgrade and enhance the skills of the Board members. All Board members have attended the Mandatory Accreditation Programme and the Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development.

The Board also continually assesses the training needs of the Directors. In the financial year ended 31 December 2016, the Board members had attended the following trainings/seminars:-

No.	Director	Training/Seminar	Organizer
1.	YBhg Tan Sri (Dr) Mohd Nadzmi Bin Mohd Salleh	i) Corporate Reporting Best Practises	Bursatra Sdn Bhd
2.	YBhg Datuk Sulaiman Bin Daud	i) Corporate Reporting Best Practises ii) Business Future Series iii) Entanglement and Enlightenment	Bursatra Sdn Bhd Singapore Institute of Directors Singapore Institute of Directors
3.	Encik Muhammad Adib Bin Ariffin	i) Corporate Reporting Best Practises	Bursatra Sdn Bhd
4.	Mr. Woo Kok Boon	i) Corporate Reporting Best Practises	Bursatra Sdn Bhd

## 5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING

### 5.1 Financial Reporting

The Board has always endeavoured to provide, true, fair and comprehensive financial reporting of the Group's performance in the audited financial statements and quarterly financial reports together with material disclosures in the notes of accounts, in accordance with the Malaysian Financial Reporting Standard and the Listing Requirements. Thus, a balanced and meaningful assessment of the Group's financial performance and prospects are presented primarily through the financial statements and the Chairman's Statement in the Annual Report.

In presenting the annual audited financial statements and quarterly announcement to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price sensitive public reports and reports to the regulators.

The Group's quarterly and annual results announcements were made within the stipulated time frame, in line with the Board's commitment to provide a true and fair view of the Group's operations.

The Board's stance on presenting true, fair and comprehensive financial reporting with a balanced and meaningful assessment of the Group's financial performance is reinforced by both the Internal and External Audit Functions.

## Statement of Corporate Governance (cont'd)

### 5.0 UPHOLD INTEGRITY IN FINANCIAL REPORTING (cont'd)

#### 5.2 Assessment of Suitability and Independence of External Auditors

On an annual basis, the Audit Committee will review and monitor the suitability and independence of the External Auditors as well as reviewing the non-audit services provided by the External Auditors, if any. No non-audit fees were paid to the Company's External Auditors in year 2016. The audit fee paid to the Company's External Auditors in year 2016 by the Company was RM30,000.00 and by the Group (subsidiaries) was RM220,000.00.

The Audit Committee had obtained an assurance from the External Auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the External Auditors and had recommended for the re-appointment of the External Auditors at the forthcoming AGM.

### 6.0 RECOGNISE AND MANAGE RISK

#### 6.1 Risk Management and Internal Control

The Board is committed to maintain a good risk management framework and sound system of internal control within the Group. The Group has an embedded process for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks 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 Internal Audit function is outsourced to a professional service firm which has an independent reporting channel to the Audit Committee and is authorized to conduct independent audits on all the departments, divisions and offices within the Group and to reports the findings to the Audit Committee on quarterly basis.

The Audit Committee reviews, deliberates and decides on the next course of actions and evaluates the effectiveness and efficiency of the internal control systems.

### 7.0 TIMELY AND HIGH QUALITY DISCLOSURE

#### 7.1 Corporate Disclosure Policy

The Board has set up appropriate corporate disclosure policies and exercises close monitoring of all price sensitive information required to be released to Bursa Malaysia and makes material announcements to Bursa Malaysia in a timely manner as per the Listing Requirements.

#### 7.2 Dissemination of Information

The Group exercises close monitoring of all price sensitive information required to be released to Bursa Securities and makes material announcements to Bursa Securities in a timely manner. In accordance with best practices, the Board would strive to disclose price sensitive information to the public as soon as practicable through Bursa Securities, the media and Group's website. Price sensitive information refers to any information that on becoming generally available, would tend to have a material effect on the market price of the Company's listed shares.

Members of the Board and Management with privy to price sensitive information are prohibited from dealing in shares of the Company until such information is publicly available. This is in addition to the provisions relating to the 'closed period' for dealing in the Company's shares.

Comprehensive corporate information is provided in the Company's Annual Report. General announcements, quarterly announcements and annual results provide the investors and the general public with pertinent information. In addition, Directors' Report and Audited Financial Statements, Annual Report, Interim Financial Statements together with the Company's announcement and other information about the Group are available on the Company's website.

## 8.0 STRENGTHEN RELATIONSHIP WITH SHAREHOLDERS

### 8.1 Shareholders participation at General Meeting

In addition to communicating and engaging shareholders through annual reports, AGM, timely disclosures of information, the Group welcomes dialogues with shareholders and investors to discuss issues and obtain feedback. The Chairman, Independent Directors and Senior Management participate in the discussions with the shareholders to ensure the shareholders are given accurate and fair representation of the Group's performance and position.

At each AGM, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting provided time for the shareholders to ask question for each agenda in the notice of the AGM. The External Auditors are also present at the AGM to answer any questions that the shareholders may ask. The shareholders are also able to meet with the Directors after the meeting while they mingled with the shareholders, proxies and corporate representatives.

### 8.2 Communications and engagement with Shareholders

The Group communicates with its shareholders through the timely release of financial results on quarterly basis, annual reports, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep the shareholders and investors informed of the Group's performance.

The shareholders and investors can obtain the Group's latest announcements such as quarterly financial results at Bursa Securities's website and the Company's website.

The shareholders may also contact the Company Secretary at all times for any further relevant information on the Company.

## STATEMENT OF COMPLIANCE WITH THE RECOMMENDATION OF THE CODE

The Company is committed to achieve a high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

The Board is of the opinion that for the financial year ended 31 December 2016, the Company has generally adhered to the Principles and Recommendations as set out in the Code save as disclosed otherwise.

## CORPORATE SOCIAL RESPONSIBILITY

The Group understands the need to contribute and work together with society and the community in conjunction with the Group's business needs and interests.

The Group regarded the use of its environmentally friendly CNG fuel buses as its corporate social responsibility to promote healthier living and reduce pollution. In other instances, the Group often provides low price charters to non-profit/charity organization for their good cause anywhere in Peninsular Malaysia.

The Group takes responsibilities in ensuring road safety by regularly sending the drivers to attend good driving and safety courses and the drivers are also subjected to routine medical checks on their health conditions.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation to the Audited Financial Statements for the year ended  
31 December 2016

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This Statement is prepared pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

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

In preparing the financial statements, the Directors took into consideration the following:-

- the Group and the Company have duly applied the appropriate and relevant accounting policies on a consistent basis;
- reasonable and prudent judgment and estimates were made; and
- all applicable approved accounting standards in Malaysia have been duly followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965. 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.

# AUDIT COMMITTEE REPORT



## COMPOSITION OF AUDIT COMMITTEE AND MEETINGS

As at 31 December 2016 the Audit Committee comprises three (3) members, all of whom are Non-Executive Directors.

A total of five (5) meetings were held during the year. The status and attendance record of each member during the year are as follows:-

Composition	Designation/Directorship Status	Attendance
YBhg Datuk Sulaiman Bin Daud	Chairman/Independent Non-Executive Director	5 out of 5 meetings
Encik Muhammad Adib Bin Ariffin	Member/Independent Non-Executive Director	4 out of 5 meetings
Mr Woo Kok Boon	Member/Independent Non-Executive Director	5 out of 5 meetings

All members of the Audit Committee have a working familiarity with basic finance and accounting practices. Encik Muhammad Adib Bin Ariffin is a member of the Malaysian Institute of Accountants.

## TERMS OF REFERENCE

The Audit Committee serves to implement and support the oversight function of the Board. In fulfilling its duties and objectives, the Audit Committee is guided by the Terms of Reference as follows:-

### Members

The members of the Audit Committee shall be appointed by the Board of Directors. The Audit Committee shall consist of not less than three (3) members and all the members must be non-executive directors, with a majority of them being independent directors.

All members of the Audit Committee shall be financially literate and at least one member:-

- a. must be a member of the Malaysian Institute of Accountants; or
- b. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:
  - i) he must have passed the examination specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
  - ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Scheduled of the Accountants Act 1967; or
  - iii) fulfil such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The Chairperson of the Audit Committee must be an Independent Non-Executive Director.

### Meetings

Meetings are to be held on quarterly basis, the quorum for the meeting shall be two (2) members and the majority of the members present must be independent directors.

All proceedings of the meetings are minuted by the Secretary of the Committee, who shall be the Company Secretary of the Company.

## Audit Committee Report (cont'd)

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### TERMS OF REFERENCE (cont'd)

#### Authority

The Audit Committee shall have:-

1. the authority to investigate any matter within its terms of reference;
2. the resources which are required to perform its duties;
3. full and unrestricted access to any information pertaining to the Company;
4. direct communication channels with external auditor and person(s) carrying out the internal audit function or activity;
5. the authority to obtain independent professional or other advice; and
6. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deem necessary.

#### Duties and Responsibilities

To review the following and report the same to the Board of Directors:-

1. with the external auditor, the audit plan;
2. with the external auditor, the external auditor's evaluation of the system of internal controls;
3. with the external auditor, the external auditor's audit report;
4. the assistance given by the employees of the Company to the external auditor;
5. the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its works;
6. the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not the appropriate action is taken on the recommendations of the internal audit functions;
7. the quarterly results and year end financial statements, prior to the approval by the Board;
8. any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
9. any letter of resignation from the external auditor;
10. whether there is a reason to believe that the Company's external auditor is not suitable for re-appointment; and
11. nomination and recommendation of a person or persons as external auditor of the Company.

## ACTIVITIES

During the financial period, the Audit Committee undertook the following activities:-

1. reviewing the quarterly report on consolidated result;
2. reviewing the external auditor's management letter and management response;
3. reviewing the status of compliance to the Malaysian Code on Corporate Governance and the Bursa Malaysia's Listing Requirements;
4. reviewing the scope of work, resources and annual audit plan of the internal audit;
5. reviewing the audit and investigation reports issued by the internal audit, discussing the findings and recommendations with Management and ensuring timely resolution of all findings and recommendations;
6. reviewing and deliberating the annual audited financial statements with the external auditors, submissions to the various regulatory authorities and circular to shareholders including the general mandate on recurrent related party transactions;
7. ensuring adequacy, objectivity and effectiveness of the internal audit function;
8. evaluating the performance and independence of the external auditor and made recommendation to the Board on their re-appointment and audit fees; and
9. dialogue sessions with the external auditor without the presence of the Management.

## SUMMARY OF WORKS

There were five (5) Audit Committee Meeting held for the year ended 31 December 2016 and the main agendas for the said meetings were to review the quarterly financial results, annual audited financial statement and the audit reports as presented by the Internal Auditors.

Attendance of Members of the AC at the meeting held during the year 2016 is as follows:-

No.	Members	Attendance
1.	YBhg Datuk Sulaiman Bin Daud	5 out of 5 meetings
2.	Encik Muhammad Adib Bin Ariffin	4 out of 5 meetings
3.	Mr Woo Kok Boon	5 out of 5 meetings

In reviewing the quarterly financial results and annual audited financial statement, the Audit Committee's main responsibility is to ensure the accuracy of the financial information as contained in the said financial results.

In reviewing the audit plan and audit reports issued by the Internal Auditors, the Audit Committee discussed the findings and recommendations with the Management with the objective of ensuring timely resolution of all findings and recommendations and ensuring the effectiveness of the audit plan in mitigating the operational risks.

The Audit Committee also reviewed the External Auditor's audit plan, management letter and management response with the objective of ensuring timely resolution of all findings and recommendations and mitigating all relevant risks.

The Audit Committee also reviewed the related party transactions and conflict of interest situation that may arise within the Company or group and ensuring the Company's compliance with the Listing Requirements.

The Audit Committee had engaged on a continuous basis with the Management, the External Auditors and Internal Auditors in order to be kept informed of matters affecting the Company.

Based on the abovementioned commitments by the Audit Committee, the Audit Committee has duly discharged their duties and responsibilities as per their Terms of Reference.

## Audit Committee Report (cont'd)

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### EXTERNAL AUDIT

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements.

The external auditors will report on any weaknesses in the internal control systems and any non-compliance of the accounting standards that come to their attention during the course of their audit works to the Management and Audit Committee. Where deemed appropriate, the Audit Committee and/or the Board may discuss audit findings or other relevant issues with the external auditors in the absence of the Management.

On an annual basis, the Audit Committee would review and monitor the suitability and independence of the external auditors. The Audit Committee had obtained the assurance from the external auditor confirming that they were and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee is satisfied with the competence and independence of the external auditors and had recommended for the re-appointment of the external auditors to the Directors at the annual general meeting.

### INTERNAL AUDIT

The Audit Committee is supported by an independent and adequately resourced internal audit function. The Company's internal audit function is outsourced to Messrs. PKF Advisory Sdn Bhd whose principal responsibility is to undertake regular and systematic risk-based assessments of the systems of internal control so as to provide reasonable assurance that such systems are adequate and continue to operate effectively in managing the key risks of the Company and the Group. PKF Advisory Sdn Bhd's fee for the internal audit function is RM60,000 per annum.

During the financial year, the internal auditor had conducted a review on safety management, fuel management, repair and maintenance management and fixed asset management of the Group. The internal control function is generally adequate and is working satisfactorily.

# 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 maintain a sound risk management framework and internal control system to safeguard the shareholders' investment and the Company's assets.

Accordingly, the Board of Konsortium Transnasional 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 recognizes the importance of good corporate governance and is committed in maintaining a sound system of internal controls to safeguard the shareholders' 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 ongoing 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 FRAMEWORK

The Group takes cognizance of the importance of a sound risk management framework to be in place 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 quarterly 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 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.

## Statement on Risk Management and Internal Control (cont'd)

### RISK MANAGEMENT FRAMEWORK (cont'd)

The risk management process is effected 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 accounting and consulting 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 quarterly 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.

- **Financial Performance Planning, Review and Monitoring**

The Management will formulate the yearly business plan and annual budgets for the consideration of the Board. The business plan will set out the business objectives, strategies and targets and the budgeted data are used to monitor the performance of the Group on an ongoing basis. Key business risks are identified during the business planning process and are reviewed regularly during the year.

The Group has put in place a comprehensive business planning and detailed budgeting process whereby the operating units prepare the budget for the coming year which is approved both at the operating unit level and by the Board. There are monthly monitoring of results against budget with major variances being followed up and management action taken, where necessary.

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 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 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.

## RISK MANAGEMENT FRAMEWORK (cont'd)

### • Control Environment

The Board is committed towards maintaining a strong control structure and environment for the proper conduct of the Group's business operations and towards achieving a sound system of internal control. The control processes in place are as follows:

- a) Job functions for the Management and employees in the Group are clearly defined to provide well defined roles and responsibilities for the enhancement of the Group's performance.
- b) Investment and projects are subject to formal review and authorization procedures where the Managing Director together with the Senior Management will review significant projects before making recommendations to the Board for consideration and approval of the same.
- c) All employees are encouraged to improve themselves through adequate training and continuous education. The drivers are subject to yearly medical check and they are also required to attend driving courses relevant to their profession.

## INTERNAL CONTROL STRUCTURES

The Board whilst maintaining full control and direction over appropriate strategic, financial, organizational 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 organization 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. Budget, business plan and performance data of the Group are reviewed by the Senior Management team and are thereafter tabled to the Board for approval and adoption.

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.

## Statement on Risk Management and Internal Control (cont'd)

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### 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 financial year ended 31 December 2016 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 2016, there is a reasonable assurance that the Group's system of internal controls are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being addressed. None of the said weaknesses 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, recognizing 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.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 38 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

## RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the financial year	(24,962)	(1,151)
Attributable to:		
Owners of the parent	(24,962)	(1,151)
Non-controlling interest	-	-
	<u>(24,962)</u>	<u>(1,151)</u>

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

In the opinion of the Directors, the results of the operations of the Group during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

## SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the year.

## SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Mohd Nadzmi bin Mohd Salleh  
 Datuk Sulaiman bin Daud  
 Muhammad Adib bin Ariffin  
 Woo Kok Boon

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that financial year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 and Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 31 to the financial statements.

## DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares of RM0.10 Each →			
	1.1.2016	Acquired	Sold	31.12.2016
<b>The Company</b>				
<b>Direct Interest:</b>				
Tan Sri Mohd Nadzmi bin Mohd Salleh	4,780,000	800,000	–	5,580,000
Muhammad Adib bin Ariffin	195,100	–	–	195,100
Datuk Sulaiman bin Daud	450,000	–	–	450,000
<b>Ultimate Holding Company</b>				
- Nadi Corporation Sdn. Bhd.				
<b>Direct Interest:</b>				
Tan Sri Mohd Nadzmi bin Mohd Salleh	6,600,000	–	–	6,600,000
<b>Indirect Interest:</b>				
<b>Subsidiaries of ultimate holding company</b>				
a) Lengkap Suci Sdn. Bhd. ("LSSB")				
Tan Sri Mohd Nadzmi bin Mohd Salleh	65,907,347	–	–	65,907,347
b) Kumpulan Kenderaan Malaysia Berhad ("KKMB")				
Tan Sri Mohd Nadzmi bin Mohd Salleh	107,488,541	–	–	107,488,541
c) Nadicorp Holdings Sdn. Bhd. ("Nadicorp")				
Tan Sri Mohd Nadzmi bin Mohd Salleh	100,800,000	–	–	100,800,000

Tan Sri Mohd Nadzmi bin Mohd Salleh by virtue of his interest in shares of the ultimate holding company, is also deemed interested in shares of the Company and all the Company's subsidiaries to the extent the said Company has an interest. The other Directors in office at the end of the financial year did not have any interest in shares in the Company or its related corporations during the financial year.

## Directors' report (cont'd)

### DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Company during the year are as follows:

	Group RM'000	Company RM'000
Fees	192	192
Remunerations	1,115	1,115
Contribution to defined contribution plan	198	198
	1,505	1,505

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company during the year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

### INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

### OTHER STATUTORY INFORMATION

- (a) Before the statements of profit or loss and other 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 that all bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had 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 which would render:
- (i) the amount of bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.

**OTHER STATUTORY INFORMATION** (cont'd)

- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is 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 or of the Company to meet their obligations when they fall due, other than stated in Note 37 to the financial statements; and
  - (ii) 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 or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 32 to the financial statements.

**HOLDING COMPANIES**

The Company is a subsidiary of Nadi Corporation Sdn. Bhd., a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

**AUDITORS' REMUNERATIONS**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Statutory audit	226	30

**AUDITORS**

The auditors, Jamal, Amin & Partners, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2017.

Tan Sri Mohd Nadzmi bin Mohd Salleh

Datuk Sulaiman bin Daud

## STATEMENT BY DIRECTORS

pursuant to Section 169 (15) of the Companies Act, 1965

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We, Tan Sri Mohd Nadzmi bin Mohd Salleh and Datuk Sulaiman bin Daud, being two of the Directors of Konsortium Transnasional Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on the accompanying pages are drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2017.

Tan Sri Mohd Nadzmi bin Mohd Salleh

Datuk Sulaiman bin Daud

## STATUTORY DECLARATION

pursuant to Section 169 (16) of the Companies Act, 1965

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I, Muhammad Adib bin Ariffin, being the Director primarily responsible for the financial management of Konsortium Transnasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on the accompanying pages are in my opinion 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 Muhammad Adib bin Ariffin at  
Kuala Lumpur in the Federal Territory  
on 27 March 2017.

Muhammad Adib bin Ariffin

Before me,

# INDEPENDENT AUDITORS' REPORT

to the Members of Konsortium Transnasional Berhad (Incorporated in Malaysia)

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## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Konsortium Transnasional Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and others comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on the accompanying pages.

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 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 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") (Ref: Note (a)), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which indicates that for the year ended 31 December 2016, the Company incurred loss before tax of RM1,802,000, and as at that date, the Group's and Company's current liabilities exceeded its current assets by RM131,249,000 and RM32,115,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

The ability of the Group and the Company to continue as going concerns are dependent upon the Group obtaining the support from the Group's ultimate and penultimate holding companies, obtaining support funds from the relevant state governments and the Land Public Transport Commission (SPAD) to be disbursed to the private stage bus operators including the Group, the ability of the Group and the Company to generate adequate positive cash flows and future profits from its ongoing reorganisation of its operations, raising additional cash flows from the sale of lands and obtaining the continuing support of creditors and lenders.

The financial statements of the Group and the Company do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the Group's and the Company's financial statements be inappropriate.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of 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.

## Independent Auditors' Report (cont'd)

to the Members of Konsortium Transnasional Berhad (Incorporated in Malaysia)

No.	Key Audit Matters	How our audit addressed the Key Audit Matter
1	<p><b>Valuation and impairment of property, plant and equipment</b> (Refer to note 12 in the Group financial statements)</p> <p>The Group have buses and motor vehicles with aggregate carrying values of RM247,601,000 as at 31 December 2016. Following a review of the business, outlook for the industry and the Group's operating plans, management has assessed these carrying values.</p> <p>Management concluded that the recoverable amounts were higher than their carrying values such that no impairment provision was required. These conclusions are dependent upon significant management judgement, including in respect of the computation of the buses' values in use.</p>	<p>Our procedures in relation to management's impairment assessment of buses included:</p> <ul style="list-style-type: none"> <li>• Checking, on a sample basis, the accuracy and relevance of the input data used by management to estimate values in use;</li> <li>• Assessing management's key assumptions used to estimate values in use based on our knowledge of the public transportation industry; and</li> <li>• Considering the potential impact of reasonably possible downside changes in these key assumptions.</li> </ul>
2	<p><b>Goodwill impairment assessment – Park May Berhad Group</b> (Refer to note 16 in the Group Financial Statements)</p> <p>The Group has a goodwill of RM86,592,000 relating to its acquisition of Park May Berhad Group ("PMBG") in 2000. PMBG incurred a net profit of RM5,043,091 during the financial year ended 31 December 2016.</p> <p>Management has concluded that there is no impairment in respect to the PMBG goodwill. This conclusion was based on a value in use model that required significant management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth.</p>	<p>Our procedures in relation to management's impairment assessment of buses included:</p> <ul style="list-style-type: none"> <li>• Assessing the valuation methodology;</li> <li>• Challenging the reasonableness of key assumptions based on our knowledge of the business and industry;</li> <li>• Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets.</li> </ul>

### 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 Directors' Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon. Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information 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 other information, 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 financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, and the requirements of the Companies Act, 1965 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 Group's and the Company's ability 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 or 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:

- 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.
- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 of the Group and of the Company 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 or the Company to cease to continue as a going concern.

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 of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## Independent Auditors' Report (cont'd)

to the Members of Konsortium Transnasional Berhad (Incorporated in Malaysia)

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### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 38 to the financial statements, being accounts that have been included in the consolidated accounts.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 94 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

JAMAL, AMIN & PARTNERS  
(AF 1067)  
Chartered Accountants

Kuala Lumpur, Malaysia  
Dated: 27th March, 2017

AHMAD HILMY BIN JOHARI  
No. 2977/03/18 (J)  
Chartered Accountant

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2016

	Note	2016 RM'000	2015 RM'000
Revenue	4	172,228	179,512
Cost of sales		(175,055)	(174,221)
Gross (loss)/profit		(2,827)	5,291
Other income	5	45,924	47,049
Other operating expenses		(36,017)	(45,670)
Profit from operations		7,080	6,670
Finance costs	6	(15,660)	(4,889)
(Loss)/Profit before tax	7	(8,580)	1,781
Income tax expense	10	(16,382)	(548)
(Loss)/Profit for the year		(24,962)	1,233
<b>(Loss)/Profit attributable to owners of the Company</b>		<b>(24,962)</b>	<b>1,233</b>
<b>(Loss)/Earnings per share attributable to owners of the Company (sen per share):</b>			
Basic	11	(6.20)	0.31
Diluted	11	N/A	N/A
<b>Other comprehensive income:</b>			
<b>Items that will not be subsequently reclassified to profit or loss:</b>			
Actuarial gains on defined benefit obligation (Note 26)		-	515
Credit from merger deficit arising from disposal of land		1,437	-
		<b>1,437</b>	<b>515</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Foreign currency translation		-	46
Net fair value changes in available-for-sale (AFS) financial assets (Note 14(b))		-	(4)
		-	42
<b>Total other comprehensive income for the year, net of income tax</b>		<b>1,437</b>	<b>557</b>
<b>Total comprehensive (loss)/income for the year</b>		<b>(23,525)</b>	<b>1,790</b>
<b>Total comprehensive (loss)/income attributable owners of the Company</b>		<b>(23,525)</b>	<b>1,790</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>260,537</b>	250,067
Investment properties	13	<b>92</b>	149
Other investments	14(b)	<b>186</b>	186
Goodwill on consolidation	15	<b>86,592</b>	86,592
Deferred tax assets	16	<b>1,760</b>	5,121
		<b>349,167</b>	342,115
<b>Current assets</b>			
Other receivables	17	<b>27,954</b>	37,995
Trade receivables	18	<b>515</b>	2,412
Amount due from related companies	19	<b>40,686</b>	34,030
Tax recoverable		<b>792</b>	294
Cash and bank balances	20	<b>5,949</b>	6,708
		<b>75,896</b>	81,439
<b>Total assets</b>		<b>425,063</b>	423,554
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Borrowings	21	<b>40,295</b>	44,359
Other payables	23	<b>18,746</b>	16,964
Trade payables	24	<b>84,152</b>	57,942
Amount due to related companies	25	<b>60,040</b>	52,892
Tax payable		<b>3,027</b>	3,423
Provision for retirement benefits	26	<b>885</b>	817
		<b>207,145</b>	176,397
<b>Net current liabilities</b>		<b>(131,249)</b>	(94,958)

	Note	31.12.2016 RM'000	31.12.2015 RM'000
<b>Liabilities and equity</b> (cont'd)			
<b>Non-current liabilities</b>			
Borrowings	21	76,595	94,408
Provision for retirement benefits	26	8,905	9,016
Deferred tax liabilities	16	25,340	13,130
		<b>110,840</b>	116,554
<b>Total liabilities</b>		<b>317,985</b>	292,951
<b>Net assets</b>		<b>107,078</b>	130,603
<b>Equity attributable to owners of the parent</b>			
Share capital	27	40,280	40,280
Share premium	27	7,511	7,511
Reserves	28	57,091	80,616
Shareholders' equity		<b>104,882</b>	128,407
<b>Non-controlling interest</b>		<b>2,196</b>	2,196
<b>Total equity</b>		<b>107,078</b>	130,603
<b>Total liabilities and equity</b>		<b>425,063</b>	423,554

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2016

Group	At 1 January 2016		Loss for the year		Other comprehensive income for the year		Total comprehensive loss		At 31 December 2016	
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger deficit RM'000	Other reserves RM'000	Retained earnings RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000	
	40,280	7,511	23,563	(54,428)	(95)	111,576	128,407	2,196	130,603	
	-	-	-	-	-	(24,962)	(24,962)	-	(24,962)	
	-	-	-	1,437	-	-	1,437	-	1,437	
	-	-	-	1,437	-	(24,962)	(23,525)	-	(23,525)	
	40,280	7,511	23,563	(52,991)	(95)	86,614	104,882	2,196	107,078	
	201,399	7,511	23,563	(54,428)	(137)	(51,291)	126,617	2,196	128,813	
	-	-	-	-	-	1,233	1,233	-	1,233	
	-	-	-	-	42	515	557	-	557	
	-	-	-	-	42	1,748	1,790	-	1,790	
	(161,119)	-	-	-	-	161,119	-	-	-	
	40,280	7,511	23,563	(54,428)	(95)	111,576	128,407	2,196	130,603	

Group	At 1 January 2015		Profit for the year		Other comprehensive income for the year		Total comprehensive income		Transactions with owners:	
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger deficit RM'000	Other reserves RM'000	Accumulated losses RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000	
	201,399	7,511	23,563	(54,428)	(137)	(51,291)	126,617	2,196	128,813	
	-	-	-	-	-	1,233	1,233	-	1,233	
	-	-	-	-	42	515	557	-	557	
	-	-	-	-	42	1,748	1,790	-	1,790	
	(161,119)	-	-	-	-	161,119	-	-	-	
	40,280	7,511	23,563	(54,428)	(95)	111,576	128,407	2,196	130,603	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2016

	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(8,580)	1,781
Adjustments for:		
Depreciation of property, plant and equipment	43,301	36,614
Amortisation of investment properties	57	17
Impairment loss on receivables, net of reversal	(371)	2,055
Provision for retirement benefits	171	(131)
Gain on disposal of property, plant and equipment	(2,852)	(1,274)
Dividend income	–	(6)
Interest income	(1)	(5)
Interest expense	15,660	4,889
Operating profit before working capital changes	47,385	43,940
Decrease in inventories	–	506
Decrease/(Increase) in receivables	12,309	(18,226)
Decrease in payables	(21,177)	(41,620)
Changes in related companies balances	1,930	17,631
Cash generated from operations	40,447	2,231
Tax (refund)/paid	(1,705)	424
Interest paid	(15,660)	(4,889)
Retirement benefits paid	(214)	(1,072)
Net cash generated from/(used in) operating activities	22,868	(3,306)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,677)	(23,122)
Proceeds from disposal of property, plant and equipment	6,927	7,014
Dividend received	–	6
Interest received	–	5
Net cash used in investing activities	(1,750)	(16,097)
<b>Cash flows from financing activities</b>		
Net drawdown of borrowings	(21,877)	24,364
Net cash generated from financing activities	(21,877)	24,364
<b>Net (decrease)/increase in cash and cash equivalents</b>	(759)	4,961
Effects of foreign exchange rate changes	–	42
Net fair value changes in available-for-sale(AFS) financial assets	–	4
Cash and cash equivalents at beginning of year	6,708	1,701
<b>Cash and cash equivalents at end of year (Note 20)</b>	5,949	6,708

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF PROFIT OR LOSS AND OTHERS COMPREHENSIVE INCOME

for the financial year ended 31 December 2016

	<b>Note</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Revenue	4	<b>6,600</b>	6,600
Other income	5	<b>1</b>	1
Other operating expenses		<b>(8,403)</b>	(8,154)
Loss before tax	7	<b>(1,802)</b>	(1,553)
Income tax expense	10	<b>651</b>	(30)
Loss net of tax, representing total comprehensive expense for the year		<b>(1,151)</b>	(1,583)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	31.12.2016 RM'000	31.12.2015 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	85	93
Investment in subsidiaries	14(a)	86,738	86,738
Deferred tax assets	16	693	–
		<b>87,516</b>	86,831
<b>Current assets</b>			
Other receivables	17	702	2,060
Amount due from related companies	19	95,034	75,617
Tax recoverable		103	104
Cash and bank balances	20	238	139
		<b>96,077</b>	77,920
<b>Total assets</b>		<b>183,594</b>	164,751
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Other payables	23	1,415	1,990
Amount due to related companies	25	126,777	106,186
		<b>128,192</b>	108,176
<b>Net current liabilities</b>		<b>(32,115)</b>	(30,256)
<b>Non-current liability</b>			
Deferred tax liability	16	–	22
<b>Total liabilities</b>		<b>128,192</b>	108,198
<b>Net assets</b>		<b>55,402</b>	56,553
<b>Equity attributable to equity holders of the Company</b>			
Share capital	27	40,280	40,280
Share premium	27	7,511	7,511
Retained earnings		7,611	8,762)
<b>Total equity</b>		<b>55,402</b>	56,553
<b>Total liabilities and equity</b>		<b>183,594</b>	164,751

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2016

	Share capital RM'000	Share premium RM'000	Retained earnings/ (Accumulated losses) RM'000	Total RM'000
<b>At 1 January 2016</b>	<b>40,280</b>	<b>7,511</b>	<b>8,762</b>	<b>56,553</b>
Loss for the year, net of tax, representing total comprehensive expense	-	-	(1,151)	(1,151)
Total comprehensive income	<b>40,280</b>	<b>7,511</b>	<b>7,611</b>	<b>55,402</b>
<b>At 31 December 2016</b>	<b>40,280</b>	<b>7,511</b>	<b>7,611</b>	<b>55,402</b>
<b>At 1 January 2015</b>	201,399	7,511	(150,774)	58,136
Loss for the year, net of tax, representing total comprehensive expense	-	-	(1,583)	(1,583)
<b>Transaction with owners:</b>				
Par value reduction	(161,119)	-	161,119	-
<b>At 31 December 2015</b>	<b>40,280</b>	<b>7,511</b>	<b>8,762</b>	<b>56,553</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENT OF CASH FLOWS

for the financial year ended 31 December 2016

	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>		
Loss before tax	(1,802)	(1,553)
Adjustments for:		
Depreciation of property, plant and equipment	53	54
Operating loss before working capital changes	(1,749)	(1,499)
Decrease/(Increase) in other receivables	1,358	(120)
Changes in related companies balances	1,174	354
(Decrease)/Increase in payables	(575)	1,322
Cash generated from operations	208	57
Income tax paid	(64)	(51)
Net cash generated from operating activities	144	6
<b>Cash flow from investing activity</b>		
Purchase of property, plant and equipment	(45)	-
Net cash used in investing activity	(45)	-
<b>Net increase in cash and cash equivalents</b>	99	6
<b>Cash and cash equivalents at beginning of year</b>	139	133
<b>Cash and cash equivalents at end of year (Note 20)</b>	238	139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

## 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur.

The immediate holding, penultimate holding and ultimate holding companies of the Company are Kumpulan Kenderaan Malaysia Berhad ("KKMB"), Nadicorp Holdings Sdn. Bhd. ("Nadicorp") and Nadi Corporation Sdn. Bhd. ("Nadi") respectively, all of which are companies incorporated in Malaysia. Fellow subsidiaries refer to subsidiaries within the Nadi Group of companies.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 38 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 March 2017.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

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, 1965 in Malaysia.

For the year ended 31 December 2016, the Group's current liabilities exceeded its current assets by RM131,249,000 (2015: RM94,958,000) and the Company's current liabilities exceeded its current assets by RM32,115,000 (2015: RM30,256,000) in the current financial year. These conditions indicate that the Group and the Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business.

The Directors of the Company are of the opinion that the going concern assumption for the Group and the Company is appropriate as significant amount in the current liabilities is due to penultimate holding company. In addition, the Group has entered into various agreements with several state governments and the Federal Government of Malaysia, represented by the Land Public Transport Commission ("SPAD") for the federal support funds to be disbursed to the private stage bus operators including the Group to ensure that the transportation services to the general public can continue without burdening the operators.

During the year, the Group has claimed to SPAD and state governments amounted to RM28.7 million (2015: RM49.1 million). In addition, the Group has obtained continuing support from certain key creditors, including related companies and to continue to streamline the operations of the Group to generate positive cash flows and future profits.

The Directors are of the opinion that the Group and the Company will continue as a going concern and accordingly, the financial statements have been prepared on a going concern basis and do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the financial statements be inappropriate.

The financial statements, other than for financial instruments and retirement benefit obligations, have been prepared on the historical cost basis. Certain financial instruments are carried at fair value in accordance to MFRS 139 Financial Instruments: Recognition and Measurement, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 Employee Benefits (revised).

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000 or '000), except when otherwise indicated.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2(a) New MFRSs adopted during the financial year

The Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101 Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127 Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRSs Annual Improvements to 2012 - 2014 Cycle:	
Amendment to MFRS 5	1 January 2016
Amendments to MFRS 7	1 January 2016
Amendments to MFRS 119	1 January 2016
Amendments to MFRS 134	1 January 2016

There is no material impact upon the adoption of these Standards during the financial year.

### 2.2(b) New MFRSs that have been issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Company:

Title	Effective Date
Amendments to MFRS 107 Statement of Cash Flows - Disclosure Initiative	1 January 2017
Amendments to MFRS 112 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2 Share-based Payment - Classification and Measurement of Sharebased Payment Transactions	1 January 2018
Amendments to MFRS 140 Investment Property - Transfers of Investment Property	1 January 2018
Amendments to MFRSs Annual Improvements to 2012 - 2014 Cycle	1 January 2017 & 1 January 2018
MFRS 9 Financial Instruments (IFRS as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements	Deferred
MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Company is in the process of assessing the impact of implementing these Standards as the effects would only be observable in future financial years.

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

31 December 2016

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.3 Basis of consolidation

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 to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the acquisition method except for the acquisition of subsidiaries which meet the criteria for pooling of interest, in which case such acquisition are accounted for using pooling of interest accounting principles. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.6. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Under the pooling of interest method of accounting, the difference between the carrying value of the investment and the fair value of shares acquired is treated as merger reserve or deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial year.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### 2.4 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

#### 2.5 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.5 Goodwill (cont'd)

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

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.22(i).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

### 2.6 Revenue recognition

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

- (i) Passenger ticket sales are recognised as revenue, net of discounts, in profit or loss when the transportation services are rendered.
- (ii) Charter services, insurance commission and goods fare are recognised as revenue in the profit or loss when the transportation services are rendered.
- (iii) Management fees are recognised as income as and when the services are rendered.
- (iv) Advertisement income is recognised on a straight line basis over the period of service.
- (v) Income earned from leasing business is recognised based on the 'sum-of-digits' method.
- (vi) Interest income is recognised using the effective interest method.
- (vii) Income received from Government assistance is recognised when service are rendered and operational costs incurred by the Company.

### 2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Capital work-in-progress relates to assets under construction which are not depreciated as these assets are not available for use.

Freehold land has an unlimited useful life and therefore is not depreciated.

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

31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.7 Property, plant and equipment and depreciation (cont'd)

Depreciation of the assets is computed on a straight line basis over the estimated useful lives as follows:

Long term leasehold land and buildings	Over the remaining period of the leases of 5 to 60 years
Buildings	50 years
Computer equipment and workshop equipment	5 - 10 years
Office equipment and furniture and fittings	3 - 10 years
Buses and motor vehicles	4 - 10 years

Land and buildings of the Group have not been revalued since they were first revalued in 1981. The Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provisions of International Accounting Standard No.16 (Revised): Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets are stated at their respective valuation less accumulated depreciation and accumulated impairment losses.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

#### 2.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Investment properties are depreciated over 50 years.

#### 2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.9 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for sale financial assets.

#### (i) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

#### (ii) Loans and receivables

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

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

31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.10 Financial assets (cont'd)

##### (ii) Loans and receivables (cont'd)

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

Regular way of purchase or sale is a purchase or sale of financial asset that require delivery of asset within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised, as applicable, using settlement date accounting.

#### 2.11 Impairment of financial assets

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

##### Trade and other receivables and other financial assets carried at amortised cost

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

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.

#### 2.12 Leases

##### (i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the 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 charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.12 Leases (cont'd)

#### (ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.7(v).

### 2.13 Cash and cash equivalents

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

### 2.14 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

The Group's and the Company's financial liabilities include trade and other payables, borrowings and amount due to related companies.

Trade and other payables and amount due to related companies are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

### 2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.16 Share capital

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

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

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

31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.17 Income tax

##### (i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantially enacted by the reporting date.

Current taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.19 Employee benefits

#### (i) Short term benefits

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

#### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The Group's foreign subsidiary also makes contributions to its country's statutory pension schemes.

#### (iii) Defined benefit plan

The Group operates an unfunded, defined benefit retirement benefit scheme ("the Scheme") for its eligible employees. The Group's obligations under the Scheme are determined based on triennial actuarial valuation where the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted using the Projected Unit Credit Method in order to determine its present value. Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the present value of the defined benefit obligation. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service cost. Any assets resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service cost, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

Actuarial gains and losses arises mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. Such gains and losses are credited or charged to profit or loss over the expected average remaining working lives of the eligible employees participating in the Scheme.

### 2.20 Foreign currency

#### (i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

31 December 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 2.20 Foreign currency (cont'd)

##### (ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### 2.21 Government grants

Government grants are in respect of subsidies awarded by the Government for the use of compressed natural gas ("CNG") buses.

An asset-related grant is recorded as a deduction against the carrying amount of the related asset which is subsequently recognised in income by way of reduced depreciation charges.

#### 2.22 Non-current assets held for sale

A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

#### 2.23 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statement of financial position, separately from the parent shareholder's equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### 3.1 Key sources of estimation uncertainty

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

##### (i) Depreciation of buses

The cost of buses is depreciated on a straight-line basis over the assets' useful lives up to its residual value. Management reviews the residual values, useful lives and depreciation method at the end of each financial year and ensures consistency with previous estimates and patterns of consumptions of the economic benefits that embodies the items in these assets. Changes in useful lives and residual values of these assets may result in revision of future depreciation charges. The carrying amount of the buses as at 31 December 2016 is RM247,601,000 (2015: RM233,801,000), as disclosed in Note 12.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

#### 3.1 Key sources of estimation uncertainty (cont'd)

##### (ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2016 was RM86,592,000 (2015: RM86,592,000). Further details are disclosed in Note 15.

##### (iii) Deferred tax assets

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

The total carrying value of recognised and unrecognised tax losses and capital allowances and other temporary differences of the Group are RM153,237,000 (2015: RM153,237,000) and RM108,253,000 (2015: RM108,253,000) respectively, as disclosed in Note 16.

##### (iv) Impairment of loans and receivables

The Group and Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and the default or significant delay in payments. When 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. The carrying amount of the Group's and the Company's total loans and receivables at the reporting date is disclosed in Note 18.

### 4. REVENUE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Management fees	–	–	6,600	6,600
Express bus fare	110,146	135,452	–	–
Stage bus fare	19,993	24,911	–	–
Charter services	5,395	8,112	–	–
Advertisement income	1,111	820	–	–
Fleet operation	34,066	5,259	–	–
Service and repair income	864	2,675	–	–
Others	653	2,283	–	–
	<b>172,228</b>	<b>179,512</b>	<b>6,600</b>	<b>6,600</b>

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

31 December 2016

### 5. OTHER INCOME

	Group		Company	
	2016 RM'000	Restated 2015 RM'000	2016 RM'000	2015 RM'000
Gain on disposal of property, plant and equipment	2,852	1,274	-	-
Dividend income	30	6	-	-
Government assistance	28,712	43,194	-	-
Interest income	1	5	-	-
Rental income	1,598	2,238	-	-
Foreign exchange gain - realised	30	302	-	-
Service claim	7,150	-	-	-
Others	5,551	30	1	1
	<b>45,924</b>	<b>47,049</b>	<b>1</b>	<b>1</b>

### 6. FINANCE COSTS

	Group	
	2016 RM'000	2015 RM'000
Finance leases	11,682	4,285
Term loans	394	551
Others	3,584	53
	<b>15,660</b>	<b>4,889</b>

### 7. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Staff costs (Note 8)	54,327	52,987	3,799	3,859
Auditors' remuneration:				
Statutory audit				
- Auditors of the Company	185	185	30	30
- Other auditors	41	41	-	-
Directors' remuneration (Note 9)	1,505	1,523	1,505	1,523
Depreciation of property, plant and equipment (Note 12)	43,301	36,614	53	54
Amortisation of investment properties (Note 13)	57	17	-	-
Impairment loss, net of reversal on:				
- receivables	(371)	2,055	-	-
Rental expense payable to holding company	780	769	780	769
Rental of buses	311	451	-	-

## 8. STAFF COSTS

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	48,082	47,524	3,357	3,417
Pension costs - defined contribution plans	4,419	4,349	420	420
Social security costs	704	647	22	22
Provision for retirement benefits - current year (Note 26)	171	(131)	-	-
Other staff related expenses	951	598	-	-
	<b>54,327</b>	<b>52,987</b>	<b>3,799</b>	<b>3,859</b>

Included in staff costs of the Group and of the Company are executive Directors' remuneration amounting RM1,289,000 (2015: RM1,307,000) as further disclosed in Note 9.

## 9. DIRECTORS' REMUNERATION

	Group and Company	
	2016 RM'000	2015 RM'000
<b>Directors of the Company</b>		
Executive:		
Salaries and other emoluments	1,289	1,307
Non-Executive:		
Fees	192	192
Emoluments	24	24
	<b>216</b>	<b>216</b>
Total	<b>1,505</b>	<b>1,523</b>

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors	
	2016	2015
Executive directors:		
RM1,000,001 - RM1,050,000	1	1
Non-executive directors:		
RM50,001 - RM100,000	3	3

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

31 December 2016

### 10. INCOME TAX EXPENSE

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax:				
Current year	589	183	64	30
Under provision in prior year	222	365	–	–
	<b>811</b>	548	<b>64</b>	30
Deferred taxation (Note 16):				
Relating to origination and reversal of temporary differences	15,571	–	(715)	–
	<b>15,571</b>	–	<b>(715)</b>	–
Total income tax expense	<b>16,382</b>	548	<b>(651)</b>	30

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdiction.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and Company are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(Loss)/Profit before tax	(8,580)	1,781	(1,802)	(1,553)
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	(2,059)	445	(432)	(388)
Income not subject to tax	(2,524)	(2,808)	–	–
Expenses not deductible for tax purposes	5,172	1,253	496	418
Deferred tax assets not recognised in respect of current year tax losses and other deductible temporary differences	15,571	1,293	(715)	–
Under provision of income tax expense in prior year	222	365	–	–
	<b>16,382</b>	548	<b>(651)</b>	30

## 11. EARNINGS/(LOSS) PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the (loss)/profit for the year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
(Loss)/Profit attributable to owners of the parent (RM'000)	<b>(24,962)</b>	1,233
Weighted average number of ordinary shares in issue ('000)	<b>402,798</b>	402,798
Basic (loss)/earnings per share (sen)	<b>(6.20)</b>	0.31

### (b) Diluted

Diluted earnings/(loss) per share is calculated by dividing the (loss)/profit for the year attributable to owners of the parents and the adjusted weighted average number of ordinary shares in issue and issuable.

The fully diluted (loss)/earnings per share for the Group is not presented as there was no dilutive effect on the (loss)/profit per share arising from the potential ordinary shares during the financial year.

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

31 December 2016

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Land and Buildings* RM'000	Office Equipment and Furniture and Fittings RM'000	Computer Equipment and Workshop Equipment RM'000	Buses and Motor Vehicles RM'000	Buses Work In Progress RM'000	Total RM'000
<b>At 31 December 2016</b>						
<b>Cost</b>						
At 1 January	6,168	9,268	26,773	460,978	2,060	505,247
Additions	–	81	–	54,807	2,958	57,846
Disposals	(1,815)	(335)	(1,508)	(46,934)	–	(50,592)
Reclassification	–	–	–	2,060	(2,060)	–
At 31 December	4,353	9,014	25,265	470,911	2,958	512,501
<b>Accumulated depreciation and impairment</b>						
At 1 January	3,213	7,724	17,066	227,177	–	255,180
Charge for the year (Note 7)	123	77	2,440	40,661	–	43,301
Disposals	(257)	(324)	(1,408)	(44,528)	–	(46,517)
At 31 December	3,079	7,477	18,098	223,310	–	251,964
<b>Net carrying amount</b>						
At 31 December	1,274	1,537	7,167	247,601	2,958	260,537
<b>At 31 December 2015</b>						
<b>Cost</b>						
At 1 January	8,003	9,244	24,226	357,255	65,032	463,760
Additions	–	35	2,547	62,889	2,060	67,531
Disposals	(1,835)	(11)	–	(24,198)	–	(26,044)
Reclassification	–	–	–	65,032	(65,032)	–
At 31 December	6,168	9,268	26,773	460,978	2,060	505,247
<b>Accumulated depreciation and impairment</b>						
At 1 January	3,642	7,784	14,777	212,667	–	238,870
Charge for the year (Note 7)	540	(51)	2,289	33,836	–	36,614
Disposals	(969)	(9)	–	(19,326)	–	(20,304)
At 31 December	3,213	7,724	17,066	227,177	–	255,180
<b>Net carrying amount</b>						
At 31 December	2,955	1,544	9,707	233,801	2,060	250,067

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

### \* Land and Buildings

Group	Leasehold Land RM'000	Buildings RM'000	Total RM'000
<b>At 31 December 2016</b>			
<b>Cost</b>			
At 1 January	3,335	2,833	6,168
Disposals	(1,815)	-	(1,815)
At 31 December	1,520	2,833	4,353
Representing:			
At cost	1,520	2,833	4,353
<b>Accumulated depreciation and impairment loss</b>			
At 1 January	1,706	1,507	3,213
Charge for the year	33	90	123
Disposal	(257)	-	(257)
At 31 December	1,482	1,597	3,079
<b>Net carrying amount</b>			
At 31 December			
At cost	38	1,236	1,274
<b>At 31 December 2015</b>			
<b>Cost</b>			
At 1 January	5,170	2,833	8,003
Disposals	(1,835)	-	(1,835)
At 31 December	3,335	2,833	6,168
Representing:			
At cost	3,335	2,833	6,168
<b>Accumulated depreciation and impairment loss</b>			
At 1 January	2,378	1,264	3,642
Charge for the year	297	243	540
Disposal	(969)	-	(969)
At 31 December	1,706	1,507	3,213
<b>Net carrying amount</b>			
At 31 December			
At cost	1,629	1,326	2,955

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

31 December 2016

### 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Office Equipment and Furniture and Fittings RM'000	Computer Equipment RM'000	Total RM'000
<b>At 31 December 2016</b>			
<b>Cost</b>			
At 1 January	281	227	508
Additions	27	18	45
At 31 December	<b>308</b>	<b>245</b>	<b>553</b>
<b>Accumulated depreciation</b>			
At 1 January	164	251	415
Reclassification	46	(46)	–
Charge for the year (Note 7)	48	5	53
At 31 December	<b>258</b>	<b>210</b>	<b>468</b>
<b>Net carrying amount</b>			
At 31 December	<b>50</b>	<b>35</b>	<b>85</b>
<b>At 31 December 2015</b>			
<b>Cost</b>			
At 1 January	281	227	508
Additions	–	–	–
At 31 December	281	227	508
<b>Accumulated depreciation</b>			
At 1 January	154	207	361
Charge for the year (Note 7)	10	44	54
At 31 December	164	251	415
<b>Net carrying amount</b>			
At 31 December	117	(24)	93

- (a) Included in property, plant and equipment of the Group are buses with net carrying amounts of RM186,875,000 (2015: RM143,365,000) held under finance lease arrangements. Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 22.
- (b) The net carrying amounts of revalued land and buildings at historical cost are not disclosed due to the absence of historical records.
- (c) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM57,846,000 (2015: RM67,531,000) of which RM Nil (2015: RM23,122,000) were acquired by means of finance lease arrangements and RM56,579,000 (2015: RM 44,409,000) by means of trade payables.
- (d) Leasehold land and building are pledged as securities for borrowings (Note 21).
- (e) In 2010, the Group received a RM750,000 government grant in relation to the use of compressed natural gas ("CNG") buses. The amount received was deducted against the carrying amount of the buses. Total depreciation saving for the year is RM75,000 (2015: RM75,000).

### 13. INVESTMENT PROPERTIES

<b>Group</b>	<b>Freehold land and buildings RM'000</b>
<b>At 31 December 2016</b>	
<b>Cost:</b>	
At 1 January/31 December	306
<b>Accumulated amortisation</b>	
At 1 January	157
Amortisation for the year (Note 7)	57
At 31 December	<u>214</u>
<b>Net carrying amount</b>	
At 31 December	<u>92</u>
<b>At 31 December 2015</b>	
<b>Cost:</b>	
At 1 January/31 December	306
<b>Accumulated amortisation</b>	
At 1 January	140
Amortisation for the year (Note 7)	17
At 31 December	<u>157</u>
<b>Net carrying amount</b>	
At 31 December	<u>149</u>

### 14. INVESTMENTS

#### (a) Investment in subsidiaries

	<b>Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Unquoted shares at cost	150,309	150,309
Impairment loss	(63,571)	(63,571)
	<u>86,738</u>	<u>86,738</u>

The details of the subsidiaries are set out in Note 38 to the financial statements.

The Company carried out an impairment assessment on its investments in subsidiaries on annual basis. The recoverable amount of the subsidiaries was determined based on value in use calculation using cash flow projections covering a five-year period. The discount rate applied to the cash flow projections is 5% (2015: 10%). Based on the impairment assessment performed, no impairment loss has been recognised in the statement of comprehensive income.

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

31 December 2016

### 14. INVESTMENTS (cont'd)

#### (b) Other investments

	Group	
	2016 RM'000	2015 RM'000
<b>Non-current</b>		
<i>Available-for-sale financial assets</i>		
Quoted shares at fair value	186	186
Total carrying amount	186	186
Market value of quoted shares	186	186

### 15. GOODWILL

	Group	
	2016 RM'000	2015 RM'000
At 1 January	86,592	86,592
Exchange differences	-	-
Impairment loss on goodwill	-	-
At 31 December	86,592	86,592

#### Allocation of goodwill

Goodwill has been allocated to the Malaysian express bus and stage coach operations cash-generating unit ("CGU").

#### Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by the Board of Directors covering a five-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

#### (i) Fuel cost

Management assumed that the Company will continue to enjoy the prevailing prices of diesel that are subsidised by the Government of Malaysia. No substantial revision of diesel prices are expected for the next 5 financial years.

#### (ii) Growth rate

The average traffic growth is assumed to be at 5% (2015: 10%) per annum based on the Group's business plan to introduce new routes and to increase capacity of existing routes.

#### (iii) Increase in bus fare

The Group forecasts an upward revision of 10% (2015: 10%) in bus fare within the next 5 financial years.

#### (iv) Discount rate

The discount rate used at 5% (2015: 10%) is pre-tax and reflect specific risks relating to the business operations.

#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the CGU, Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

## 16. DEFERRED TAXATION

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	8,009	8,009	22	22
Recognised in profit or loss (Note 10)	15,571	–	(715)	–
At 31 December	23,580	8,009	(693)	22
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,760)	(5,121)	(693)	–
Deferred tax liabilities	25,340	13,130	–	22
	23,580	8,009	(693)	22

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000
At 1 January 2016	88,109
Recognised in profit or loss	15,571
At 31 December 2016	103,680
At 1 January 2015 / 31 December 2015	88,109

### Deferred tax assets of the Group:

	Allowance for Impairment RM'000	Unabsorbed Tax Losses and Unutilised Capital Allowances RM'000	Provision for Retirement Benefits RM'000	Total RM'000
At 1 January 2016 / 31 December 2016	(2,721)	(76,525)	(854)	(80,100)
At 1 January 2015 / 31 December 2015	(2,721)	(76,525)	(854)	(80,100)

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

31 December 2016

### 16. DEFERRED TAXATION (cont'd)

#### Deferred tax liabilities of the Company:

	<b>Accelerated Capital Allowances Tax Losses RM'000</b>	
<b>At 1 January 2015 / 31 December 2015</b>	<b>22</b>	
	<b>Group</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Unabsorbed capital allowances	<b>43,374</b>	108,253
Unused tax losses	<b>153,237</b>	153,237
	<b>196,611</b>	261,490

The unused tax losses and unabsorbed capital allowances of the Group are available indefinitely for offsetting against future taxable profit of the respective entities within the Group, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidelines issued by the tax authority.

### 17. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Deposits	<b>5,256</b>	4,944	<b>178</b>	138
Prepayments	<b>5,034</b>	6,835	<b>7</b>	1,360
Sundry receivables	<b>18,863</b>	27,786	<b>627</b>	672
	<b>29,153</b>	39,565	<b>812</b>	2,170
Less: Allowance for impairment	<b>(1,199)</b>	(1,570)	<b>(110)</b>	(110)
	<b>27,954</b>	37,995	<b>702</b>	2,060

Sundry receivables are non-interest bearing. They are recognised at the amounts which represent their fair values on initial recognition. At 31 December 2016, the Group has provided an allowance of RM1,199,000 (2015: RM1,570,000) for impairment of its sundry receivables that are not considered recoverable.

Movement in allowance for impairment during the financial year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
At 1 January	<b>1,570</b>	1,570	<b>110</b>	110
Addition	-	-	-	-
Reversal of impairment losses	<b>(371)</b>	-	-	-
Written off	-	-	-	-
At 31 December	<b>1,199</b>	1,570	<b>110</b>	110

## 18. TRADE RECEIVABLES

	Group	
	2016 RM'000	2015 RM'000
Trade receivables	10,785	12,682
Less: Allowance for impairment loss	(10,270)	(10,270)
Total receivables	515	2,412

### Ageing analysis of trade receivables

	Group	
	2016 RM'000	2015 RM'000
1 to 30 days past due not impaired	251	1,177
31 to 60 days past due not impaired	45	206
61 to 90 days past due not impaired	10	46
More than 90 days past due but not impaired	209	983
	515	2,412
Impaired	10,270	10,270
	10,785	12,682

#### Trade receivables that are neither past due nor impaired

Trade receivables that were neither past due nor impaired relate to customers for whom there were no previous default.

The Group has no trade receivables that are neither past due nor impaired during the financial year.

#### Trade receivables that are past due but not impaired

As at 31 December 2016, the Group has trade receivables amounting to RM515,000 (2015: RM2,412,000) that are past due at the reporting date but not impaired.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience and no adverse information to date, the Directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered recoverable.

#### Trade receivables that are impaired

The Group's trade receivables that are impaired as at 31 December 2016 and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired 2016 RM'000	Individually impaired 2015 RM'000
Trade receivables - nominal amounts	10,784	10,784
Less: Allowance for impairment	(10,270)	(10,270)
	514	514

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

31 December 2016

### 18. TRADE RECEIVABLES (cont'd)

Movement in allowance for impairment during the financial year are as follows:

	Group	
	Individually impaired 2016 RM'000	Individually impaired 2015 RM'000
At 1 January	10,270	8,215
Addition	-	2,055
At 31 December	<b>10,270</b>	10,270

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### 19. AMOUNT DUE FROM RELATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-trade:</b>				
Subsidiaries	-	-	180,410	160,993
Penultimate holding company	40,686	34,030	-	-
	<b>40,686</b>	34,030	<b>180,410</b>	160,993
Less: Allowance for impairment	-	-	<b>(85,376)</b>	(85,376)
	<b>40,686</b>	34,030	<b>95,034</b>	75,617

The amount due from penultimate holding company is unsecured and are repayable on demand.

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

There was no movement in allowance for impairment during the financial year.

## 20. CASH AND BANK BALANCES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash on hand and at bank	2,584	3,368	238	139
Deposits with licensed banks	3,365	3,340	–	–
Cash and bank balances	<b>5,949</b>	6,708	<b>238</b>	139

The range of interest rates of deposits at the statements of financial position date was 2.88% to 3.16% (2015: 3.00% to 3.15%) per annum. The range of maturities of deposits at the end of the financial year was 30 days to 365 days (2015: 30 days to 365 days).

Deposits with licensed banks are pledged as security for borrowings as disclosed in Note 21.

## 21. BORROWINGS

	Group	
	2016 RM'000	2015 RM'000
<b>Short Term Borrowings</b>		
<b>Secured</b>		
Revolving credit	7,000	7,000
Finance lease payables (Note 22)	18,895	22,959
Term loans	14,400	14,400
	<b>40,295</b>	44,359
<b>Long Term Borrowings</b>		
<b>Secured</b>		
Finance lease payables (Note 22)	32,669	38,956
Term loans	43,926	55,452
	<b>76,595</b>	94,408
<b>Total Borrowings</b>		
<b>Secured</b>		
Revolving credit	7,000	7,000
Finance lease payables (Note 22)	51,563	61,915
Term loans	58,326	69,852
	<b>116,889</b>	138,767

### Maturity of Borrowings (excluding finance lease payables)

	Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	21,400	21,400
Later than 1 year and not later than 2 years	14,400	14,400
Later than 2 years and not later than 5 years	29,526	41,052
	<b>65,326</b>	76,852

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

31 December 2016

### 21. BORROWINGS (cont'd)

The range of interest rates per annum for the borrowings of the Group and of the Company are as follows:

	Group	
	2016 %	2015 %
Revolving credit	5.51 - 5.77	5.51 - 5.77
Finance lease payables (Note 22)	4.00 - 5.00	4.00 - 5.00
Term loans	7.00	7.00

### 22. FINANCE LEASE PAYABLES

	Group	
	2016 RM'000	2015 RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	16,438	13,877
Later than 1 year and not later than 2 years	31,416	34,996
Later than 2 years and not later than 5 years	24,476	34,242
	<b>72,330</b>	83,115
Less: Future finance charges	(20,767)	(21,200)
Present value of finance lease liabilities	<b>51,563</b>	61,915
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year	18,895	22,959
Later than 1 year and not later than 2 years	26,909	28,450
Later than 2 years and not later than 5 years	5,759	10,506
	<b>51,563</b>	61,915
<b>Analysed as:</b>		
Due within 12 months (Note 21)	18,895	22,959
Due after 12 months (Note 21)	32,668	38,956
	<b>51,563</b>	61,915

### 23. OTHER PAYABLES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sundry payables	17,438	16,526	1,415	1,990
Accruals	1,308	438	-	-
	<b>18,746</b>	16,964	<b>1,415</b>	1,990

### 24. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2015: 30 to 90 days).

## 25. AMOUNT DUE TO RELATED COMPANIES

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-trade:</b>				
Fellow subsidiaries	-	-	<b>99,856</b>	82,744
Immediate holding company	<b>5,765</b>	4,987	<b>5,765</b>	4,987
Penultimate holding company	<b>54,275</b>	47,905	<b>4,121</b>	1,420
Subsidiaries	-	-	<b>17,035</b>	17,035
	<b>60,040</b>	52,892	<b>126,777</b>	106,186
	<b>60,040</b>	52,892	<b>126,777</b>	106,186

The amounts due to immediate and penultimate holding companies, fellow subsidiaries and subsidiaries for non-trade balances are unsecured, interest-free and repayable on demand.

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2015: 30 to 90 days).

## 26. PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded, defined benefit Retirement Benefit Scheme for eligible employees. The Group's obligations under this Scheme are determined based on triennial actuarial valuation using the projected unit credit method.

The last actuarial valuation report was carried out as at 31 December 2014 by an independent valuer which is a Fellow of the Institute of Actuaries in Malaysia. As at that date, the valuation showed that the Group's provision for retirement benefit was sufficient to meet the actuarially determined value of vested benefits.

	2016	2015	Group	2013	2012
	RM'000	RM'000	2014 RM'000	RM'000	RM'000
The amounts recognised in the consolidated statement of financial position are determined as follows:					
Present value of obligation	<b>9,790</b>	9,833	11,036	11,691	13,528
Unrecognised actuarial gain	-	-	-	-	-
Net liability	<b>9,790</b>	9,833	11,036	11,691	13,528

Movement in the net liability were as follows:

At 1 January	<b>9,833</b>	11,036	11,691	13,528	12,463
Additional provision during the year (Note 8)	<b>171</b>	(131)	1,613	1,634	2,516
(Over)/ Under provision in prior year (Note 8)	-	-	-	(2,047)	-
Payments made during the year	<b>(214)</b>	(1,072)	(2,268)	(1,424)	(1,451)
At 31 December	<b>9,790</b>	9,833	11,036	11,691	13,528

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

31 December 2016

### 26. PROVISION FOR RETIREMENT BENEFITS (cont'd)

The amounts recognised in the consolidated statement of comprehensive income are as follows:

	2016 RM'000	2015 RM'000	Group 2014 RM'000	2013 RM'000	2012 RM'000
Current service cost	171	85	684	731	1,155
Interest cost	–	299	627	648	977
Actuarial (gain)/loss	–	(515)	302	255	384
	<b>171</b>	<b>(131)</b>	<b>1,613</b>	<b>1,634</b>	<b>2,516</b>
At 31 December:					
Current	<b>885</b>	817	851	864	861
Non current:					
Later than 1 year but not later than 2 years	<b>1,746</b>	1,980	2,052	2,210	1,491
Later than 2 years but not later than 5 years	<b>1,559</b>	1,559	1,616	1,616	1,463
Later than 5 years	<b>5,600</b>	5,477	6,517	7,001	9,713
	<b>8,905</b>	9,016	10,185	10,827	12,667
	<b>9,790</b>	9,833	11,036	11,691	13,528

Principal actuarial assumptions used to determine benefit obligations:

	2016 %	2015 %	2014 %	2013 %	2012 %
Discount rate	5.00	5.00	5.00	5.00	5.75
Expected price inflation	5.00	5.00	5.00	5.00	5.00

### 27. SHARE CAPITAL AND SHARE PREMIUM

#### (a) Share capital

	Number of Ordinary Share of RM0.10 Each 2016 '000	Number of Ordinary Share of RM0.10 Each 2015 '000	Amount	
			2016 RM'000	2015 RM'000
<b>Authorised:</b>				
At 1 January / 31 December	<b>800,000</b>	800,000	<b>80,000</b>	80,000
<b>Issued and fully paid:</b>				
At 1 January / 31 December	<b>402,798</b>	402,798	<b>40,280</b>	40,280

The holders of the ordinary shares are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 13 April 2015, the Company has completed the Proposed Capital Reduction involves a cancellation of RM0.40 of the par value of each ordinary share of RM0.50 each as disclosed in Note 32.

The total credit arising from the Capital Reduction has been set-off against the company's accumulated losses.

**27. SHARE CAPITAL AND SHARE PREMIUM** (cont'd)**(b) Share premium**

	Group/Company	
	2016 RM'000	2015 RM'000
At 1 January / 31 December	7,511	7,511

**28. RESERVES****(a) Capital reserves**

- (i) Capital reserve of RM5,811,000 relates to share premium in a subsidiary accounted for in consolidation under the pooling of interest method of accounting in prior years.
- (ii) Capital reserve of RM17,752,000 arose from the waiver of debts by a subsidiary of the ultimate holding company in previous financial year.

**(b) Merger deficit**

The merger deficit arose from the business combination exercise in prior years which were accounted for under the pooling of interest method of accounting. Subsequent undistributed profits from operations of the Group will be set off against the merger reserve until it is fully utilised.

**(c) Other reserves**

- (i) Currency exchange reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations.
- (ii) Fair value reserve is used to record fair value movement of Group's financial assets classify as available-for-sale, under Group's other investments.

**29. OPERATING LEASE ARRANGEMENTS**

The Group has entered into non-cancellable operating lease arrangements for certain buses.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	2016 RM'000	2015 RM'000
Future minimum rental payments:		
Not later than 1 year	32,488	32,488
Later than 1 year and not later than 5 years	32,488	64,976
	<b>64,976</b>	97,464

**30. COMMITMENTS****Capital expenditure**

	2016 RM'000	2015 RM'000
Approved and contracted for:		
Purchase of buses	68,513	69,675

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

31 December 2016

### 31. SIGNIFICANT RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the financial year:

<b>Company</b>	<b>Relationship</b>	<b>2016</b>	<b>2015</b>
		<b>RM'000</b>	<b>RM'000</b>
Limora Travel Services Sdn. Bhd. ("LTS")	A subsidiary of penultimate holding company		
Badan Bas Sdn. Bhd. ("BBSB")	A subsidiary of penultimate holding		
Usmeta Manufacturing Sdn. Bhd. ("Usmeta")	A subsidiary of penultimate holding company		
MHSB Trading Sdn. Bhd. ("MHSB")	A subsidiary of penultimate holding		
Puspamara Sdn. Bhd. ("Puspamara")	A subsidiary of penultimate holding company		
The United Transport Co. Sdn. Bhd. ("UTC")	A subsidiary of immediate holding company		
Perkhidmatan Teguh Sdn. Bhd. ("PTSB")	A subsidiary of the immediate holding company		
Nadi Insurance Services Sdn. Bhd. ("Nadi Insurance")	A subsidiary of the immediate holding company		
MHSB Development Sdn. Bhd. ("MHSB Development")	A subsidiary of penultimate holding company		
MHSB Property Sdn. Bhd. ("MHSB Property")	A subsidiary of penultimate holding company		
Carefree Premium Sdn. Bhd. ("Carefree")	A subsidiary of penultimate holding company		
Nadi Green Meadow Sdn Bhd ("NGMSB")	A subsidiary of penultimate holding company		
Kumpulan Kenderaan Malaysia Berhad ("KKMB")	Immediate holding company		
Nadicorp Holdings Sdn. Bhd. ("Nadicorp")	Penultimate holding company		
MHSB Management Services Sdn. Bhd. ("MMSS")	A company in which a Director, Tan Sri Nadzmi bin Mohd. Salleh, has interest		
<b>Group</b>			
<b>Transactions with penultimate holding company</b>			
- Secretarial services		<b>153</b>	144
<b>Transactions with immediate holding company</b>			
- Rental of premises		<b>780</b>	769
<b>Transactions with related companies</b>			
- Rental of buses		<b>311</b>	451
- Rental of workshop/depot		<b>369</b>	261
- Bus repair services		<b>8,224</b>	5,793
- Purchase of tyres		<b>4,756</b>	3,122
- Purchase of spare parts		<b>7</b>	75
- Purchase of C&G		<b>11</b>	-
- Internal charter		-	-
- Security services		<b>1,957</b>	1,284
- Bus insurance services		<b>15</b>	16
- E-ticketing system maintenance		<b>1,543</b>	1,849
- Purchase of uniforms		<b>85</b>	123
- Workshop repair & maintenance		<b>300</b>	-
- Service claim		<b>7,150</b>	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 are disclosed in Notes 19 and 25.

The Directors are of the opinion that all the transactions above and that as disclosed elsewhere in the financial statements have been entered into in the normal course of business and have been established on negotiated terms which the Directors are satisfied as not being detrimental to the Group and the Company.

### 31. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

#### (b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director of that entity.

The remuneration of Directors and other members of key management during the year are as follows:

	Group/Company	
	2016 RM'000	2015 RM'000
Short-term employee benefits	2,094	2,708
Post-employment benefits:		
- Defined contribution plan	340	452
	<b>2,434</b>	<b>3,160</b>

Included in the total key management personnel compensation are:

	Group/Company	
	2016 RM'000	2015 RM'000
Directors' remuneration (Note 9)	1,289	1,307

### 32. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) On 19 September 2014, the Group announced multiple corporate proposal:

- (i) Proposed capital reduction of the issued and paid-up share capital of KTB pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.40 of the par value of each ordinary share of RM0.50 each in KTB ("Proposed Capital Reduction");
- (ii) Proposed renounceable rights issue of 604,196,022 new ordinary shares of RM0.10 each in KTB ("Rights Share(s)") on the basis of three (3) Rights Shares for every two (2) ordinary shares of RM0.10 each in KTB held on an entitlement date to be determined later after the completion of the Proposed Capital Reduction ("Proposed Rights Issue"); and
- (iii) Proposed amendment to the Memorandum of Association of KTB.

On 9 January 2015, Bursa Malaysia Securities Berhad ("Bursa Malaysia") has approved the listing and quotation of 604,196,022 new KTB Shares to be issued pursuant to the Proposed Rights Issue, subject to the following conditions:

- (i) KTB and MIDF Investment must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Malaysia pertaining to the implementation of the Proposed Rights Issue, Proposed Capital Reduction and Proposed MA Amendment;
- (ii) KTB and MIDF Investment to inform Bursa Securities upon the completion of the Proposed Rights Issue, Proposed Capital Reduction and Proposed MA Amendment;
- (iii) KTB to furnish Bursa Malaysia with a written confirmation of its compliance with the terms and conditions of Bursa Malaysia' approval once the Proposed Rights Issue, Proposed Capital Reduction and Proposed MA Amendment is completed;
- (iv) Certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposed Rights Issue, Proposed Capital Reduction and Proposed MA Amendment; and
- (v) To incorporate the comments from Bursa Securities in respect of the draft circular to shareholders.

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

31 December 2016

### 32. SIGNIFICANT AND SUBSEQUENT EVENTS (cont'd)

- (a) On 19 September 2014, the Group announced multiple corporate proposal: (cont'd)

On 16 January 2015, all the resolutions as set out in the Notice of Extraordinary General Meeting ("EGM") dated 16 January 2015 and tabled at the EGM were duly passed by the shareholders of the Company.

On 1 April 2015, the High Court of Malaya at Kuala Lumpur has granted an order confirming the Proposed Capital Reduction pursuant to Section 64 of the Companies Act, 1965 ("Court Order"). The seal order had been lodged with the Companies Commission of Malaysia on 13 April 2015. Hence the Proposed Capital Reduction is deemed completed on 13 April 2015. Pursuant to the completion of the Proposed Capital Reduction, the par value of each existing ordinary shares in KTB has been reduced from RM0.50 to RM0.10 each.

On 23 December 2015, Bursa Malaysia had approved KTB's application for an extension of time of 6 months from 8 January 2016 to 7 July 2016 to complete the right issue exercise.

On 13 May 2016, the Board of Directors has resolved not to proceed with the Proposed Rights Issue due to unfavourable market conditions which are not conducive for the implementation of the Proposed Rights Issue.

- (b) On 21 October 2016, Jelebu Holdings Sdn Bhd ("JH") a wholly-owned subsidiary of Transnasiona Express Sdn Bhd (TESB) entered into a Sale and Purchase Agreement ("SPA") with MHSB Development Sdn Bhd ("Purchaser") for the disposal of two contiguous plots of industrial land with a double-storey office building and an open sided workshop with a postal address of P.T. No. 3988 & P.T. No. 3989, Jalan Haruan 1/13, Oakland Industrial Park, 70300 Seremban, Negeri Sembilan measuring approximately 7,149 square metres held under H.S.D. 67261 and H.S.D. 67262, P.T. No. 3988 and P.T. No. 3989, Mukim of Rasah, District of Seremban, Negeri Sembilan ("Property") for a total cash consideration of Ringgit Malaysia Three Million Seven Hundred and Fifty Thousand (RM3,750,000.00) only ("Disposal") which is a related party transaction.

The total cash consideration of RM3,750,000.00 under the SPA shall be paid in the following manner:

- (i) a 10% deposit of RM375,000.00 upon execution of the SPA; and
- (ii) the balance sum amounting to RM3,375,000.00 within three (3) months from the date of the SPA ("Completion Date"), failing which JH shall automatically grant to the Purchaser an extension of one (1) month to pay the balance sum. In consideration of such extension, the Purchaser shall pay to JH interest at the rate of 8.0% per annum on the balance sum calculated daily from the expiry of the last day of the Completion Date.

The total cash consideration of the disposal was arrived on a willing buyer willing seller basis after taking into consideration the valuation by an independent valuer. The market value of the Property is RM3,700,000.00 as appraised by Messrs. Jordan Lee & Jaafar, a registered independent valuer on 11 August 2016. The combination of comparison and cost methods were applied for the said valuation.

The Property is a freehold land and the Property is free from encumbrances and is currently used as a workshop.

The Disposal has been completed during the financial year.

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's exposures to the abovementioned 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 exposure to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group minimises credit risk by dealing exclusively with high credit rating financial institutions.

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (i) Credit risk (cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group's revenue from passengers are predominantly on cash basis. For trade on credit terms, 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, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Financial assets that are neither past due nor impaired

There are no trade receivables that are neither past due nor impaired, as disclosed in Note 18. Deposits with banks and other financial institutions are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17, 18 and 19.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group's exposures to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities. The Group's financial liabilities comprise of trade payables and other payables which are due within one year or payable on demand and term loans/hire purchase liabilities which have fixed terms of repayment. As disclosed in Note 2.1 to the financial statements, the Directors of the Group and the Company are of the opinion that the going concern assumption of the Group and the Company is appropriate as the Group has entered into various agreements with several state governments and the Federal Government of Malaysia, has obtained continuing support from certain key creditors, including related companies and lenders and will continue to streamline the operations of the Group and the Company to generate positive cash flows and future profits.

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

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>31 December 2016</b>				
<b>Group:</b>				
<b>Financial liabilities:</b>				
Trade payables	84,152	–	–	84,152
Other payables	18,746	–	–	18,746
Borrowings	40,295	76,595	–	116,890
Amount due to related companies	60,040	–	–	60,040
	<b>203,233</b>	<b>76,595</b>	<b>–</b>	<b>279,828</b>
<b>Company:</b>				
<b>Financial liabilities:</b>				
Other payables	1,415	–	–	1,415
Amount due to related companies	126,777	–	–	126,777
	<b>128,192</b>	<b>–</b>	<b>–</b>	<b>128,192</b>

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

31 December 2016

### 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### (ii) Liquidity risk (cont'd)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>31 December 2015</b>				
<b>Group:</b>				
<b>Financial liabilities:</b>				
Trade payables	57,942	–	–	57,942
Other payables	16,964	–	–	16,964
Borrowings	44,359	94,408	–	138,767
Amount due to related companies	52,892	–	–	52,892
	<b>172,157</b>	<b>94,408</b>	<b>–</b>	<b>266,565</b>
<b>Company:</b>				
<b>Financial liabilities:</b>				
Other payables	1,990	–	–	1,990
Amount due to related companies	106,186	–	–	106,186
	<b>108,176</b>	<b>–</b>	<b>–</b>	<b>108,176</b>

#### (iii) Interest rate risk

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

The Group's exposure to interest rate risk arises primarily from their interest-bearing borrowings.

The Group's policy is to manage interest cost by committing into fixed rate borrowings to mitigate the potential fluctuation in borrowing costs, and review these debt portfolio on a periodic basis.

The information on maturity dates and effective rates of financial assets and liabilities are disclosed in the respective notes.

#### Sensitivity analysis for interest rate risk

	<b>(Decrease)/Increase in profit after tax</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Borrowings		
- 50 basis points higher	<b>(293)</b>	(345)
- 50 basis points lower	<b>293</b>	345

#### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group has no significant exposures to foreign currency fluctuation arising from revenue or expense that are denominated in currency other than the functional currency of the Group.

#### Sensitivity analysis for foreign currency risk

No sensitivity analysis for foreign currency risk is prepared at the end of the reporting period as the Group has no significant exposures to foreign currency fluctuation as at 31 December 2016.

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments is the amount at which the instrument could be exchanged for or settled between knowledgeable parties at an arm's length transaction, other than a forced or liquidation sale.

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables and trade and other payables. For other investments, fair value is determined directly by reference to their published market bid price at the reporting date.

The carrying value of the financial assets and liabilities are reasonable approximation of fair values either due to their short-term nature except as follows:

	Note	Group Carrying Amount RM'000	Group Fair Value RM'000
<b>At 31 December 2016</b>			
<b>Financial liabilities</b>			
Finance lease payables	22	<u>51,563</u>	<u>55,095</u>
<b>At 31 December 2015</b>			
<b>Financial liabilities</b>			
Finance lease payables	22	<u>61,915</u>	<u>66,156</u>

The fair values have been determined by discounting the relevant cash flows using the effective interest rates as at 31 December 2016.

#### Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical financial instruments

Level 2 - Inputs that are based on observable market data, either directly or indirectly

Level 3 - Inputs that are not based on observable market data

As at the reporting date, the Group held the following financial assets that are measured at fair value:

	Level 1 RM'000
<b>Group:</b>	
<b>2016</b>	
Available-for-sale financial assets	<u>186</u>
<b>2015</b>	
Available-for-sale financial assets	<u>186</u>

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

The Group does not have any financial liabilities carried at fair value measured as Level 1, Level 2 and Level 3 as at 31 December 2016.

### 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholder. The Group's approach in managing capital is based on defined guidelines that are approved by the Board.

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

31 December 2016

### 35. CAPITAL MANAGEMENT (cont'd)

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

	Note	Group	
		2016 RM'000	2015 RM'000
Borrowings	21	<b>116,889</b>	138,767
Other payables	23	<b>18,746</b>	16,964
Trade payables	24	<b>84,152</b>	57,942
Amount due to related companies	25	<b>60,040</b>	52,892
Less: Cash and bank balances	20	<b>(5,949)</b>	(6,708)
<i>Net debt</i>		<b>273,878</b>	259,857
Equity attributable to the owners of the parent, representing <i>total capital</i>		<b>104,882</b>	128,407
Capital and net debt		<b>378,760</b>	388,264
Gearing ratio		<b>72%</b>	67%

### 36. SEGMENT INFORMATION

The Group's business segments can be organised into the following main segments reflecting the Group's internal reporting structure:

- (i) Public transportation services - provision of stage and express bus services across Peninsular Malaysia. This segment includes revenue from the rental and charter of buses to third parties.
- (ii) Trading of vehicles - the Group, via its subsidiary PT Indonadi which was incorporated in Indonesia, is involved in the activity of trading of buses in Indonesia.
- (iii) Others

The Group chief operating decision maker does not consider investment holding activities as a reportable operating segment and has included the information under "others and elimination". No other operating segments have been aggregated to and from the above reportable operating segments. The respective subsidiaries' chief operating decision makers monitor the operating results of its business segments separately. Segment performance is evaluated based on operating profit or loss which, in certain respects, is measured differently from operating profit or loss in the consolidated financial statements. Other operations of the Group mainly comprise property investment, travel and tours agency, advertisement agency and ticketing agency, which results are not material to the Group and therefore do not warrant separate disclosure in the financial statements and have been reported in aggregate. Group financing costs, income taxes, depreciation and amortisation are managed on a group basis and are not allocated to operating segments.

**36. SEGMENT INFORMATION** (cont'd)

	<b>Public Transportation Services RM'000</b>	<b>Others RM'000</b>	<b>Inter-segment Elimination RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2016</b>				
<b>Revenue</b>				
External revenue	171,767	3,101	(2,638)	172,230
Intersegment revenue	(788)	(1,850)	2,638	-
Segment revenue	<b>170,979</b>	<b>1,251</b>	<b>-</b>	<b>172,230</b>
<b>Results</b>				
Segment results	7,660	(580)	-	7,080
Finance costs	(15,660)	-	-	(15,660)
Loss before tax	<b>(8,000)</b>	<b>(580)</b>	<b>-</b>	<b>(8,580)</b>
Income tax expense				(16,382)
Profit net of tax				<b>(24,962)</b>
<b>Assets</b>				
Segment assets	384,710	37,801	-	422,511
Tax recoverable	702	90	-	792
Deferred tax assets	1,760	-	-	1,760
Total assets	<b>387,172</b>	<b>37,891</b>	<b>-</b>	<b>425,063</b>
<b>Liabilities</b>				
Segment liabilities	186,183	103,435	-	289,618
Tax payable	3,027	-	-	3,027
Deferred tax liabilities	25,340	-	-	25,340
Total liabilities	<b>214,550</b>	<b>103,435</b>	<b>-</b>	<b>317,985</b>
<b>Other segment information</b>				
Capital expenditure	57,801	45	-	57,846
Depreciation	43,234	67	-	43,301
Amortisation	57	-	-	57

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

31 December 2016

### 36. SEGMENT INFORMATION (cont'd)

	Public Transportation Services RM'000	Others RM'000	Inter-segment Elimination RM'000	Total RM'000
<b>At 31 December 2015</b>				
<b>Revenue</b>				
External revenue	176,928	4,860	(2,276)	179,512
Intersegment revenue	(63)	(2,213)	2,276	–
Segment revenue	176,865	2,647	–	179,512
<b>Results</b>				
Segment results	6,593	77	–	6,670
Finance costs	(4,889)	–	–	(4,889)
Loss before tax	1,704	77	–	1,781
Income tax expense				(548)
Loss net of tax				1,233
<b>Assets</b>				
Segment assets	401,603	16,536	–	418,139
Tax recoverable	256	38	–	294
Deferred tax assets	5,121	–	–	5,121
Total assets	406,980	16,574	–	423,554
<b>Liabilities</b>				
Segment liabilities	189,267	87,109	–	276,376
Tax payable	3,423	–	–	3,423
Deferred tax liabilities	13,130	22	–	13,152
Total liabilities	205,820	87,131	–	292,951
<b>Other segment information</b>				
Capital expenditure	67,531	–	–	67,531
Depreciation	36,501	113	–	36,614
Amortisation	17	–	–	17

### 37. MATERIAL LITIGATION

Siana Corporation Sdn Bhd ("Siana"), a subsidiary of Park May Berhad ("PMB") had on 17 April 2007 been served with a Writ of Summons and Statement of Claim by Exing (M) Sdn Bhd (in liquidation) ("Exing") for an alleged breach of contract. Siana had filed its defence on 27 September 2007.

Judgement in default obtained by Exing dated 18 July 2007 has been set aside by the court and Siana has also filed its application for security for cost on 25 May 2009, and that the court had on 17 May 2010 duly allowed the said application in favour of Siana. The court has also fixed the date for the trial of the case on 2nd, 3rd and 4th April 2012. The trial was subsequently adjourned as Exing wanted to amend its statement of claim. The court subsequently rejected Exing's application to amend its statement of claim and Exing plan to appeal to the Court of Appeal against the decision of the High Court in rejecting their application to amend their statement of claim. Exing subsequently withdrew their appeal on 7 March 2013. The hearing of the case had commenced on 26th November 2013 and the continued hearing of the case has been fixed on 27th November 2014, 28th November 2014 and 22nd December 2014.

### 37. MATERIAL LITIGATION (cont'd)

The High Court had on 31 December 2014, allowed Exing's claim for RM4,928,885.31 with interest at 5% per annum commencing from 12 March 2007 until date of full payment and cost of RM30,000. The High Court had dismissed Siana's counterclaim.

Siana had on 29 January 2015, filed Notice of Appeal to the Court of Appeal against the decision of the High Court dated 31 December 2014. The Court of Appeal has fixed 29 May 2015 for Case Management.

Exing had on 12 May 2015, served its Section 218 Notice against Siana to demand for the payment of the judgement sum as awarded by the High Court. Pursuant to the said Notice, Siana had filed in an application for an injunction as well as a stay of execution on 25 May 2015. High Court on 16 June 2015, dismissed the said application as the prior leave of the winding up court has not been obtained for the said application. Siana will be filing again for the application for injunction and stay of execution to the High Court.

Exing had on 4 August 2015, filed an application to strike out Siana's appeal to the Court of Appeal. The Court of Appeal on 23 September 2015 struck out Siana's Notice of Appeal as the consent of the winding up court has not been obtained prior to the filing of the appeal. Siana had on 28 October 2015, filed an application to get the consent from the winding up Court for the purpose of re-filing the appeal and the application for injunction and stay of execution.

The hearing for Siana's application for the re-filing of the appeal has been fixed to be heard on 17 May 2016. On 19 May 2016, the Court of Appeal has rejected Siana's application for the re-filing of the appeal.

### 38. SUBSIDIARIES AND ACTIVITIES

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Effective interest held		Principal activities
		2016	2015	
Syarikat Kenderaan Melayu Kelantan Berhad ("SKMK") #	Malaysia	100	100	Public Transportation services
Syarikat Tanjung Keramat Temerloh Omnibus Berhad ("STK")	Malaysia	100	100	Public Transportation services
Kenderaan Langkasuka Sdn. Bhd. ("Langkasuka") #	Malaysia	100	100	Public Transportation services
Kenderaan Klang Banting Berhad ("KKBB")	Malaysia	100	100	Public Transportation services
Kenderaan Labu Sendayan Sdn. Bhd. ("KLSSB")	Malaysia	100	100	Rental of buses
Starise Sdn. Bhd. ("Starise")	Malaysia	100	100	Rental of buses
Syarikat Rembau Tampin Sdn. Bhd. ("SRT")	Malaysia	100	100	Public Transportation services
Transnasional Express Sdn. Bhd. ("TESB")	Malaysia	100	100	Public Transportation services
Park May Berhad ("Park May")	Malaysia	100	100	Investment holdings
Mobile Advertising Serv. For Transport Ops. Sdn. Bhd. ("MAESTRO")	Malaysia	100	100	Advertisement activities

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

31 December 2016

### 38. SUBSIDIARIES AND ACTIVITIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of Subsidiaries	Country of Incorporation	Effective interest held		Principal activities
		2016	2015	
			%	
<b>Subsidiaries of Park May</b>				
The Kuala Lumpur, Klang and Port Swettenham Omnibus Company Bhd. ("KLK")	Malaysia	100	100	Investment holdings
Landvest Sdn. Bhd.	Malaysia	100	100	Ceased operations
Yee Yow Coachbuilders Sdn. Bhd.	Malaysia	100	100	Ceased operations
Jurubas Sdn. Bhd.	Malaysia	100	100	Ceased operations
Siana Corporation Sdn. Bhd.	Malaysia	100	100	Ceased operations
Tulus Hebat Sdn. Bhd. ("THSB")	Malaysia	100	100	Investment holdings
Plusliner Travel & Tours Sdn. Bhd. ("PLTT")	Malaysia	100	100	Domestic travel and tour
Nikra Sdn. Bhd. ("NSB")	Malaysia	95	95	Investment holdings
Min Sen Holdings Sdn. Bhd. ("MSHSB")	Malaysia	67	67	Investment holdings
Ulung Perkasa Sdn. Bhd. ("UPSB")	Malaysia	100	100	Investment holdings
Plusliner Sdn. Bhd. ("PLSB")	Malaysia	100	100	Public transportation services and investment holdings
City Profile Sdn. Bhd.	Malaysia	100	100	Ceased operations
Jelebu Holdings Sdn. Bhd. ("JHSB")	Malaysia	83	83	Investment holdings
<b>Subsidiaries of KLK</b>				
The Kuala Selangor Omnibus Company Bhd.	Malaysia	90	90	Ceased operations
Tg. Karang Transportation Sdn. Bhd.	Malaysia	70	70	Ceased operations
<b>Subsidiaries of THSB</b>				
Cityliner Sdn. Bhd.	Malaysia	100	100	Public transportation services and rental of buses
Len Chee Omnibus Company Sdn. Bhd.	Malaysia	85	85	Ceased operations
Forefront Achievement Sdn. Bhd.	Malaysia	100	100	Investment holdings
<b>Subsidiary of NSB</b>				
Central Province Wellesley Transport Company Sdn. Bhd.	Malaysia	95	95	Ceased operations

**38. SUBSIDIARIES AND ACTIVITIES** (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of Subsidiaries	Country of Incorporation	Effective interest held %		Principal activities
		2016	2015	
<b>Subsidiaries of MSHSB</b>				
The Min Sen Omnibus Company Sdn. Bhd.	Malaysia	67	67	Ceased operations
Sam Lian Enterprise Sdn. Bhd.	Malaysia	67	67	Property holding
Sam Lian Omnibus Company Sdn. Bhd.	Malaysia	42	42	Ceased operations
<b>Subsidiaries of UPSB</b>				
Leng Huat Omnibus Company Sdn. Bhd.	Malaysia	97	97	Ceased operations
Kuala Terengganu Kuantan Express Company Sdn. Bhd.	Malaysia	81	81	Ceased operations
Syarikat Express Kuala Terengganu - Kuala Lumpur Sdn. Bhd.	Malaysia	100	100	Ceased operations
The Kuantan - Kuala Lumpur Express Omnibus Company Sdn. Bhd.	Malaysia	95	95	Ceased operations
<b>Subsidiaries of PLSB</b>				
Skypark Coaches Sdn. Bhd. (Formerly known as Raya Ekspres Sdn. Bhd.)	Malaysia	100	100	Public transportation services
Pengangkutan Sri (Perak) Bhd.	Malaysia	91	91	Ceased operations
Syarikat Ebban Sdn. Bhd.	Malaysia	62	62	Ceased operations
Bacius Pte. Ltd. # <	Singapore	100	100	Ceased operations
<b>Subsidiaries of JHSB</b>				
Kenderaan Bas Port Dickson Sdn. Bhd.	Malaysia	93	93	Ceased operations
Kenderaan Bas Linggi Sdn. Bhd.	Malaysia	73	73	Ceased operations
Kenderaan Bas Jelebu Sdn. Bhd.	Malaysia	83	83	Ceased operations
Kenderaan Bas Seremban Sdn. Bhd.	Malaysia	57	57	Ceased operations

# Audited by firms other than Jamal, Amin & Partners

< The audited financial statements for the financial year ended 31 December 2016 of this subsidiary company are not available at the date of financial statement of the Group are authorised for issue. The preparation of the consolidated financial statements was based on the management financial statements of this subsidiary company for the financial year ended 31 December 2016. The financial statements of this subsidiary company is not material to the Group.

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

31 December 2016

### 39. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the accumulated losses of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- Realised	<b>(212,049)</b>	(171,516)	<b>7,611</b>	8,762
- Unrealised	<b>23,580</b>	8,009	-	-
	<b>(188,469)</b>	(163,507)	<b>7,611</b>	8,762
Add: Consolidation adjustments	<b>275,083</b>	275,083	-	-
Total retained earnings/(accumulated losses) as per financial statements	<b>86,614</b>	111,576	<b>7,611</b>	8,762

# ANALYSIS BY SIZE OF SHAREHOLDINGS

as at 10 April 2017

Authorised Capital	: RM400,000,000.00
Issued and Fully Paid	: RM40,279,734.80
Class of Shares	: Ordinary shares of RM0.10
No. of Shareholders	: 4,231
Voting Rights	: 1 vote per ordinary share

## DISTRIBUTION OF SHAREHOLDER

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	313	7.70	11,931	0.00
100 - 1,000	1,122	27.59	747,523	0.19
1,001 - 10,000	1,603	39.41	6,940,181	1.72
10,001 - 100,000	899	22.10	33,504,824	8.32
100,001 to less than 5 % of issued shares	127	3.12	87,397,448	21.70
5% and above of issued shares	3	0.07	274,195,441	68.07
<b>Total</b>	<b>4,067</b>	<b>100.00</b>	<b>402,797,348</b>	<b>100.00</b>

## INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Names	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	Total Shareholdings	%
1	<b>YBhg Dato' Mohd Nadzmi bin Mohd Salleh</b> <i>3,800,000 shares held in own name 2,250,000 shares held under HLIB Nominees (Tempatan) Sdn Bhd</i>	3,800,000	2,250,000	6,050,000	1.50
2	<b>YBhg Datuk Sulaiman bin Daud</b>	650,000	0	650,000	0.16
3	<b>En Muhammad Adib bin Ariffin</b>	195,100	0	195,100	0.05
4	<b>En Woo Kok Boon</b>	0	0	0	0.00
	<b>Total</b>	<b>4,645,100</b>	<b>2,250,000</b>	<b>6,895,100</b>	<b>1.72</b>

Total No Paid-Up Capital as at 10 April 2017

402,797,348

## INFORMATION ON SUBSTANTIAL SHAREHOLDERS

No.	Names	No. of Shares Held Through Own Name	No. of Shares Held Through Nominees	Total Shareholdings	%
1	<b>Kumpulan Kenderaan Malaysia Berhad</b>	107,488,541	0	107,488,541	26.69
2	<b>Nadicorp Holdings Berhad</b> <i>100,800,000 shares under Affin Hwang Nominees (Tempatan) Sdn Bhd</i>	0	100,800,000	100,800,000	25.02
3	<b>Lengkap Suci Sdn Bhd</b>	65,906,900	0	65,906,900	16.36
	<b>Total</b>	<b>173,395,441</b>	<b>100,800,000</b>	<b>274,195,441</b>	<b>68.07</b>

Total No Paid-Up Capital as at 10 April 2017

402,797,348

## Analysis by Size of Shareholdings (cont'd)

as at 10 April 2017

### THE LIST OF 30 LARGEST SHAREHOLDERS

No.	Shareholder	Share	%
1	Kumpulan Kendaraan Malaysia Berhad	107,488,541	26.69
2	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Nadicorp Holdings Sdn Bhd</i>	100,800,000	25.02
3	Lengkap Suci Sdn Bhd	65,906,900	16.36
4	UEM Group Berhad	12,425,237	3.08
5	Seik Thye Kong	4,541,600	1.13
6	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yong Kwee Lian</i>	4,015,000	1.00
7	Mohd Nadzmi Bin Mohd Salleh	3,800,000	0.94
8	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang He Yam</i>	3,000,000	0.74
9	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Yong Lai Huat</i>	3,000,000	0.74
10	Datuk Abdul Azeez Bin Abdul Rahim	2,940,100	0.73
11	Lim Soh Hong	2,655,000	0.66
12	Bijak Tulus Sdn Bhd	2,559,700	0.64
13	Low Ah Lin	2,500,000	0.62
14	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Nadzmi Bin Mohd Salleh</i>	2,250,000	0.56
15	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Mak Ngia Ngia @ Mak Yoke Lum (MM0749)</i>	2,082,700	0.52
16	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Yee Goh Tiong</i>	2,016,400	0.50
17	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Yee Wooi Tiong</i>	2,007,700	0.50
18	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Cheer Sin</i>	1,225,000	0.30
19	Tan Siew Hoong	1,102,000	0.27
20	Ng Boon Hock	1,100,000	0.27

THE LIST OF 30 LARGEST SHAREHOLDERS (cont'd)

No.	Shareholder	Share	%
21	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Shia Chee Foong</i>	1,080,000	0.27
22	Mercury Securities Sdn Bhd <i>PDT (093-778) Lim Tong Wee</i>	1,070,000	0.27
23	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Suchdav A/L Jotisroop</i>	1,029,900	0.26
24	Lee Yean Fat @ Li Fat	1,000,000	0.25
25	Yee Hoong Hing	983,893	0.24
26	Scomi Coach Sdn Bhd	943,649	0.23
27	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank for Lim Chong Heng</i>	840,000	0.21
28	Kenanga Investment Bank Berhad <i>IVT (EDSP-YSC)</i>	840,000	0.21
29	AMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt an Mtrustee Berhad (CS-KTB)</i>	804,983	0.20
30	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yee Wooi Tiong (Penang-CL)</i>	699,400	0.17
	<b>TOTAL</b>	<b>336,707,703</b>	<b>83.59</b>

Total No Paid-Up Capital as at 10 April 2017

402,797,348

## LIST OF PROPERTIES

No.	Postal Address	Registered Owner	Approximate Age of
1.	No. 83D, 2 <sup>nd</sup> Floor, Hock Lock Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	Kuantan KL	>33
2.	No. 85D, 2 <sup>nd</sup> Floor, Hock Lock Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	KT Kuantan	>33
3.	Lot 1512, Selangor Mansion, 5 <sup>th</sup> Floor, Jalan Masjid India, Kuala Lumpur	Kuantan KL	>33
4.	Lot No. 2729, 2730, No 354, Jalan Ria, 34200 Parit Buntar, Perak	SLE	23
5.	Lot 9613, Jalan Tronoh, Kg Pancho Bota Kanan, Perak	PSP	21
6.	G73, Pine Resort Condominium, 49000 Bukir Fraser, Perak	Park May	23
7.	Lot 1802, No. 46, Ruby Garden, 27000 Jerantut, Pahang	Leng Huat	19
8.	PT 83, Jalan Dato Sedia Raja, 71300 Rembau, Negeri Sembilan	SRT	29
9.	Unit No. 139, Lot 33, Ground Floor, Kompleks Alor Setar, Jalan Kancut, 05100 Alor Setar, Kedah	Langkasuka	11
10.	Unit No. 143-C, Lot 37, Tingkat Bawah, Kompleks Alor Setar, Jalan Kerancut, 05100 Alor Setar, Kedah	Langkasuka	11
11.	Jalan Raja Perempuan Zainab II, 16150 Kota Bahru, Kelantan	SKMK	11
12.	Lot 873, No. 2823-A, Jalan Pendek, 15000 Kota Bahru, Kelantan	SKMK	29
13.	Lot 177, Stesyen Bas S.K.M.K., 16200 Tumpat Kelantan	SKMK	30
14.	Lot 412, 159A, Jalan Limbongan, 16800 Pasir Puteh, Kelantan	SKMK	21
15.	Lot 548, Stesyen Bas SKMK Machang, 18500 Kelantan	SKMK	31
16.	Lot 3, Jalan Pasir Puteh, Bandar Machang, 18500 Kelantan	SKMK	29
17.	Lot 2394, Jalan Ah Seng, 18000 Kuala Krai, Kelantan	SKMK	27

Tenure/ Date of Expiry of Lease	Description/ Existing Use	Estimated Land Area/ Built-Up Area (Approximate sq. meters)	Audited NBV as at 31.12.2016 (RM'000)	Date of Acquisition
Freehold strata	Vacant	48 (built-up area) 157.44	1	21.09.2006
Freehold strata	Vacant	48 (built-up area)	1	21.09.2006
Freehold strata	Flat rented out to third party	48 (built-up area)	35	27.10.2006
Freehold	Bus workshop cum depot	323 (land area) 330 (built-up area)	92	27.10.2006
Freehold	Bus workshop cum depot	11,509 (land area) 305 (built-up area)	48	20.10.2006
99-year leasehold expiring on 23.05.2082	Holiday apartment	1,129 (built-up area)	196	22.09.2006
Freehold	A single-storey terrace house	207 (land area) 102 (built-up area)	15	19.09.2006
99-year leasehold expiring on 19.01.2081	Bus depot	3,440 (land area) 616 (built-up area)	1,101	01.01.1989
99-year leasehold expiring on 26.08.2083	Shop unit	98 (built-up area)	125	01.08.2002
99-year leasehold expiring on 26.08.2083	Shop unit	65 (built-up area)	107	01.08.2002
Freehold	Office and bus depot	38,178 (land area) 5,708 (built-up area)	1,042	01.01.1982
99-year leasehold expiring on 31.10.2050	Bus station	1,248 (land area) 618 (built-up area)	1,007	01.01.1982
99-year leasehold expiring on 01.02.2071	Bus station	1,770 (land area) 574 (built-up area)	106	01.01.2003
Freehold	Vacant	457 (land area)	1	01.01.1952
99-year leasehold expiring on 14.05.2059	Bus station	1,485 (land area) 748 (built-up area)	137	01.01.1982
99-year leasehold expiring on 14.05.2080	Bus station	2,736 (land area) 148 (built-up area)	101	01.01.1985
33-year leasehold expiring on 27.07.2017	Bus station and depot	3,011 (land area) 421 (built-up area)	1	01.01.1987

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# PROXY FORM

## KONSORTIUM TRANSNASIONAL BERHAD (617580-T)

(Incorporate in Malaysia)

NO. OF ORDINARY SHARES HELD	
--------------------------------	--

I/We \_\_\_\_\_

of \_\_\_\_\_

being member/members of KONSORTIUM TRANSNASIONAL BERHAD, hereby appoint \_\_\_\_\_

of \_\_\_\_\_

or failing him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at the Function Room, Level 2, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Thursday, 25 May 2017 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

	RESOLUTION	FOR	AGAINST
1.	Re-election of Director under Article 128: YBhg Datuk Sulaiman Bin Daud.		
2.	Approval of Directors Fees.		
3.	Re-appointment of Messrs. Jamal, Amin & Partners as Auditors of the Company.		
4.	Special Business: Proposed renewal and additional shareholders' mandate for recurrent related party transactions of a revenue or trading.		
5.	Special Business: Proposed retention of YBhg Datuk Sulaiman Bin Daud as an Independent Non-Executive Director of the Company.		
6.	Special Business: Proposed retention of Encik Muhammad Adib Bin Ariffin as an Independent Non-Executive Director of the Company.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

\_\_\_\_\_  
Signature/Seal

### NOTE:

The short description given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. Shareholders are advised to refer to the Notice of the 13th Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.

This proxy form must be deposited at the Company's registered office at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur not less than forty eight (48) hours before the time fixed for holding the meeting and at any adjournment thereof.

Where a member of the Company appoints more than one (1) proxy, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

Where a member is an exempt authorized 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 authorized nominee may appoint in respect of each omnibus account it holds.

The Proxy Form must be signed by the appointer or his attorney duly authorized in writing or if the appointer is a corporation, either under its common seal or the hand of its attorney duly authorized.

Konsortium Transnasional Berhad shall forward the hard copy of the Annual Report 2016 to the shareholder(s) within 4 market days from the date of receipt of a written request from the shareholder(s).

All correspondences and/or requests shall be forwarded to the Company's registered office at No. 38, Jalan Chow Kit, 50350 Kuala Lumpur.

Only members whose name appear in the Register of Depositors as at 12 May 2017 shall be eligible to attend the meeting or appoint proxy to attend and vote.

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Company Secretary  
**KONSORTIUM TRANSNASIONAL BERHAD** (617580-T)  
No 38, Jalan Chow Kit  
50350 Kuala Lumpur

(fold here)



**Headquarters**

38, Jalan Chow Kit, 50350 Kuala Lumpur  
Tel : 603 4047 7878 Fax : 603 4047 7888

[www.ktb.com.my](http://www.ktb.com.my)